COBANK DISTRICT

2021 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, 2022, we have 19 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 2021 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 $60.5 billion at December 31, 2021. During 2021, $168.4 billion of advances on loans were made to our affiliated Associations and repayments totaled $163.4 billion.

We have no direct access to Association capital. Affiliated Associations provide an initial and ongoing voting stock investment of 4 percent of their average loan balance. In June 2021, the loan base period used for determining target equity levels for affiliated Associations was increased to the five-year trailing average from a one-year average. These changes were effective beginning in 2021 for stock retirements to be made in March 2022. 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 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,	2021	2020	2019
Total Loans	**$ 140,846,728**	$ 132,243,322	$ 119,995,001
Less: Allowance for Loan Losses	**962,051**	970,007	985,645
Net Loans	**139,884,677**	131,273,315	119,009,356
Total Assets	**184,506,522**	171,550,082	157,191,842
Total Shareholders' Equity	**24,042,017**	22,810,253	20,998,810

Year Ended December 31,	2021	2020	2019
Net Interest Income	**$ 3,697,242**	$ 3,364,071	$ 3,088,557
(Loan Loss Reversal) Provision for Loan Losses	**(15,799)**	53,786	92,580
Net Fee Income	**204,669**	207,667	143,606
Net Income	**2,510,686**	2,331,085	2,105,254
Net Interest Margin	**2.18 %**	2.12 %	2.08 %
Net (Recoveries) Charge-offs / Average Loans	**(0.00)** [1]	0.04	0.02
Return on Average Assets	**1.45**	1.43	1.40
Return on Average Total Shareholders' Equity	**10.68**	10.38	10.18
Operating Expense / Net Interest Income and Noninterest Income	**35.51**	34.22	34.60
Average Loans	**$ 135,458,501**	$ 123,956,080	$ 115,482,843
Average Earning Assets	**169,669,143**	158,585,371	148,271,053
Average Assets	**173,217,700**	163,467,824	150,456,985

(1) Represents less than 0.01 percent

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

District average loan volume increased 9 percent to $135.5 billion in 2021 compared to $124.0 billion in 2020. The increase in average loan volume primarily reflected growth in agribusiness, real estate mortgage, rural power, communications and production and intermediate-term loans.

District net income increased to $2.511 billion in 2021, as compared to $2.331 billion in 2020. The increase in District earnings primarily resulted from an increase in net interest income, a loan loss reversal and a lower provision for income taxes. These items were somewhat offset by a decrease in noninterest income and an increase in operating expenses in 2021.

District net interest income increased 10 percent to $3.697 billion in 2021 from $3.364 billion in 2020. The increase in net interest income was primarily driven by growth in average loan volume across the District. The District's overall net interest margin improved to 2.18 percent in 2021, compared to 2.12 percent in 2020. The increase in net interest margin in 2021 was driven by changes in asset mix and higher lending spreads in the District loan portfolio.

The District recorded a loan loss reversal of $15.8 million in 2021, compared to a provision for loan losses of $53.8 million in 2020. CoBank recorded a provision for loan losses of $18.0 million in 2021 compared to $21.0 million in 2020. The 2021 provision at CoBank primarily related to increased lending volume and higher specific reserves for a small number of customers, partially offset by a decrease in COVID-19 related reserves. The 2020 provision at CoBank primarily related to increased lending and leasing activity and higher reserves associated with the onset of COVID-19, partially offset by a decrease in specific reserves for a small number of customers. The Associations recorded a net combined loan loss reversal of $33.8 million in 2021, compared to a net combined provision of $32.8 million in 2020. The net combined 2021 loan loss reversal at the Associations was primarily due to improvement in credit quality and a decrease in COVID-19 reserves. 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.

District noninterest income decreased $125.3 million to $335.8 million in 2021 from $461.1 million in 2020. 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 decrease in noninterest income was primarily at CoBank and resulted from higher losses on early extinguishments of debt, lower gains on interest rate swaps and other derivatives and losses on sales of investment securities. Noninterest income also included an expense relating to litigation at CoBank that was settled in January 2022. In addition, noninterest income in 2020 included a return of excess insurance funds from the Farm Credit System Insurance Corporation (Insurance Corporation) related to the Farm Credit Insurance Fund (Insurance Fund). These decreases in noninterest income during 2021 were partially offset by increases in prepayment income and patronage income.

Total District operating expenses increased 9 percent to $1.432 billion in 2021 from $1.309 billion in 2020. Higher operating expenses included an increase in Insurance Fund premium expense of $86.7 million in 2021 compared to 2020 due to increases in premium rates and insured debt obligations. Insurance Fund premium rates are set by the Insurance Corporation and were 16 basis points of average outstanding adjusted insured debt obligations for 2021 compared to 8 basis points of average outstanding adjusted insured debt obligations for the first half of 2020 and 11 basis points for the second half of 2020. The Insurance Corporation announced a premium rate of 16 basis points of average outstanding adjusted insured debt obligations for 2022. Information services expense increased $25.1 million in 2021 compared to 2020 primarily due to greater expenditures at CoBank and certain Associations to enhance service offerings and technology platforms. Employee compensation expense increased $15.9 million during 2021 compared to 2020. The increase in employee compensation expense was driven by an increase in the number of employees at certain Associations in the District and normal merit administration at the Associations partially offset by slightly lower compensation expense at CoBank. General and administrative expenses increased $13.4 million during 2021 compared to 2020 driven by higher charitable contribution expenses at the Bank and certain Associations partially offset by lower directors' expenses, associate training and other miscellaneous expenses associated with the COVID-19 environment. These increases in operating expenses were partially offset by decreases in occupancy and equipment expenses of $19.5 million and purchased services expenses of $7.7 million in 2021 compared to 2020. The decrease in occupancy and equipment expenses was primarily due to the reclassification of equipment and maintenance expenses to information services expense at one Association. The decrease in purchased services expenses primarily related to lower consulting and professional fees across the District.

District income tax expense decreased $25.5 million to $105.8 million in 2021 from $131.3 million in 2020. 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 decrease in income tax expense was primarily due to an increase in earnings attributable to non-taxable business activities in 2021.

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,	2021	2020	2019
Real Estate Mortgage	**$ 44,202,127**	$ 40,274,080	$ 35,996,091
Nonaffiliated Associations	**5,045,465**	4,976,863	4,936,794
Production and Intermediate-term	**20,469,863**	18,761,282	17,918,614
Agribusiness:			
Loans to Cooperatives	**18,465,198**	17,089,262	15,382,653
Processing and Marketing	**11,031,918**	11,103,261	9,823,770
Farm Related Businesses	**2,322,699**	2,014,134	2,055,529
Communications	**5,800,324**	5,528,730	4,462,820
Rural Power	**19,657,169**	18,776,719	16,457,334
Water and Waste	**2,552,839**	2,244,513	1,956,484
Agricultural Export Finance	**6,481,294**	6,320,432	6,208,574
Rural Residential Real Estate	**466,624**	579,813	680,001
Lease Receivables	**4,242,164**	4,466,223	3,984,289
Other	**109,044**	108,010	132,048
Total	**$ 140,846,728**	$ 132,243,322	$ 119,995,001

District loan volume increased $8.6 billion to $140.8 billion at December 31, 2021, compared to $132.2 billion at December 31, 2020. The increase was primarily driven by increases in real estate mortgage, production and intermediate-term, agribusiness loans to cooperatives, rural power, agribusiness farm related businesses and water and waste 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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CoBank, ACB and Affiliated Associations

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,	**2021**	**2020**	**2019**
Fruits, Nuts and Vegetables	**16 %**	16 %	16 %
Farm Supply, Grain and Marketing	**13**	13	13
Dairy	**9**	9	9
Electric Distribution	**6**	6	6
Cattle	**6**	6	6
Forest Products	**5**	5	6
Field Crops Except Grains	**4**	4	4
Farm Related Business Services	**4**	4	4
Agricultural Export Finance	**4**	5	5
Livestock, Fish and Poultry	**4**	4	4
Nonaffiliated Associations	**4**	4	4
Generation and Transmission	**4**	3	3
Regulated Utilities	**3**	3	2
Leasing	**3**	3	3
Rural Home	**2**	2	2
Other	**13**	13	13
Total	**100 %**	100 %	100 %

Geographic Distribution			
December 31,	**2021**	**2020**	**2019**
California	**24 %**	23 %	22 %
Kansas	**6**	6	6
Texas	**6**	6	6
New York	**5**	5	5
Washington	**4**	4	4
Colorado	**4**	4	3
Idaho	**3**	3	3
Oklahoma	**3**	3	3
Iowa	**3**	3	2
Illinois	**3**	3	3
Oregon	**2**	2	3
Minnesota	**2**	2	2
Ohio	**2**	2	1
Florida	**2**	2	2
Nebraska	**2**	2	1
Other (less than 2 percent each for the current year)	**24**	25	29
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,	2021	2020	2019
Acceptable	**95.83 %**	94.89 %	93.59 %
Special Mention	**2.41**	3.29	3.52
Substandard	**1.75**	1.80	2.87
Doubtful	**0.01**	0.02	0.02
Loss	**-**	-	-
Total	**100.00 %**	100.00 %	100.00 %

Our overall loan quality within the District remains strong at December 31, 2021. Special Mention loans and accrued interest improved to 2.41 percent of total loans and accrued interest at December 31, 2021 from 3.29 percent at December 31, 2020 primarily due to credit quality upgrades to certain agribusiness and production and intermediate-term customers. The level of adversely classified loans ("Substandard", "Doubtful" and "Loss") as a percent of total loans and accrued interest improved to 1.76 percent at December 31, 2021, compared to 1.82 percent at December 31, 2020.

Nonperforming assets (which consist of nonaccrual loans, accruing restructured loans, accruing loans 90 days or more past due and other property owned) totaled $432.1 million as of December 31, 2021 compared to $558.6 million at December 31, 2020. Nonaccrual loans at CoBank increased by $5.2 million primarily due to downgrades of a small number of rural infrastructure customers partially offset by lower nonaccrual loans in the agribusiness operating segment. Nonaccrual loans at Associations improved by $102.9 million primarily due to payment activity and charge-offs during 2021 on real estate mortgage, production and intermediate-term, and agribusiness loans partially offset by higher rural power nonaccrual loans. Accruing restructured loans decreased by $4.9 million to $21.1 million in 2021 primarily due to the payoff of a production and intermediate-term loan. Total accruing loans 90 days or more past due decreased to $12.5 million at December 31, 2021, compared to $37.6 million at December 31, 2020 primarily due to several real estate mortgage loans returning to current payment status. Nonperforming assets represented 0.31 percent of total District loan volume and other property owned at December 31, 2021, compared to 0.42 percent at December 31, 2020. Nonaccrual loan volume, the largest component of nonperforming assets, represented 0.28 percent of total loans at December 31, 2021 compared to 0.37 percent of total loans at December 31, 2020.

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

($ in Thousands)

Nonperforming Assets			
December 31,	**2021**	**2020**	**2019**
Nonaccrual Loans:			
Real Estate Mortgage	**$ 159,308**	$ 225,668	$ 230,581
Production and Intermediate-term	**83,725**	124,090	151,335
Agribusiness	**69,361**	93,135	224,854
Rural Power	**56,686**	18,188	19,368
Rural Residential Real Estate	**2,139**	4,122	3,545
Lease Receivables	**19,252**	21,363	31,067
Other	**-**	1,637	1,838
Total Nonaccrual Loans	**390,471**	488,203	662,588
Accruing Restructured Loans:			
Real Estate Mortgage	**16,340**	16,206	24,482
Production and Intermediate-term	**3,907**	8,861	10,806
Agribusiness	**58**	-	-
Rural Residential Real Estate	**839**	1,008	1,190
Total Accruing Restructured Loans	**21,144**	26,075	36,478
Accruing Loans 90 Days or More Past Due:			
Real Estate Mortgage	**5,845**	31,573	8,685
Production and Intermediate-term	**2,798**	2,585	4,410
Agribusiness	**-**	-	3,643
Rural Power	**-**	-	1,377
Rural Residential Real Estate	**-**	40	-
Lease Receivables	**3,901**	3,372	1,138
Total Accruing Loans 90 Days or More Past Due	**12,544**	37,570	19,253
Total Nonperforming Loans	**424,159**	551,848	718,319
Other Property Owned	**7,927**	6,785	10,470
Total Nonperforming Assets	**$ 432,086**	$ 558,633	$ 728,789
Nonaccrual Loans as a Percentage of Total Loans	**0.28 %**	0.37 %	0.55 %
Nonperforming Assets as a Percentage of Total Loans and Other Property Owned	**0.31**	0.42	0.61
Nonperforming Assets as a Percentage of Capital	**1.80**	2.45	3.47

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, 2021					
	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	$ 83,330	$ 57,185	$ 140,515	$ 44,490,926	$ 44,631,441	$ 5,845
Nonaffiliated Associations	-	-	-	5,048,456	5,048,456	-
Production and Intermediate-term	62,909	- 35,416	98,325	20,481,059	20,579,384	2,798
Agribusiness	12,639	7,647	20,286	31,881,166	31,901,452	-
Communications	-	-	-	5,807,017	5,807,017	-
Rural Power	-	27,982	27,982	19,696,296	19,724,278	-
Water and Waste	1,219	-	1,219	2,561,956	2,563,175	-
Agricultural Export Finance	-	-	-	6,490,866	6,490,866	-
Rural Residential Real Estate	590	219	809	467,163	467,972	-
Lease Receivables	34,595	11,819	46,414	4,196,692	4,243,106	3,901
Other	-	-	-	109,215	109,215	-
Total	$ 195,282	$ 140,268	$ 335,550	$ 141,230,812	$ 141,566,362	$ 12,544

($ 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 and Waste	-	-	-	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 and Waste	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

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 $150.4 million at December 31, 2021.

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, 2021 totaled $962.1 million compared to $970.0 million at December 31, 2020. Changes in the allowance included an overall loan loss reversal of $15.8 million, which is described on page 4, loan recoveries of $24.7 million, loan charge-offs of $21.4 million and a $4.9 million net transfer from the reserve for unfunded commitments.

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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 and Waste	Agricultural Export Finance	Rural Residential Real Estate	Lease Receivables and Other	Total
December 31, 2021											
Allowance for Loan Losses:											
Beginning Balance	$ 133,639	$ -	$ 194,080	$ 399,713	$ 47,856	$ 95,710	$ 11,990	$ 26,373	$ 2,428	$ 58,218	$ 970,007
Charge-offs	(194)	-	(13,823)	(3,798)	-	(2,562)	-	-	(19)	(1,000)	(21,396)
Recoveries	474	-	11,238	3,910	79	8,476	-	189	63	293	24,722
(Loan Loss Reversal)/										-	
Provision for Loan Losses	(5,933)	-	(2,278)	(511)	(3,482)	3,620	1,281	(2,007)	(758)	(5,731)	(15,799)
Transfers from (to) Reserve for										-	
Unfunded Commitments	1,181	-	4,013	1,716	(127)	(1,503)	(388)	72	(5)	(22)	4,937
Association Merger Impact, Net	(232)	-	(154)	(23)	(11)	-	-	-	-	-	(420)
Ending Balance	$ 128,935	$ -	$ 193,076	$ 401,007	$ 44,315	$ 103,741	$ 12,883	$ 24,627	$ 1,709	$ 51,758	$ 962,051
Allowance for Credit Losses											
Ending Balance, Allowance for Credit Losses Related to Loans and Unfunded Commitments:											
Individually Evaluated for Impairment	$ 5,696	$ -	$ 6,570	$ 19,504	$ -	$ 13,125	$ -	$ -	$ -	$ 3,977	$ 48,872
Collectively Evaluated for Impairment	123,239	-	186,506	381,503	44,315	90,616	12,883	24,627	1,709	47,781	913,179
Total	$ 128,935	$ -	$ 193,076	$ 401,007	$ 44,315	$ 103,741	$ 12,883	$ 24,627	$ 1,709	$ 51,758	$ 962,051
Loans											
Ending Balance for Loans and Related Accrued Interest:											
Individually Evaluated for Impairment	$ 202,562	$ 5,048,456	$ 95,041	$ 73,183	$ 179	$ 56,828	$ 7	$ 70	$ 3,064	$ 104,191	$ 5,583,581
Collectively Evaluated for Impairment	44,428,879	-	20,484,343	31,828,269	5,806,838	19,667,450	2,563,168	6,490,796	464,908	4,248,130	135,982,781
Total	$ 44,631,441	$ 5,048,456	$ 20,579,384	$ 31,901,452	$ 5,807,017	$ 19,724,278	$ 2,563,175	$ 6,490,866	$ 467,972	$ 4,352,321	$ 141,566,362

($ 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 and Waste	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

District Financial Information

CoBank, ACB and Affiliated Associations

($ 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 and Waste	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 Combination Impact, Net	(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

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, 2021, 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".

($ in Millions)

Investment Information

December 31, 2021	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
CoBank Investments	**$ 31,567**	**$ 403**	**$ (128)**	**$ 31,842**
Association Investments	**874**	**1**	**(6)**	**869**
Total	**$ 32,441**	**$ 404**	**$ (134)**	**$ 32,711**
December 31, 2020				
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

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 $477.6 million at December 31, 2021 compared to $877.8 million at December 31, 2020. Derivative liabilities totaled $364.4 million at December 31, 2021 compared to $580.9 million at December 31, 2020. The decreases in derivative assets and derivative liabilities at December 31, 2021 are primarily the result of changes in market interest rates during 2021.

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 $11.8 million and $52.8 million for the year ended December 31, 2021 and 2020, respectively. Changes in the fair value of derivatives recorded as other comprehensive income (loss) totaled net gains of $7.7 million and $20.1 million for the year ended December 31, 2021 and 2020, respectively.

District Capital Resources

Combined District shareholders' equity at December 31, 2021 totaled $24.0 billion, a net increase of $1.2 billion as compared to $22.8 billion at December 31, 2020. The increase primarily resulted from District net income of $2.5 billion, an increase in preferred stock of $425.1 million, and an increase in common stock of $83.6 million. These factors were partially offset by accrued patronage of $1.1 billion, preferred stock dividends of $93.2 million and an increase in accumulated other comprehensive loss of $470.1 million.

In June 2021, one District Association issued $300.0 million of Series A fixed-rate reset perpetual non-cumulative preferred stock, with a par amount of $1,000. Dividends on the preferred stock began accruing at an annual rate of 5.25 percent upon issuance and until the first reset date of June 15, 2026. Thereafter, the accrued dividend amount will be equal to the sum of the five-year treasury rate as of the most recent reset dividend determination date plus 4.50 percent. The preferred stock is not redeemable by the Association prior to the dividend payment date on June 15, 2026, except in whole upon the occurrence of a regulatory capital event. The Association at its option may redeem the Series A preferred stock, in whole or in part, on any dividend payment date on or after the first reset date of June 15, 2026. Redemption of any amount of the preferred stock by the Association is subject to System regulatory capital requirements and prior approval from the FCA.

In June 2021, the same District Association also issued $200.0 million of unsecured subordinated notes maturing on June 15, 2036. The subordinated notes will bear interest at a rate of 3.375 percent per annum, payable semiannually in arrears, beginning December 15, 2021. From and including June 15, 2031, to, but excluding, June 15, 2036 or the date of earlier redemption, the subordinated notes will bear interest at a floating rate per annum equal to a benchmark rate (which is expected to be three-month term SOFR) plus a spread of 212 basis points, payable quarterly in arrears, commencing on September 15, 2031. The Association may, at their option, redeem the subordinated notes, in whole or in part beginning with the interest payment date of June 15, 2031, and on any interest payment date thereafter.

In October 2021, CoBank retired $22.5 million of our outstanding Series E non-cumulative perpetual preferred stock in an open market purchase transaction. The Series E preferred stock was purchased at a discount from par value resulting in a gain of $4.5 million recorded in unallocated retained earnings.

In December 2021, CoBank issued $425 million of Series J non-cumulative perpetual preferred stock. CoBank used the net proceeds from the Series J preferred stock issuance to increase its regulatory capital pursuant to FCA regulations and for general corporate purposes, including the redemption of its Series G non-cumulative perpetual preferred stock. Dividends on the Series J preferred stock, if declared by the CoBank Board of Directors in its sole discretion, are non-cumulative and are payable quarterly in arrears beginning on April 1, 2022 and will accrue at a fixed annual rate of 4.25 percent from the date of issuance up to, but excluding January 1, 2027. Thereafter, dividends will accrue at the five-year U.S. Treasury rate as of the most recent reset dividend determination date plus a spread of 3.049 percent per annum and will be paid quarterly. The preferred stock is redeemable at par value, in whole or in part, at the Bank's option quarterly beginning on January 1, 2027.

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

($ in Thousands)

Accumulated Other Comprehensive (Loss) Income

December 31,	2021	2020	2019
Unrealized Gains on Investment Securities	**$ 227,514**	$ 800,715	$ 232,924
Net Pension Adjustment	**(303,611)**	(399,053)	(423,024)
Unrealized Losses on Interest Rate Swaps and Other Derivatives	**(35,701)**	(43,353)	(63,443)
Accumulated Other Comprehensive (Loss) Income	**$ (111,798)**	$ 358,309	$ (253,543)

The increase in the District's total accumulated other comprehensive loss in 2021 is largely due to a decrease 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,				2021		2020		2019	
Ratio	Primary Components of Numerator	Regulatory Minimums	Minimum with Buffer*	CoBank	District Associations	CoBank	District Associations	CoBank	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%	**12.74%**	**10.69 - 23.70%**	12.33%	11.55 - 24.09%	12.70%	13.40 - 25.89%
Tier 1 capital ratio	CET1 Capital, non-cumulative perpetual preferred stock	6.0%	8.5%	**14.70%**	**12.37 - 23.70%**	14.25%	11.55 - 24.09%	14.83%	13.40 - 25.89%
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%	**15.63%**	**13.71 - 23.95%**	15.22%	11.79 - 24.59%	15.86%	13.60 - 26.42%
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0%	7.0%	**14.81%**	**13.55 - 23.75%**	14.36%	12.83 - 24.19%	14.95%	13.91 - 26.06%
Non-risk adjusted:									
Tier 1 leverage ratio**	Tier 1 Capital	4.0%	5.0%	**7.47%**	**14.05 - 23.27%**	7.30%	13.16 - 23.48%	7.51%	14.49 - 24.57%
UREE leverage ratio	URE and URE Equivalents	1.5%	1.5%	**3.36%**	**13.36 - 25.10%**	3.23%	13.94 - 24.57%	3.24%	15.67 - 26.40%

* 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, 2021, 2020, and 2019, CoBank and all affiliated Associations exceeded the FCA's regulatory minimum capital ratios and any required buffers. Although aggregated in the District's condensed combined 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. Yankee Farm Credit, ACA merged with and into Farm Credit East, ACA effective January 1, 2022; however, these mergers did not affect the plan eligibility of the employees of Yankee Farm Credit, ACA.

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, 2021, 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, 2021					
Projected benefit obligation	**$ 620,604**	**$ 319,577**	**$ 381,922**	**$ 81,490**	**$ 1,403,593**
Fair value of plan assets	**572,195**	**291,055**	**341,850**	**83,440**	**1,288,540**
Unfunded status	**(48,409)**	**(28,522)**	**(40,072)**	**1,950**	**(115,053)**
Accumulated benefit obligation	**$ 580,846**	**$ 313,084**	**$ 361,924**	**$ 81,109**	**$ 1,336,963**
Assumptions used to determine benefit obligations:					
Discount rate	**2.94%**	**2.82%**	**2.91%**	**2.71%**	
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	**5.82%**	**4.75%**	**5.00%**	**3.50%**	
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%	

(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, 2021					
Projected benefit obligation	**$ 2,497**	**$ 3,731**	**$ 1,183**	**$ -**	**$ 7,411**
Fair value of plan assets	**-**	**-**	**-**	**-**	**-**
Unfunded status	**(2,497)**	**(3,731)**	**(1,183)**	**-**	**(7,411)**
Assumptions used to determine benefit obligations:					
Discount rate	**2.95%**	**2.90%**	**2.34%**	**-**	
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%	-	

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

Association Mergers, Combinations and Other Matters

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 (the "Court") 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 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. CoBank and Plaintiffs filed respective motions for summary judgment. On September 14, 2021, the Court ruled on the two summary judgment motions. On the breach of contract claim, the Court ruled in favor of the Plaintiffs. On the breach of implied covenant of good faith and fair dealing claim, the Court ruled in favor of CoBank. The Court further ruled that the amount of damages remained in dispute and required a trial. As a result of the ruling, during the third quarter of 2021 CoBank recorded an expense relating to the litigation. In January 2022, CoBank entered into a confidential settlement agreement with the Plaintiffs to resolve all claims alleged in the litigation. The case was dismissed with prejudice on January 18, 2022.

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.

On October 28, 2021, the boards of Farm Credit of Western Oklahoma, ACA and Farm Credit of Enid, ACA approved a letter of intent to pursue a merger.

Effective January 1, 2022, two of our affiliated Associations, Farm Credit East, ACA and Yankee Farm Credit, ACA merged and are doing business as Farm Credit East, ACA.

On February 2, 2022, Northwest Farm Credit Services, ACA entered into a non-binding letter of intent to pursue a merger with Farm Credit West, ACA. The merger is dependent upon required approvals from CoBank, the FCA, and the customer-owners. If approved, the merger is expected to be effective no earlier than January 1, 2023.

Future of LIBOR

On March 5, 2021, the United Kingdom's Financial Conduct Authority (UKFCA) and the ICE Benchmark Administrator (IBA) formally announced that all LIBOR tenors will either be discontinued or no longer be representative immediately after December 31, 2021 for the GBP, JPY, CHF, EUR, and the 1-week and 2-month USD tenors, and immediately after June 30, 2023 for the remaining USD tenors. The UKFCA does not expect that any LIBOR tenors will become unrepresentative before these respective dates; however, publication by the IBA of most of the LIBOR tenors is expected to cease immediately after these dates. The UKFCA has worked closely with market participants and regulatory authorities around the world to ensure that alternatives to LIBOR are available and that existing contracts can be transitioned onto these alternatives to safeguard financial stability and market integrity.

On March 9, 2021, the Federal Reserve's Alternative Reference Rate Committee (ARRC) released a statement of clarification related to the UKFCA and IBA announcements. The ARRC confirmed a "Benchmark Transition Event" occurred under ARRC and International Swaps and Derivatives Association (ISDA) recommended fallback language as a result of the announcements on March 5, 2021. The ARRC also confirmed that March 5, 2021 is the date which the spread adjustments were determined for the ISDA fallbacks but will not be effective until the next repricing of instruments after June 30, 2023.

On April 6, 2021, the New York Governor signed legislation to provide legal clarity for legacy financial instruments governed by New York state law during the LIBOR transition. The amendment to existing New York law mirrored a proposal drafted by the ARRC. The law is limited to USD LIBOR-indexed contracts and financial instruments governed under New York law that do not have any fallback language or do not include appropriate fallback language per the legislation. The new law states the LIBOR transition cannot be used as a breach of contract under law and provides that the recommended benchmark replacement is a commercially reasonable substitute for LIBOR. The new law's provisions are effective upon the occurrence of a statutory event, such as, a "LIBOR Discontinuance Event" or "LIBOR Replacement Date". Upon the statutory events, the LIBOR-based benchmark index, by operation of law, will be replaced by a "Recommended Benchmark Replacement" currently defined as the Secured Overnight Financing Rate ("SOFR"). Another state has subsequently adopted legislation similar to the New York legislation. At this time, there is no specific federal law akin to the New York legislation addressing the LIBOR transition. However, the United States Congress began working on a draft version of federal legislation that would provide a statutory substitute benchmark rate for contracts that use USD LIBOR as a benchmark and that do not have any sufficient fallback clauses in place. The current version of the legislation, the Adjustable Interest Rate (LIBOR) Act of 2021, was formally introduced in the House of Representatives on July 22, 2021. While similar to the New York state LIBOR legislation, including a safe harbor for use of recommended LIBOR fallbacks that are based on SOFR, there are differences in the current draft of the federal legislation, most significantly, that the draft bill specifically provides for the preemption of state law. At this time, it is uncertain as to whether, when, and in what form such federal legislation will be adopted.

On April 20, 2021, the ARRC published the key principles and market indicators which they feel are critical to endorse forward-looking term SOFR indexes. The ARRC's term rate principles and term rate market indicators together provide clear guidance that would allow the ARRC to recommend a SOFR-based term rate.

On May 21, 2021, the CME Group was selected by the ARRC to publish its recommended forward-looking SOFR term rates.

On July 29, 2021, the ARRC announced it will recommend the CME Group's forward-looking SOFR term rates. The ARRC's formal recommendation of SOFR term rates is a major milestone in the transition away from USD LIBOR.

On September 8, 2021, the CME Group made available SOFR term rates for over-the-counter derivatives including swaps, options, forwards, repos, structured products and other similar derivatives when utilized to hedge cash instruments held by end-users which are indexed to term SOFR.

On October 6, 2021, the AARC issued a summary of its recommendations to date regarding spread-adjusted fallbacks for contracts referencing USD LIBOR. This document is intended to provide a singular reference point for market participants to understand the ARRC's current recommendations in relation to its fallback language and to state legislation that references ARRC recommended fallbacks.

On November 30, 2020, the U.S. Prudential Regulators (Federal Reserve, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency) issued a statement to encourage banks to transition away from LIBOR as soon as practicable. The Prudential Regulators stated that 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 October 20, 2021, the Prudential Regulators issued another statement to reemphasize the expectation that supervised institutions with LIBOR exposure continue to progress towards an orderly transition away from LIBOR. Given LIBOR's discontinuance, the agencies believe that entering into new contracts, including derivatives, that use LIBOR as a reference rate after December 31, 2021, would create safety and soundness risks, including litigation, operational, and consumer protection risks. The Prudential Regulators further clarified a new contract would include an agreement that creates additional LIBOR exposure for a supervised institution or extends the term of an existing LIBOR contract. A draw on an existing agreement that is legally enforceable, for example, a committed credit facility would not be viewed as a new contract.

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.

On December 8, 2021, the FCA issued another informational memorandum to provide additional guidance to System institutions on their transition away from LIBOR. The guidance encourages institutions to stop entering into new contracts that reference LIBOR as soon as practicable and in any event no later than December 31, 2021. Entering into new LIBOR-referenced contracts after that date would present safety and soundness risk. The guidance also provides clarity on what the FCA considers a new LIBOR-indexed contract; whether purchases of legacy LIBOR-indexed loans and investments are deemed new contracts; limited exceptions for entering into new LIBOR contracts that reduce or hedge risk in legacy LIBOR contracts; and the due diligence and other procedures required before using other benchmark/reference rate alternatives to LIBOR (beyond SOFR), including credit-sensitive alternative rates.

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, 2021 ($ in Millions)

	Due in 2022	Due in 2023 on or before June 30, 2023	Due After June 30, 2023	Total
Commercial Loans [(1)]	$ 12,704	$ 2,505	$ 27,537	$ 42,746
Investment Securities	35	102	3,888	4,025
Debt	875	171	785	1,831
Derivatives (Notional Amounts)	7,205	5,020	29,539	41,764
Preferred Stock [(2)]	-	-	1,278	1,278

(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 $203 million of CoBank preferred stock that pays a dividend currently indexed to 3-month USD LIBOR plus a spread as of December 31, 2021. 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.

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 completely predict when LIBOR will become unrepresentative. However, in light of the announcements by the UKFCA, the IBA and Prudential Regulators noted above, USD LIBOR, except in very limited circumstances, will be discontinued or declared unrepresentative (depending on the tenor) as of either immediately after December 31, 2021 or June 30, 2023. Because System institutions in the District routinely engage in transactions involving financial instruments that reference LIBOR, these developments may have a material impact on those institutions, their borrowers, investors, customers and counterparties.

Other Regulatory Matters

On September 9, 2021, the FCA adopted a final rule that amends, corrects and clarifies certain provisions of the Tier 1/Tier 2 capital framework approved by the FCA in March 2016. The final rule includes amendments that do not change the minimum capital requirements or capital buffers, but focus on clarifying and improving other provisions to ensure application of the rules as intended, reduce burden to the Farm Credit System, and assist the FCA in better determining compliance with the Tier 1/Tier 2 capital framework. The final rule became effective on January 1, 2022. It is not expected that this regulation will have a material impact on the regulatory capital and leverage ratios of CoBank or District Associations.

On July 8, 2021, the FCA announced a proposed rule that would amend the Tier 1/Tier 2 capital framework to define and establish a risk weight for high-volatility commercial real estate exposures by assigning a 150 percent risk-weighting to such exposures, instead of the current 100 percent risk-weighting. The proposed rule focuses on changes that are comparable with the capital rules of other federal banking regulatory agencies and recognizes the increased risk posed by high-volatility commercial real estate exposures. The public comment period ended on January 24, 2022.

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 percent 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.

Subsequent Events

We have evaluated subsequent events through March 1, 2022, which is the date the financial statements were issued.

District Financial Information

CoBank, ACB and Affiliated Associations

Condensed Combined Balance Sheets

(unaudited)

($ in Thousands)

As of December 31,	2021	2020	2019
Assets			
Total Loans	**$ 140,846,728**	$ 132,243,322	$ 119,995,001
Less: Allowance for Loan Losses	**962,051**	970,007	985,645
Net Loans	**139,884,677**	131,273,315	119,009,356
Cash and Cash Equivalents	**3,379,902**	2,543,938	1,217,737
Federal Funds Sold and Other Overnight Funds	**5,500,000**	835,000	1,810,000
Investment Securities	**32,711,274**	33,484,797	32,451,412
Interest Rate Swaps and Other Derivatives	**477,580**	877,822	379,833
Accrued Interest Receivable and Other Assets	**2,553,089**	2,535,210	2,323,504
Total Assets	**$ 184,506,522**	$ 171,550,082	$ 157,191,842
Liabilities			
Bonds and Notes	**$ 156,355,129**	$ 144,606,732	$ 133,101,632
Subordinated Debt	**197,591**	-	-
Interest Rate Swaps and Other Derivatives	**364,441**	580,943	247,003
Reserve for Unfunded Commitments	**150,436**	155,485	131,437
Patronage Payable	**1,108,179**	925,973	873,861
Accrued Interest Payable and Other Liabilities	**2,288,729**	2,470,696	1,839,099
Total Liabilities	**160,464,505**	148,739,829	136,193,032
Shareholders' Equity			
Preferred Stock Issued by Bank	**1,902,500**	1,500,000	1,500,000
Preferred Stock Issued by Associations	**557,601**	534,962	501,587
Common Stock	**1,846,261**	1,762,650	1,701,655
Paid In Capital	**1,387,946**	1,346,166	1,346,166
Unallocated Retained Earnings	**18,459,507**	17,308,166	16,202,945
Accumulated Other Comprehensive (Loss) Income	**(111,798)**	358,309	(253,543)
Total Shareholders' Equity	**24,042,017**	22,810,253	20,998,810
Total Liabilities and Shareholders' Equity	**$ 184,506,522**	$ 171,550,082	$ 157,191,842

District Financial Information
CoBank, ACB and Affiliated Associations

Condensed Combined Statements of Income
(unaudited)

($ in Thousands)

Year Ended December 31,	2021	2020	2019
Interest Income			
Loans	**$ 4,405,389**	$ 4,537,510	$ 5,387,718
Investment Securities, Federal Funds Sold and Other Overnight Funds	**442,574**	578,853	781,427
Total Interest Income	**4,847,963**	5,116,363	6,169,145
Interest Expense	**1,150,721**	1,752,292	3,080,588
Net Interest Income	**3,697,242**	3,364,071	3,088,557
(Loan Loss Reversal) Provision for Loan Losses	**(15,799)**	53,786	92,580
Net Interest Income After (Loan Loss Reversal) Provision for Loan Losses	**3,713,041**	3,310,285	2,995,977
Noninterest Income			
Net Fee Income	**204,669**	207,667	143,606
Patronage Income	**140,651**	123,469	98,543
Prepayment Income	**50,413**	31,455	15,942
Losses on Early Extinguishment of Debt	**(126,078)**	(78,653)	(16,619)
(Losses) Gains on Sales of Investment Securities	**(36,531)**	20	892
Gains on Interest Rate Swaps and Other Derivatives	**11,766**	52,815	25,848
Return of Excess Insurance Funds	**-**	25,570	27,004
Other, Net	**90,878**	98,798	85,451
Total Noninterest Income	**335,768**	461,141	380,667
Operating Expenses			
Employee Compensation	**770,834**	754,909	670,703
General and Administrative	**95,529**	82,164	84,413
Information Services	**129,591**	104,456	91,009
Insurance Fund Premium	**191,880**	105,207	92,169
Farm Credit System Related	**33,173**	32,360	32,915
Occupancy and Equipment	**61,869**	81,340	75,615
Purchased Services	**84,423**	92,143	87,003
Other	**65,007**	56,486	66,691
Total Operating Expenses	**1,432,306**	1,309,065	1,200,518
Income Before Income Taxes	**2,616,503**	2,462,361	2,176,126
Provision for Income Taxes	**105,817**	131,276	70,872
Net Income	**$ 2,510,686**	$ 2,331,085	$ 2,105,254

District Financial Information

CoBank, ACB and Affiliated Associations

Select Information on District Associations

($ in Thousands)

As of December 31, 2021	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	$ 13,572,985	22.43 %	$ 16,968,382	$ 2,411,207	13.71 %	0.51 %	2.25
Northwest Farm Credit Services, ACA	11,034,001	18.25	14,827,117	2,618,859	17.91	0.42	2.52
Farm Credit West, ACA	10,435,758	17.26	13,505,802	1,883,798	14.35	0.62	2.59
Farm Credit East, ACA	7,455,379	12.33	9,422,377	1,645,406	17.13	0.22	2.33
Yosemite Farm Credit, ACA	3,247,379	5.37	3,986,904	541,720	13.81	0.13	1.97
Frontier Farm Credit, ACA	1,993,483	3.30	2,556,782	449,102	17.51	0.21	2.13
Farm Credit of New Mexico, ACA	1,613,968	2.67	2,124,683	411,682	20.12	0.33	1.65
Golden State Farm Credit, ACA	1,698,966	2.81	2,118,015	313,717	14.26	0.10	2.32
Oklahoma AgCredit, ACA	1,526,351	2.52	1,878,182	277,083	15.06	0.51	1.65
High Plains Farm Credit, ACA	1,233,339	2.04	1,565,196	233,659	15.25	0.12	2.18
Farm Credit of Southern Colorado, ACA	1,150,144	1.90	1,455,495	244,021	16.82	0.46	1.50
Fresno-Madera Farm Credit, ACA	1,058,032	1.75	1,425,421	266,607	17.21	0.15	1.80
Farm Credit Western Oklahoma, ACA	1,105,236	1.83	1,382,752	203,670	16.97	0.39	1.55
Western AgCredit, ACA	973,921	1.61	1,271,942	230,638	17.34	1.63	2.38
Premier Farm Credit, ACA	681,457	1.13	902,148	168,834	17.72	0.02	1.90
Farm Credit Services of Colusa-Glenn, ACA	464,929	0.77	625,603	116,531	17.03	-	2.13
Yankee Farm Credit, ACA	436,496	0.72	579,722	104,384	18.12	1.06	2.07
Farm Credit of Western Kansas, ACA	322,209	0.53	445,436	92,786	22.27	-	1.85
Idaho AgCredit, ACA	276,353	0.46	359,803	55,681	17.03	0.18	1.83
Farm Credit of Enid, ACA	194,895	0.32	264,520	59,813	23.95	0.70	1.22

Association Information (as of January 1, 2022)

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

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

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