



# CoBank Investor Presentation

March 31, 2024



Proud Member of the Farm Credit System 

# Summary Financial Results

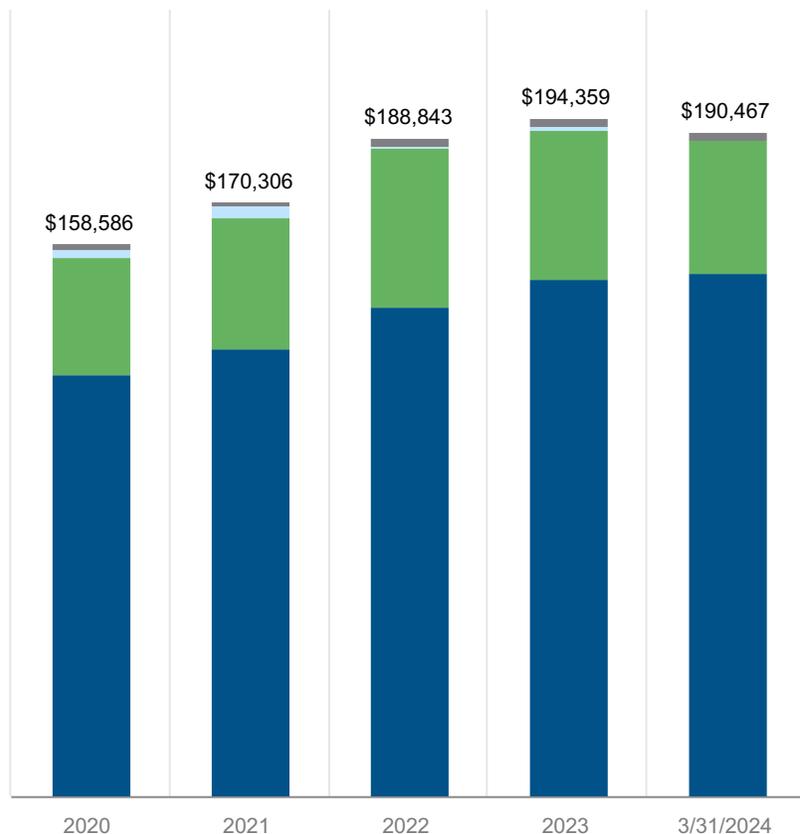
(\$ in millions)	For the Year Ended December 31,		For the Three Months Ended March 31,		
	2022	2023	2023	2024	B(W) %
Interest income	\$ 4,748	\$ 8,933	\$ 2,033	\$ 2,414	19 %
Interest expense	2,864	7,086	1,568	1,935	(23)%
<i>Net interest income</i>	<u>1,884</u>	<u>1,847</u>	<u>465</u>	<u>479</u>	3 %
Provision for credit losses (credit loss reversal)	111	76	20	(37)	285 %
<i>Net interest income after provision for credit losses (credit loss reversal)</i>	<u>1,773</u>	<u>1,771</u>	<u>445</u>	<u>516</u>	16 %
Noninterest income	366	459	108	101	(6)%
Operating expenses	580	595	141	129	9 %
<i>Income before income taxes</i>	<u>1,559</u>	<u>1,635</u>	<u>412</u>	<u>488</u>	18 %
Provision for income taxes	110	128	36	50	(39)%
<i>Net income</i>	<u>\$ 1,449</u>	<u>\$ 1,507</u>	<u>\$ 376</u>	<u>\$ 438</u>	16 %
Return on average common equity	14.59 %	15.78 %	16.01 % *	17.30 % *	8 %
Net interest margin	1.06 %	0.99 %	1.02 % *	1.02 % *	— %
Return on average assets	0.80 %	0.80 %	0.81 % *	0.92 % *	14 %
Operating expense ratio**	21.00 %	21.82 %	19.70 %	20.41 %	(4)%

\* Annualized

\*\* Excludes Insurance Fund premiums

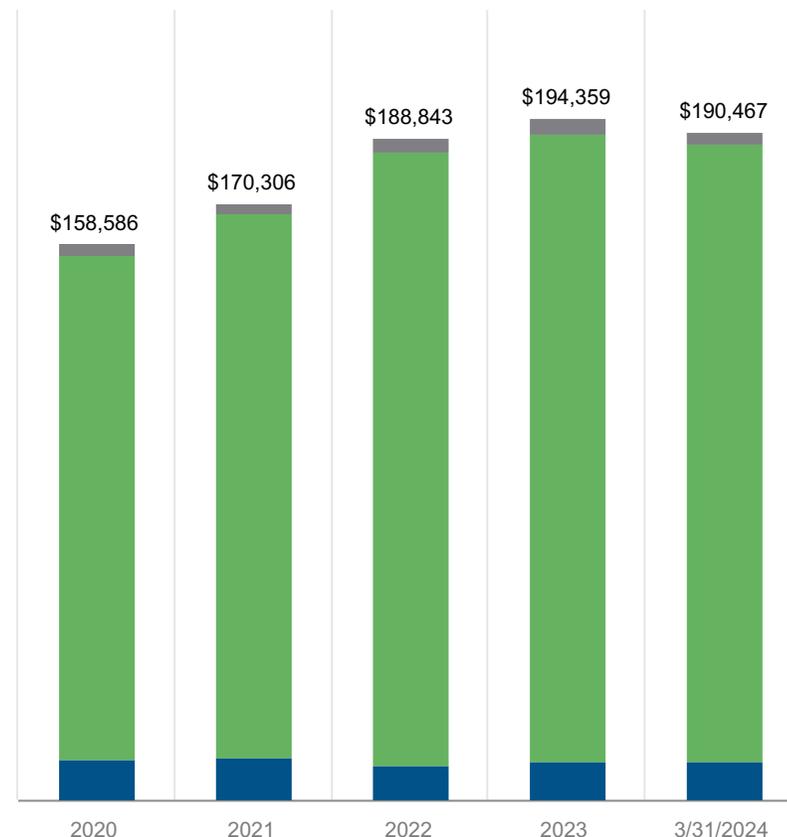
# Balance Sheet Trends

## Assets (\$ in Millions)



	2020	2021	2022	2023	3/31/2024
Other	\$ 1,735	\$ 1,238	\$ 2,360	\$ 2,373	\$ 2,355
Cash*	\$ 2,335	\$ 3,197	\$ 896	\$ 1,013	\$ 183
Investments**	\$ 33,660	\$ 37,342	\$ 45,498	\$ 42,958	\$ 38,120
Gross Loans	\$ 120,856	\$ 128,529	\$ 140,089	\$ 148,015	\$ 149,809

## Liabilities & Shareholders' Equity (\$ in Millions)



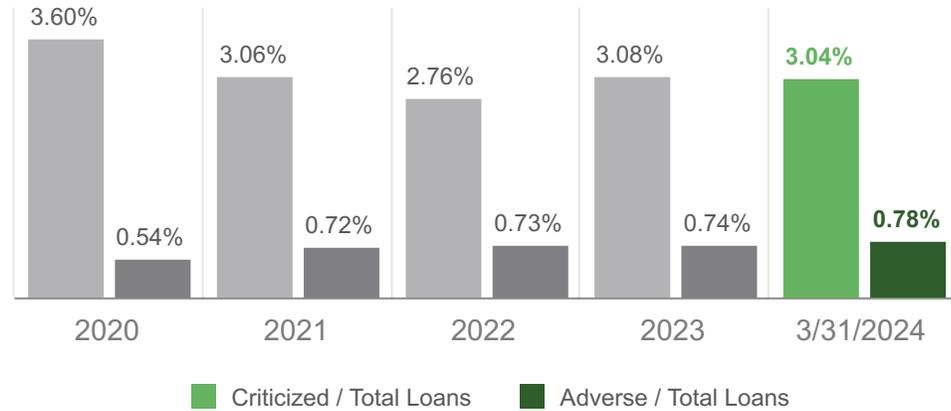
	2020	2021	2022	2023	3/31/2024
Other	\$ 3,292	\$ 3,122	\$ 3,995	\$ 4,345	\$ 3,371
Bonds & Notes	\$ 143,384	\$ 154,950	\$ 174,623	\$ 178,821	\$ 175,772
Shareholders' Equity	\$ 11,910	\$ 12,234	\$ 10,225	\$ 11,193	\$ 11,324

\* Represents cash and cash equivalents

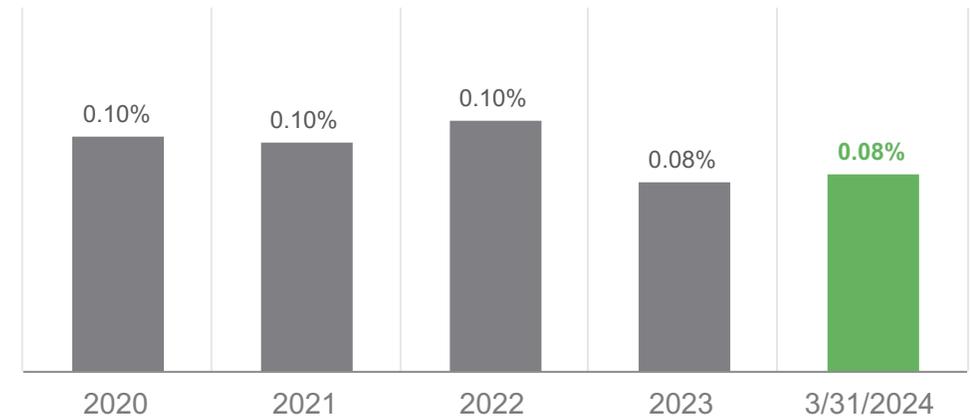
\*\* Includes Investment Securities, Federal Funds Sold and Other Overnight Funds

# Loan Quality

## Criticized / Total Loans & Adverse / Total Loans

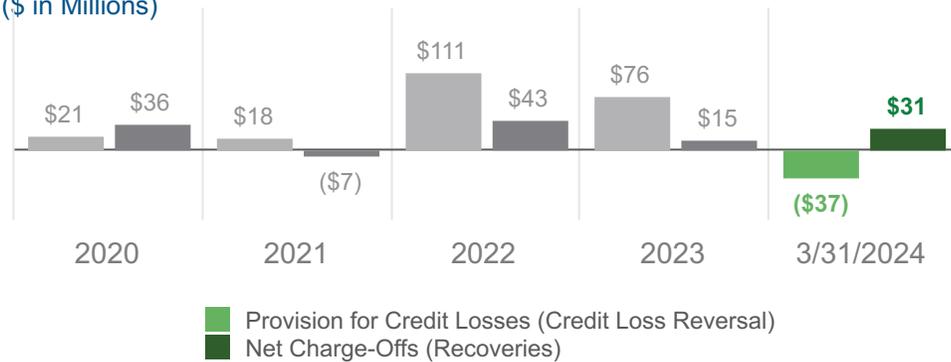


## Nonaccrual Loans / Total Loans

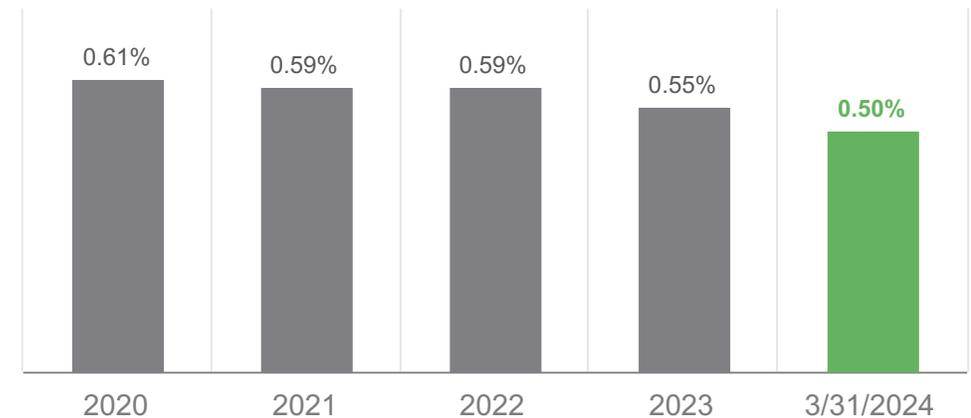


## Provision for Credit Losses (Credit Loss Reversal) & Net Charge-Offs (Recoveries)

(\$ in Millions)

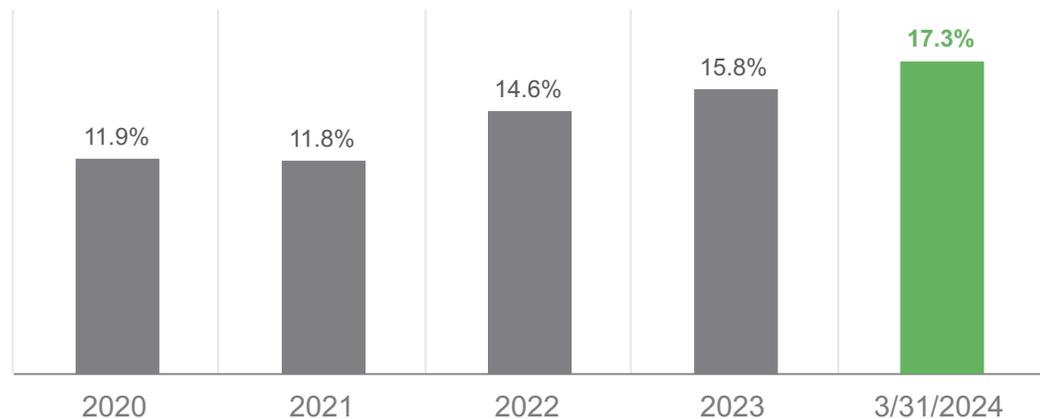


## Allowance for Credit Losses / Total Loans

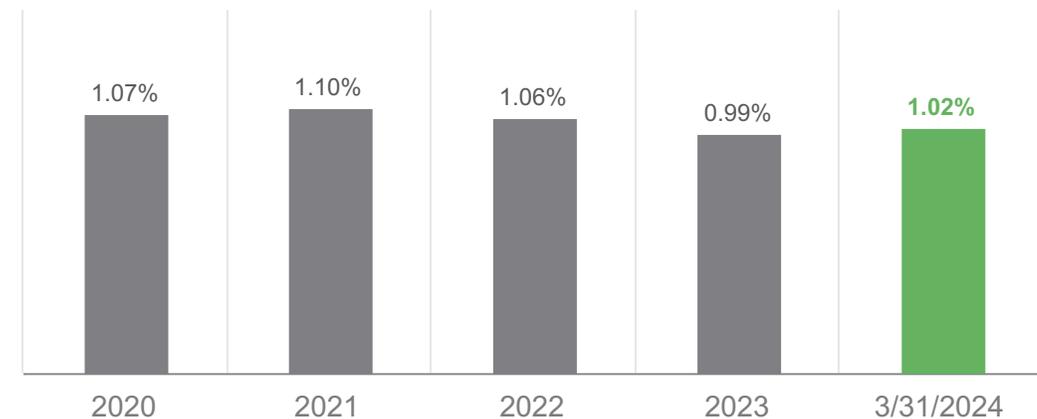


# Profitability and Efficiency

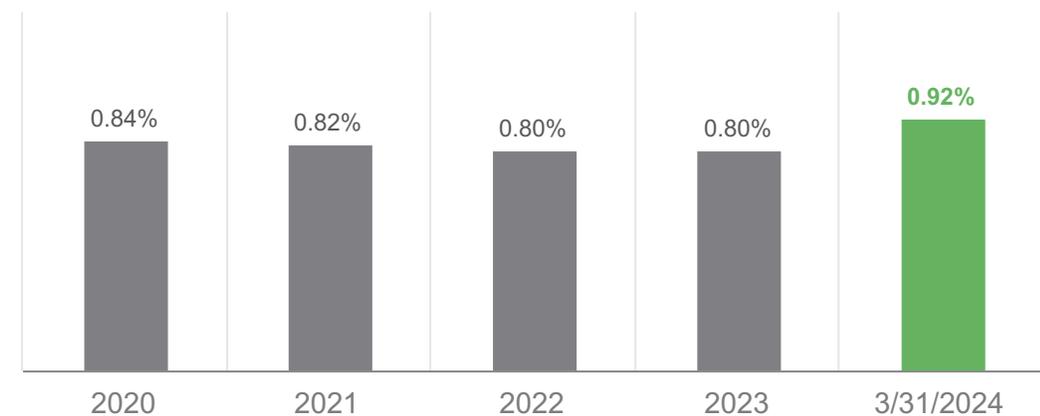
## Return on Average Common Equity



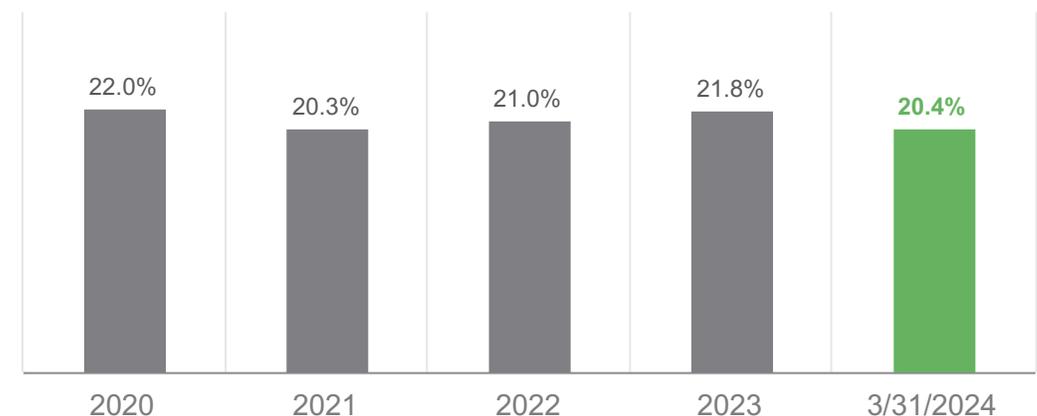
## Net Interest Margin



## Return on Average Assets



## Operating Expense Ratio Excluding Insurance Fund Premiums

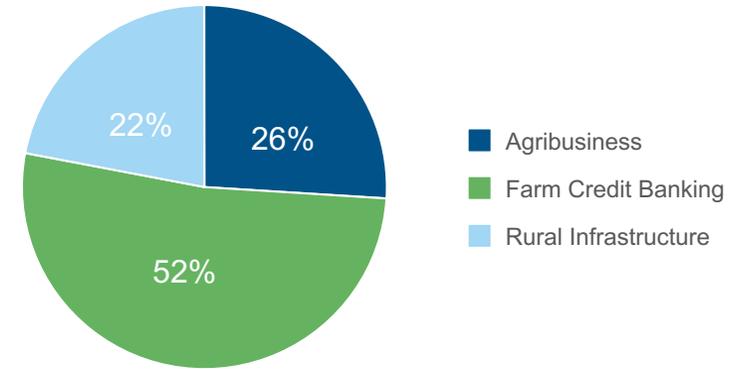


# Operating Segments

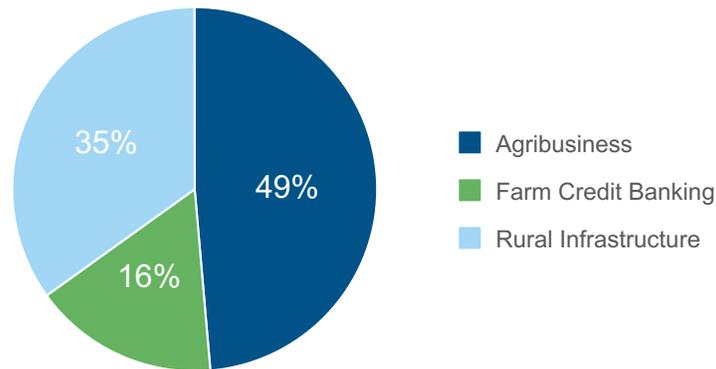
## Summary

- Three operating segments (Agribusiness, Farm Credit Banking and Rural Infrastructure)
- Approximately \$149.8 billion in total loan volume
- Lower net income in Farm Credit Banking operating segment relative to its share of the bank's loan volume reflects narrower margins and lower risk profile from wholesale loans

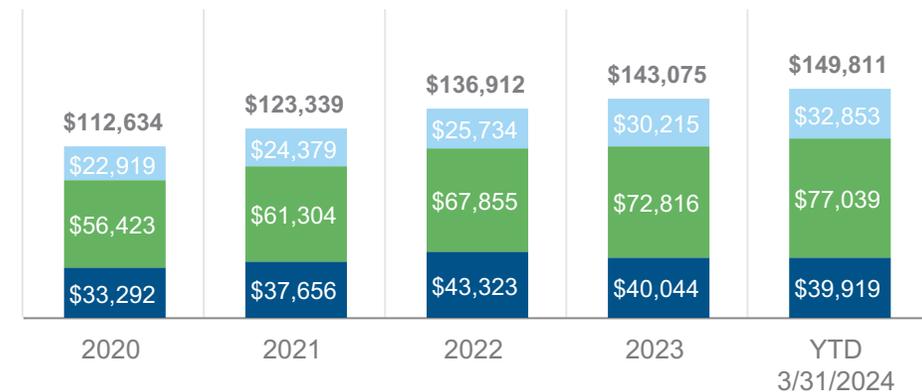
## Loan Volume - \$149.8 Billion at March 31, 2024



## Net Income - \$438 Million



## Average Loan Volume (\$ in Millions)



# Agribusiness Portfolio

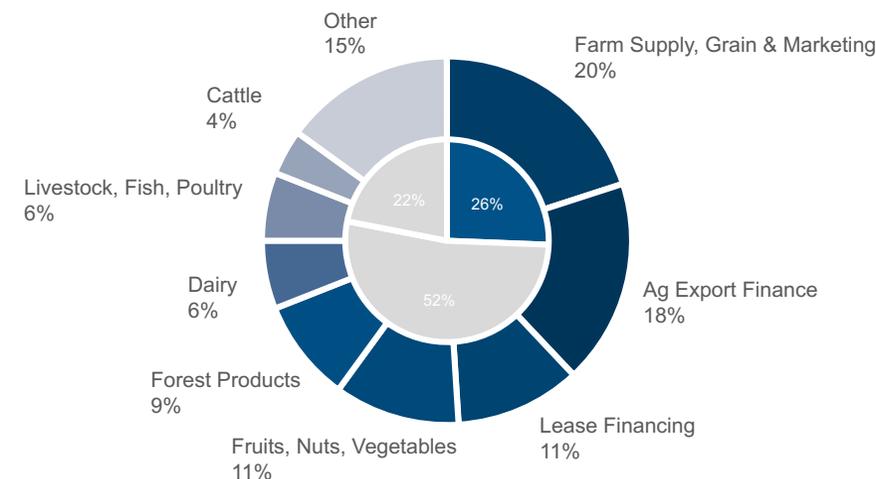
## Portfolio Highlights

- \$39.2 billion retail loan portfolio at March 31, 2024
- Grain handling and marketing, farm supply, fruits, nuts, vegetables, forest products, dairy, livestock, biofuels and food processing
- Integrated production agriculture in forest products, fruits, nuts, vegetables and dairy
- Portfolio diversification enhanced by loan participations and syndications
- Includes \$6.9 billion in agricultural export finance loans; 27% are U.S. government-guaranteed
- Includes \$4.2 billion leasing portfolio

## Financial Summary

(\$ in millions)	3/31/2024	2023	2022	2021
Period-End Loans	\$ 39,198	\$ 37,785	\$ 40,098	\$ 38,094
Average Loans	\$ 39,919	\$ 40,044	\$ 43,323	\$ 37,656
Net Income	\$ 213	\$ 731	\$ 774	\$ 677
Nonaccrual Loans	\$ 94	\$ 90	\$ 137	\$ 74

## Portfolio Sectors



## Loan Quality

	3/31/2024	2023	2022	2021
Acceptable	94.71%	94.63%	95.17%	94.27%
Special Mention	2.67	2.70	2.51	3.62
Substandard	2.60	2.67	2.32	2.11
Doubtful	0.02	-	0.00 <sup>(1)</sup>	0.00 <sup>(1)</sup>
Loss	-	-	-	-

<sup>(1)</sup> Represents less than 0.01 percent of total agribusiness loans.

# Farm Credit Banking Portfolio

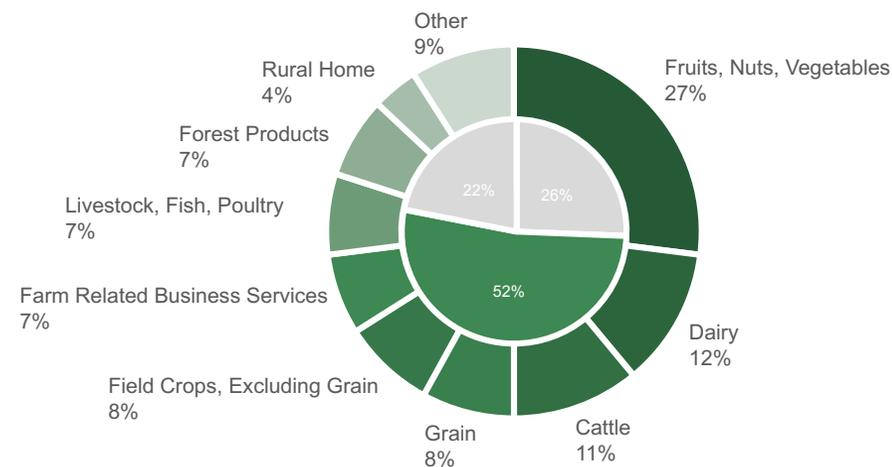
## Portfolio Highlights

- \$77.1 billion wholesale loan portfolio at March 31, 2024
- Lending to 16 affiliated Farm Credit associations serving a diversified agricultural customer base in the Northwest, West, Southwest, Rocky Mountain, Mid-Plains, and Northeast regions of the United States
- Affiliates serve over 77,000 farmers, ranchers and other rural borrowers
- Includes \$5.8 billion of participations in other Farm Credit Banks' wholesale loans to their affiliated associations, primarily with Farm Credit Bank of Texas

## Financial Summary

(\$ in millions)	3/31/2024	2023	2022	2021
Period-End Loans	\$ 77,139	\$ 77,658	\$ 71,529	\$ 65,632
Average Loans	\$ 77,039	\$ 72,816	\$ 67,855	\$ 61,304
Net Income	\$ 72	\$ 281	\$ 251	\$ 245
Nonaccrual Loans	\$ -	\$ -	\$ -	\$ -

## Portfolio Sectors



## Loan Quality

	3/31/2024	2023	2022	2021
Acceptable	97.78%	97.80%	97.76%	97.67%
Special Mention	2.22	2.20	2.24	2.33
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-

# Rural Infrastructure Portfolio

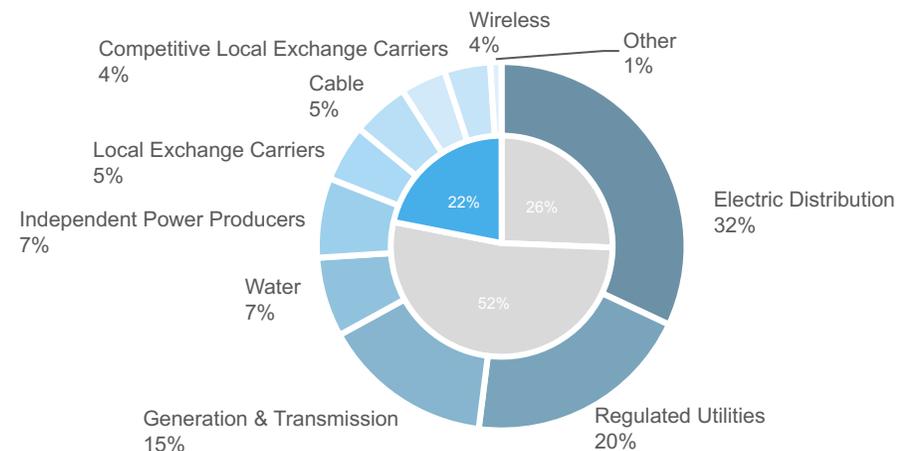
## Portfolio Highlights

- \$33.5 billion retail loan portfolio at March 31, 2024
- Broad geographic dispersion of rural infrastructure customers
- Customers provide vital rural services and include: electric distribution cooperatives, electric generation and transmission cooperatives, power supply companies, midstream energy and gas pipeline providers, project finance companies, communications companies, water companies and community facilities

## Financial Summary

(\$ in millions)	3/31/2024	2023	2022	2021
Period-End Loans	\$ 33,472	\$ 32,572	\$ 28,462	\$ 24,803
Average Loans	\$ 32,853	\$ 30,215	\$ 25,734	\$ 24,379
Net Income	\$ 153	\$ 495	\$ 424	\$ 392
Nonaccrual Loans	\$ 29	\$ 27	\$ 8	\$ 49

## Portfolio Sectors



## Loan Quality

	3/31/2024	2023	2022	2021
Acceptable	97.69%	97.45%	98.87%	99.13%
Special Mention	1.91	2.29	0.81	0.41
Substandard	0.40	0.26	0.32	0.46
Doubtful	-	-	-	-
Loss	-	-	-	-

# Capital Position

## Summary

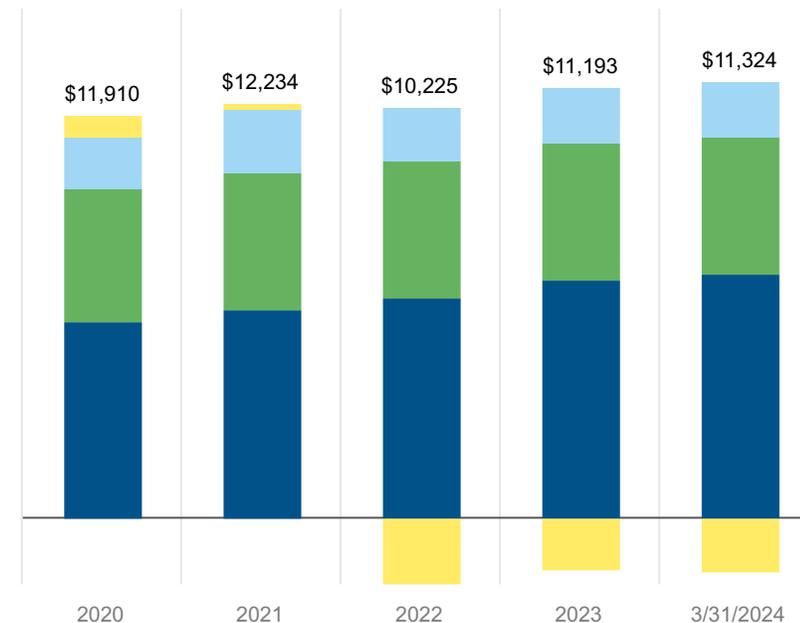
- Capital ratios exceed required regulatory minimums
- Assures continued viability and capacity to meet our customers' borrowing needs
- Preferred stock provides additional layer of risk-bearing capacity
- Total capital increased to \$11.3 billion at March 31, 2024 primarily due to current period earnings somewhat offset by patronage distributions, retirements of common stock and an increase in accumulated other comprehensive loss
- In March 2024, we retired \$45 million of common stock

## Capital Ratios

	March 31, 2024			
	Regulatory Minimum	Actual	Actual Buffer	Required Buffer
Common Equity Tier 1 (CET1) Capital Ratio	4.50 %	11.15 %	6.65 %	2.50 %
Tier 1 Capital Ratio	6.00	12.77	6.77	2.50
Total Capital Ratio	8.00	13.58	5.58	2.50
Tier 1 Leverage Ratio <sup>(1)</sup>	4.00	6.69	2.69	1.00
Permanent Capital Ratio	7.00	12.87	n/a	n/a
Unallocated Retained Earnings (URE) and URE Equivalents Leverage Ratio	1.50	3.05	n/a	n/a

<sup>(1)</sup> At least 1.5 percent must be URE and URE equivalents.

## Shareholders' Equity (\$ in Millions)



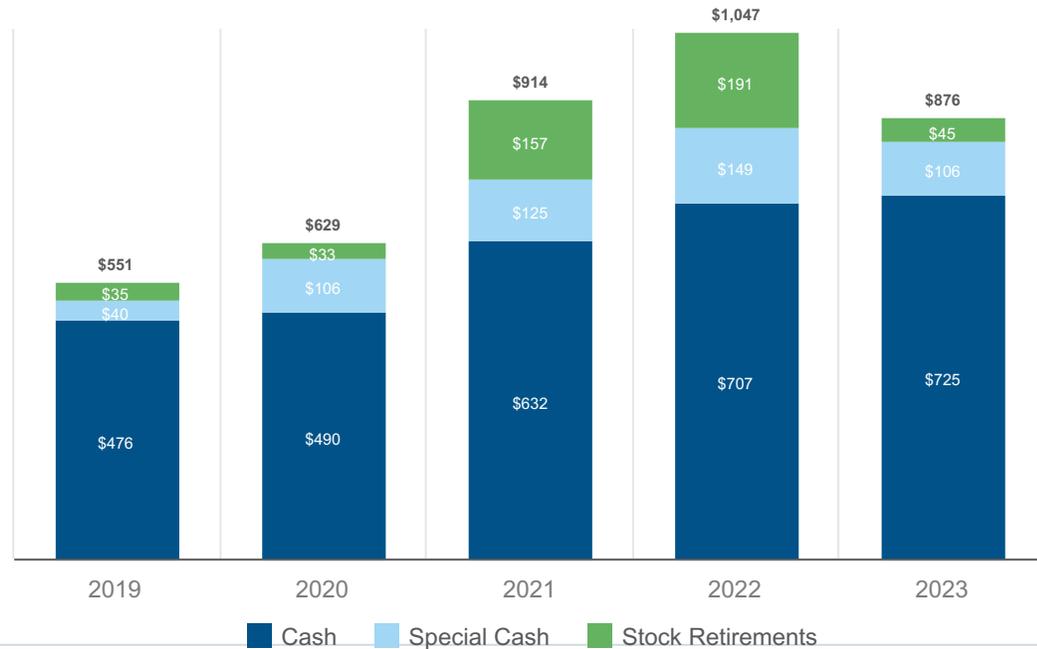
Preferred Stock	\$ 1,500	\$ 1,902	\$ 1,633	\$ 1,625	\$ 1,625
Common Stock	\$ 3,918	\$ 4,013	\$ 4,000	\$ 4,076	\$ 4,063
Retained Earnings	\$ 5,804	\$ 6,164	\$ 6,519	\$ 7,016	\$ 7,202
Other Comprehensive (Loss) Income	\$ 688	\$ 155	\$ (1,927)	\$ (1,524)	\$ (1,566)

# Patronage

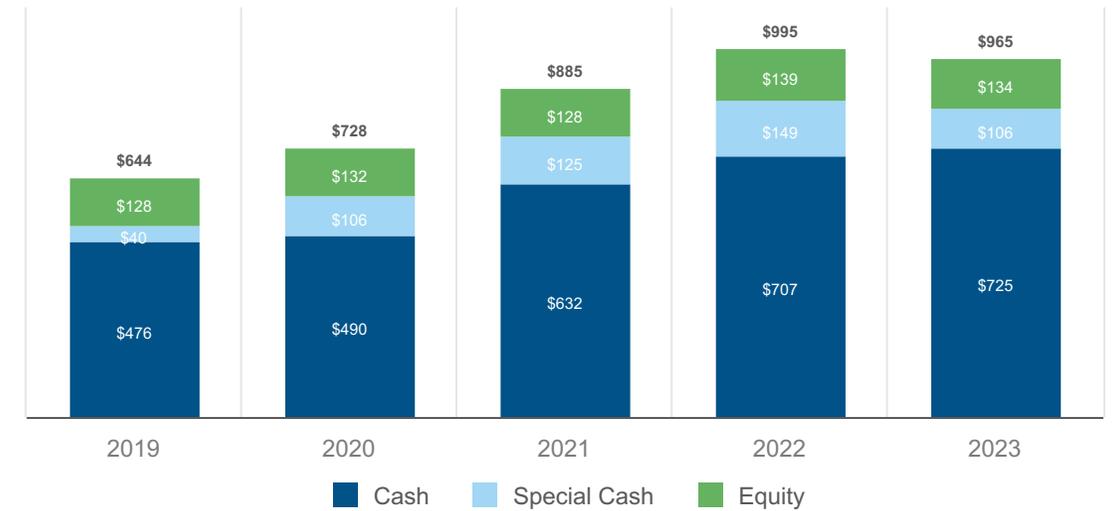
## Summary

- Patronage is a key part of the value proposition we provide our eligible customer-owners
- For 2023, the bank distributed \$965 million in patronage, including a \$106 million all-cash special patronage payout unanimously approved by the Board
- Over the past 5 years, customer-owners have received \$4.2 billion in patronage as a result of their investment in the bank

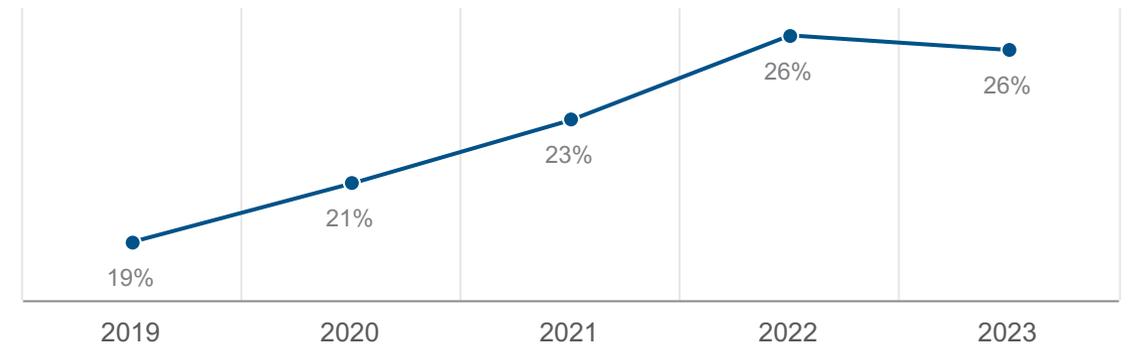
## Total Cash Payouts<sup>(1)</sup> (\$ in Millions)



## Patronage<sup>(1)</sup> (\$ in Millions)



## Average Return on Active Patron Investment



<sup>(1)</sup> Amounts presented in these tables relate to their respective plan years.

# Funding

## Summary

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

## Equity (\$ in Millions) <sup>(1)</sup>

Type	Amount	% of Equity
Preferred Stock		
Series E	\$125	1.1 %
Series H	300	2.6 %
Series I	375	3.3 %
Series J	425	3.8 %
Series K	400	3.5 %
Common Stock	4,063	35.9 %
Unallocated Retained Earnings	7,202	63.6 %
Accumulated Other Comprehensive Loss	(1,566)	(13.8)%
	<b>\$11,324</b>	<b>100.0 %</b>

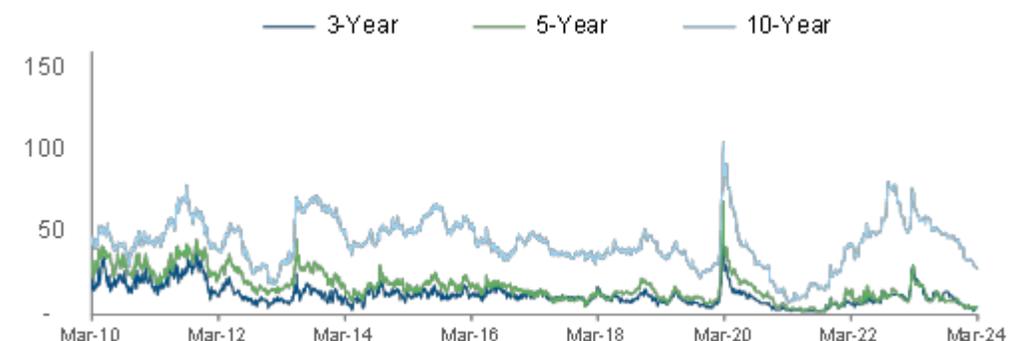
<sup>(1)</sup> As of March 31, 2024

<sup>(2)</sup> Weighted average interest rates include the effect of related derivatives.

## Debt (\$ in Millions) <sup>(1)</sup>

Type	Amount	% of Debt	Avg. Maturity (in years)	Weighted Avg. Rate <sup>(2)</sup>
Discount Notes	\$ 9,066	5.2%	0.2	4.88%
Bonds - Noncallable	126,566	72.0%	2.5	4.37%
Bonds - Callable	38,571	21.9%	3.1	3.96%
S/T Customer Investments and Other	1,569	0.9%	0.1	5.22%
	<b>\$ 175,772</b>	<b>100.0%</b>	<b>2.5</b>	<b>4.27%</b>

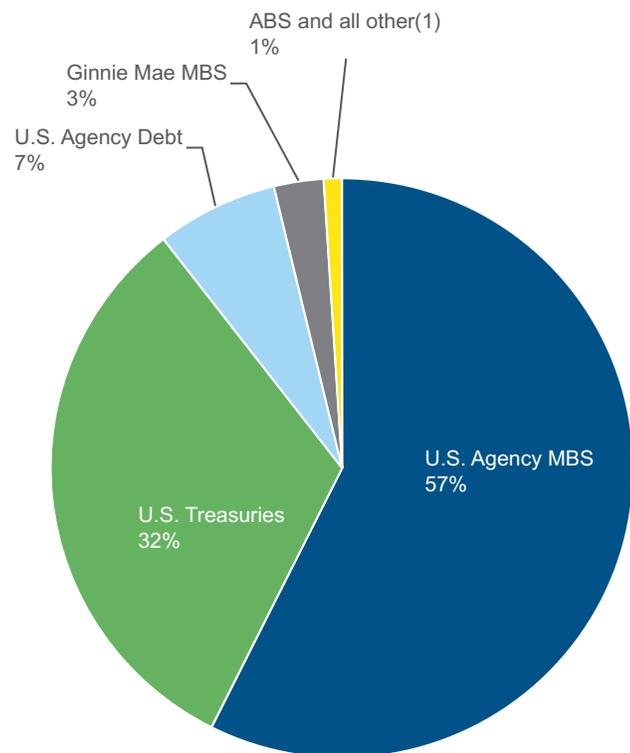
## Farm Credit System Spreads to U.S. Treasuries (Basis Points)



# Investment Portfolio

## Total Investment Securities of \$36.4 Billion

(as of March 31, 2024)



## Summary

- \$36.4 billion market-diversified portfolio plus \$183 million of cash and cash equivalents and \$1.7 billion in federal funds sold and other overnight funds as of March 31, 2024
- Largely composed of securities issued or guaranteed by GSEs or U.S. government
- Cash flow average life of 3.4 years and duration of 2.0 years
- Liquidity position = days into the future we could meet maturing debt obligations by using cash and eligible investments
  - Bank-established minimum is 150 days
  - Actual liquidity was 178 days at March 31, 2024
  - CoBank's long-term debt to loans was approximately 65% as of March 31, 2024

(\$ in Millions)

Type	Fair Value
U.S. Agency MBS	\$20,818
U.S. Treasuries	11,553
U.S. Agency Debt	2,442
Ginnie Mae MBS	1,003
ABS and all other <sup>(1)</sup>	555
<b>Total</b>	<b>\$36,371</b>

<sup>(1)</sup> All other includes an allowance for credit losses on investments of \$3 million at March 31, 2024