

KEY FINANCIAL DATA

(\$ in millions)

INCOME STATEMENT	Three months ended March 31,	
	2022	2021
Net interest income	\$ 488	\$ 443
Provision for loan losses	46	55
Noninterest income	88	83
Operating expenses	121	113
Net income	377	324

BALANCE SHEET (period-end)	March 31, 2022	December 31, 2021
Total loans	\$ 140,559	\$ 128,529
Total assets	183,014	170,306
Total shareholders' equity	11,164	12,234

PROFITABILITY METRICS	Three months ended March 31,	
	2022	2021
Net interest margin	1.15%	1.13%
Return on average common equity	14.33%	11.85%
Return on average assets	0.87%	0.81%
Operating expense ratio	17.36%	17.52%

HIGHLIGHTS

- Average loan volume in Q1 rose 9% with loans outstanding totaling \$140.6 billion
 - Loan growth occurred predominantly in lending to grain and farm supply cooperatives in our Agribusiness operating segment, affiliated Associations in our Farm Credit Banking operating segment, and electric distribution customers in our Rural Infrastructure operating segment
- Net income for Q1 was \$377.2 million compared to \$324.0 million in Q1 2021
 - The 16% increase resulted primarily from an increase in net interest income, lower provisions for loan losses and income taxes, an increase in noninterest income somewhat offset by an increase in operating expenses
- Net interest income for Q1 increased 10% to \$487.6 million driven by higher average loan volume in our

Agribusiness operating segment resulting from higher commodity prices and, to a lesser extent, higher earnings on balance sheet positioning

- Net interest margin for Q1 improved to 1.15% driven by higher lending spreads in our loan portfolio which is due in part to changes in asset mix during the current period, including increased lending to Agribusiness customers which carry higher spreads than many of our other lending portfolios
- Provision for loan losses was \$46.0 million for the quarter compared to \$55.0 million in the same period last year. The provisions in both periods were largely the result of increased lending in our Agribusiness operating segment. The decrease in the provision in the first quarter of 2022 was driven primarily by a lower loan loss provision in our Rural Infrastructure operating segment as the prior period included weather-related impacts to a limited number of our

customers in connection with winter storms that occurred in early 2021

- Operating expenses increased \$8.0 million in Q1 primarily driven by increases in information services, general and administrative, Insurance Fund premium and other expenses
 - As of March 31, 2022 and 2021, we had 1,079 and 1,125 employees, respectively
- Capital and liquidity levels were in excess of regulatory minimums established by the Farm Credit Administration, the bank's independent regulator, as of March 31, 2022
 - Total capital ratio decreased to 13.64% from 15.63% at year-end, both compared with the 8.0% minimum
 - 175 days of liquidity, compared with the 90-day minimum

OPERATING SEGMENTS

(\$ in millions)

Three months ended March 31,	Agribusiness		Rural Infrastructure		Farm Credit Banking	
	2022	2021	2022	2021	2022	2021
Average loan volume	\$ 46,967	\$ 41,649	\$ 24,951	\$ 24,338	\$ 65,880	\$ 59,905
Net income	200	165	110	90	67	69
Period-end loan volume	2022	2021	2022	2021	2022	2021
March 31, 2022 and December 31, 2021	\$ 49,453	\$ 38,094	\$ 24,806	\$ 24,803	\$ 66,300	\$ 65,632

CEO & CFO COMMENTARY

"We are pleased to report that CoBank recorded another period of exceptionally strong financial performance during the first quarter of 2022. Lending increased in all three of our operating segments, while earnings, credit quality and capital remained strong. Despite a high level of disruption in commodities markets as a result of the Russian-Ukraine conflict and other factors, CoBank remains well-positioned to meet the financial needs of its customers and fulfill its mission to serve rural America."

— Thomas Halverson, President and CEO, CoBank

"Although CoBank's capital ratios declined in the first quarter of 2022 due to the significant increase in seasonal agribusiness loan volume, the bank remains in a strong financial position with solid capital and liquidity levels."

— David Burlage, CFO, CoBank

NET INTEREST INCOME AND NET INTEREST MARGIN

Net interest income increased \$44.6 million to \$487.6 million for the three months ended March 31, 2022, compared to \$443.0 million for the same prior-year period. The 10% increase in net interest income was primarily driven by higher average loan volume in our Agribusiness operating segment resulting from sharply higher commodity prices which drove higher seasonal financing requirements to many grain and farm supply cooperatives as well as increased lending to other customers that use commodities as inputs to their businesses. Higher earnings on balance sheet positioning also contributed to increased net interest income in the current period. Net interest margin improved to 1.15% for the first three months of 2022 compared to 1.13% for the same period in 2021. The increase in net interest margin was driven by higher lending spreads in our loan portfolio which is due in part to changes in asset mix during the current period, including increased lending to Agribusiness customers which carry higher spreads than many of our other lending portfolios.

Net Interest Margin and Net Interest Income

Three months ended (\$ in millions)	March 31, 2022			March 31, 2021		
	Average Balance	Average Rate	Interest Income/Expense	Average Balance	Average Rate	Interest Income/Expense
Interest earning assets						
Loans	\$ 137,798	1.98%	\$ 673	\$ 125,892	2.03%	\$ 629
Investments	34,584	1.31%	112	32,868	1.42%	115
Total	172,382	1.85%	785	158,760	1.90%	744
Interest bearing liabilities	160,433	0.75%	297	146,567	0.83%	301
Interest rate spread		1.10%			1.07%	
Impact of equity financing	11,752	0.05%		11,885	0.06%	
Net interest margin & net interest income		1.15%	\$ 488		1.13%	\$ 443

CREDIT QUALITY

Our overall loan quality measures remain strong at March 31, 2022. Special Mention loans and accrued interest were 2.30% of total loans and accrued interest at March 31, 2022 compared to 2.34% at December 31, 2021. The level of adversely classified loans (“Substandard”, “Doubtful” and “Loss”) and related accrued interest as a percent of total loans and accrued interest increased modestly to 0.74% at March 31, 2022, compared to 0.72% at December 31, 2021 due to slight deterioration in credit quality for a small number of customers in our Agribusiness operating segment. Nonaccrual loans increased \$21.3 million to \$143.9 million at March 31, 2022 from \$122.6 million at December 31, 2021 due to downgrades of a small number of customers in our Agribusiness and Rural Infrastructure operating segments. Our nonaccrual loans are typically composed of a relatively small number of customers, and as such, the balances can fluctuate period to period based on a small number of loans and leases. Nonaccrual loans as a percent of our total loan portfolio remain unchanged at 0.10% as of March 31, 2022 and March 31, 2021. Over the past 10 years, nonaccrual loans have averaged 0.20% of the total loan portfolio.

Loan Quality Ratios

	March 31, 2022			December 31, 2021		
	Wholesale Loans	Commercial Loans	Total	Wholesale Loans	Commercial Loans	Total
Acceptable	97.68%	96.32%	96.96%	97.67%	96.19%	96.94%
Special Mention	2.32%	2.28%	2.30%	2.33%	2.35%	2.34%
Substandard	-	1.40%	0.74%	-	1.46%	0.72%
Doubtful	-	0.00%	0.00%	-	0.00%	0.00%
Loss	-	-	-	-	-	-
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

BALANCE SHEET INFORMATION

(period-end)

	March 31, 2022	December 31, 2021
	(Unaudited)	
<i>(\$ in millions)</i>		
Loans	\$ 140,559	\$ 128,529
Less: Allowance for loan losses	724	651
Net loans	139,835	127,878
Cash	280	3,197
Federal funds sold and other overnight instruments	4,985	5,500
Investment securities	36,157	31,842
Interest rate swaps and other derivatives	522	487
Accrued interest receivable and other assets	1,235	1,402
Total assets	\$ 183,014	\$ 170,306
Bonds and notes	\$ 168,824	\$ 154,950
Interest rate swaps and other derivatives	569	372
Reserve for unfunded commitments	79	106
Patronage payable	183	743
Accrued interest payable and other liabilities	2,195	1,901
Total liabilities	171,850	158,072
Shareholders' equity	11,164	12,234
Total liabilities and shareholders' equity	\$ 183,014	\$ 170,306

STATEMENT OF INCOME INFORMATION

	Three months ended March 31,	Three months ended March 31,
	2022	2021
	(Unaudited)	(Unaudited)
<i>(\$ in millions)</i>		
Interest income	\$ 785	\$ 744
Interest expense	297	301
Net interest income	488	443
Provision for loan losses	46	55
Net interest income after provision for loan losses	442	388
Noninterest income	88	83
Operating expenses	121	113
Provision for income taxes	32	34
Net income	\$ 377	\$ 324

FORWARD-LOOKING STATEMENTS

Certain of the statements contained in this news release that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Our actual results may differ materially and adversely from our expectations expressed in any forward-looking statements. Forward-looking statements are typically identified by words such as “believe,” “expect,” “anticipate,” “intend,” “estimate,” “plan,” “project,” “target,” “may,” “will,” “should,” “would,” “could,” or similar expressions. Although we believe that the information expressed or implied in such forward-looking statements is reasonable, we can give no assurance that such projections and expectations will be realized or the extent to which a particular plan, projection or expectation may be realized.

These forward-looking statements are based on current knowledge and subject to risks and uncertainties. We encourage you to read our Annual Report and Quarterly Reports located on the bank’s website at www.cobank.com. We undertake no obligation to revise or publicly update our forward-looking statements for any reason.

ABOUT COBANK

CoBank is a cooperative bank serving vital industries across rural America. The bank provides loans, leases, export financing and other financial services to agribusinesses and rural power, water and communications providers in all 50 states. The bank also provides wholesale loans and other financial services to affiliated Farm Credit associations serving more than 76,000 farmers, ranchers and other rural borrowers in 23 states around the country. CoBank is a member of the Farm Credit System, a nationwide network of banks and retail lending associations chartered to support the borrowing needs of U.S. agriculture, rural infrastructure and rural communities. Headquartered outside Denver, Colorado, CoBank serves customers from regional banking centers across the U.S. and also maintains an international representative office in Singapore.

For more information about CoBank, visit www.cobank.com.

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