

**CoBank Quarterly District
Financial Information
June 30, 2024**

Quarterly 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 production 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 June 30, 2024, we had 16 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 affiliated Associations' financial information is not included in the condensed consolidated quarterly financial statements presented in CoBank's June 30, 2024 Quarterly Report to Shareholders. However, the FCA authorizes CoBank to present combined Bank and Association quarterly financial information in a separate 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.

The Financial Highlights, 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.

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Financial Highlights

(\$ in Millions) (Unaudited)

	June 30, 2024		December 31, 2023	
Total Loans	\$	162,667	\$	160,022
Less: Allowance for Loan Losses		994		1,010
Net Loans		161,673		159,012
Total Assets		209,028		209,626
Total Shareholders' Equity		25,760		24,365

For the Six Months Ended June 30,	2024		2023	
Net Interest Income	\$	2,207	\$	2,113
Provision for Credit Losses		42		155
Net Fee Income		154		136
Net Income		1,591		1,364
Net Interest Margin		2.17 %		2.11 %
Net Charge-offs / Average Loans		0.09		0.03
Return on Average Assets		1.53		1.34
Return on Average Total Shareholders' Equity		12.70		11.67
Operating Expense / Net Interest Income and Noninterest Income		32.49		34.01
Average Loans	\$	162,162	\$	155,393
Average Earning Assets		203,145		200,208
Average Assets		207,757		203,921

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Discussion and Analysis of District Results of Operations and Financial Condition

District average loan volume increased 4 percent to \$162.2 billion for the six months ended June 30, 2024 as compared to \$155.4 billion for the same period in 2023. The increase in average loan volume primarily reflected growth in rural power, production and intermediate-term, communications, water and waste disposal and real estate mortgage loans. These increases were partially offset by decreases in agribusiness and agricultural export finance loans.

Average investment securities, federal funds sold and other overnight funds decreased 9 percent to \$41.0 billion during the six months ended June 30, 2024 as compared to \$44.8 billion for the same period in 2023. The decrease in average investments, federal funds sold and other overnight funds was primarily at CoBank due to a lower level of federal funds sold and other overnight funds held for the six months ended June 30, 2024 as compared to the same period in 2023.

District net income increased 17 percent to \$1.6 billion for the six months ended June 30, 2024 as compared to \$1.4 billion for the same period in 2023. The increase in current period earnings primarily resulted from a lower provision for credit losses, higher net interest income and noninterest income, partially offset by higher income taxes and operating expenses.

The District recorded a provision for credit losses of \$42 million for the six months ended June 30, 2024 as compared to \$155 million for the same period in 2023. CoBank recorded a credit loss reversal of \$23 million for the six months ended June 30, 2024 as compared to a provision for credit losses of \$62 million for the same period in 2023. The 2024 credit loss reversal at CoBank primarily related to an improvement in macroeconomic forecasts and to a lesser extent regular model assumption updates in the first quarter that resulted in lower modeled credit losses in many of its lending portfolios, partially offset by deterioration in credit quality and increases in specific reserves. The 2023 provision for credit losses at CoBank primarily related to forecasts of deteriorating macroeconomic conditions and higher specific reserves for a small number of customers. The Associations recorded a net combined provision for credit losses of \$65 million for the six months ended June 30, 2024 as compared to \$93 million for the same period in 2023. The net combined 2024 provision for credit losses at the Associations was primarily due to credit quality downgrades, higher specific reserves and increased lending activity across several Associations. The net combined 2023 provision for credit losses at the Associations was primarily due to mergers of several Associations in 2023 for which an initial allowance for credit losses was required to be established for non-purchased credit deteriorated loans in accordance with the Current Expected Credit Losses (CECL) accounting standard, as well as higher specific reserves at several Associations.

District net interest income increased 4 percent to \$2.2 billion for the six months ended June 30, 2024 as compared to \$2.1 billion for the same period in 2023. The increase in net interest income was largely driven by growth in average loan volume across the District and an increase in income earned on earning assets funded by non-interest bearing sources (principally capital). The District's overall net interest margin was 2.17 percent for the six months ended June 30, 2024 as compared to 2.11 percent for the same period in 2023.

District noninterest income increased to \$352 million for the six months ended June 30, 2024 as compared to \$289 million for the same period in 2023. Noninterest income is primarily composed of fee income, patronage income, financially-related services income, gains and losses on derivatives and other miscellaneous gains and losses. The increase in noninterest income primarily related to the return of excess insurance funds from the Farm Credit System Insurance Corporation (Insurance Corporation), higher net fee income, increased patronage income and gains on sales of investment securities, partially offset by lower other noninterest income and losses on interest rate swaps and other derivatives. Noninterest income for the six months ended June 30, 2024 included a return of excess insurance funds from the Insurance Corporation related to the Farm Credit Insurance Fund (Insurance Fund) of \$50 million, of which \$25 million was recognized by CoBank and \$25 million by the Associations in the District. No such income was recorded for 2023. As more fully explained in the CoBank 2023 Annual Report, when the Insurance Fund exceeds the statutory 2 percent secure base amount (SBA), the Insurance Corporation may reduce premiums and return excess amounts. In 2024, the Insurance Fund began the year above the SBA. In the second quarter of 2024, the Insurance Corporation approved the distribution of the excess amounts and such amounts were distributed to System entities. Net fee income increased

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\$18 million for the six months ended June 30, 2024 as compared to the same period in 2023, primarily at CoBank from a higher volume of transaction-related lending fees. Patronage income increased \$16 million for the six months ended June 30, 2024 as compared to the same period in 2023 from a higher level of District loans sold to other System institutions. Sales of investment securities by CoBank resulted in gains of \$1 million for the six months ended June 30, 2024 as compared to losses of \$7 million for the same period in 2023. Other noninterest income decreased \$14 million for the six months ended June 30, 2024 as compared to the same period in 2023 primarily at CoBank due to losses on investments in Rural Business Investment Companies (RBICs) in 2024 as compared to gains in the 2023 period and from lower mineral income from the Associations. Losses from interest rate swaps and other derivatives were \$19 million for the six months ended June 30, 2024 as compared to losses of \$8 million for the same period in 2023. Gains and losses on derivatives are driven by the impact of market interest rate changes for derivatives not designated as hedging instruments.

District operating expenses increased to \$831 million for the six months ended June 30, 2024 as compared to \$818 million for the same period in 2023 primarily driven by increases in employee compensation, information services and other operating expenses, partially offset by decreases in Insurance Fund premium expense. Employee compensation expense, which includes salaries, incentive compensation and employee benefits, increased \$45 million for the six months ended June 30, 2024 as compared to the same period in 2023, primarily due to an increase in the number of employees in the District, as well as merit and other pay increases. Information services expense increased \$9 million for the six months ended June 30, 2024 as compared to the same period in 2023 due to higher expenses relating to hardware, software, network infrastructure and the modernization of existing technology platforms. Other operating expenses increased \$10 million for the six months ended June 30, 2024 as compared to the same period in 2023, primarily due to higher travel costs. Insurance Fund premium expenses decreased \$53 million for the six months ended June 30, 2024 as compared to the same period of 2023 due to lower Insurance Fund premium rates, partially offset by an increase in insured debt obligations. Premium rates are set by the Insurance Corporation and were 10 basis points of average outstanding adjusted insured debt obligations for the six months ended June 30, 2024 compared to 18 basis points for the same period in 2023. In July 2024, the Insurance Corporation announced a premium rate of 10 basis points of average outstanding adjusted insured debt obligations for the remainder of 2024.

District income tax expense increased to \$95 million for the six months ended June 30, 2024 as compared to \$65 million for the same period in 2023 primarily due to an increase in earnings attributable to taxable business activities at CoBank. 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.

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Loan Portfolio

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

District Loans by Loan Type		
(\$ in Millions)	June 30, 2024	December 31, 2023
Real Estate Mortgage	\$ 47,128	\$ 46,719
Nonaffiliated Associations	5,931	5,785
Production and Intermediate-term	24,072	24,291
Agribusiness:		
Loans to Cooperatives	13,832	13,860
Processing and Marketing	16,856	15,821
Farm Related Businesses	3,203	2,674
Communications	8,086	7,733
Rural Power	27,086	26,346
Water and Waste	4,026	4,047
Agricultural Export Finance	7,427	7,603
Rural Residential Real Estate	356	363
Lease Receivables	4,521	4,594
Other	143	186
Total	\$ 162,667	\$ 160,022

Overall District outstanding loan volume increased \$2.6 billion to \$162.7 billion at June 30, 2024, compared to \$160.0 billion at December 31, 2023. The increase was due to increases in processing and marketing, rural power, farm related businesses, real estate mortgage and communications, partially offset by decreases in production and intermediate-term and agricultural export finance 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 farm supply, grain and marketing, dairy and electric distribution sectors.

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

Distribution by Primary Business / Commodity	June 30, 2024	December 31, 2023
Fruits, Nuts and Vegetables	17 %	17 %
Farm Supply, Grain and Marketing	9	10
Dairy	8	8
Electric Distribution	7	7
Cattle	6	6
Forest Products	6	6
Livestock, Fish and Poultry	5	4
Regulated Utilities	5	5
Agricultural Export Finance	4	5
Farm Related Business Services	4	4
Field Crops Except Grains	4	4
Nonaffiliated Associations	4	4
Generation and Transmission	3	3
Leasing	3	3
Rural Home	2	2
Other	13	12
Total	100 %	100 %

Geographic Distribution	June 30, 2024	December 31, 2023
California	22 %	22 %
Kansas	5	5
New York	5	5
Texas	5	5
Washington	5	5
Colorado	4	4
Idaho	3	3
Illinois	3	3
Oklahoma	3	3
Oregon	2	2
Florida	2	2
Minnesota	2	2
Ohio	2	2
Georgia	2	2
Nebraska	2	1
Iowa	2	2
Massachusetts	2	2
Other (less than 2 percent each for the current year)	24	25
Total States	95 %	95 %
Latin America	2	2
Asia	2	2
Europe, Middle East and Africa	1	1
Total International	5 %	5 %
Total	100 %	100 %

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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.

District Loan Quality		
	June 30, 2024	December 31, 2023
Acceptable	94.21 %	94.75 %
Special Mention	3.10	3.00
Substandard	2.64	2.24
Doubtful	0.05	0.01
Loss	—	—
Total	100.00 %	100.00 %

Notwithstanding some credit quality deterioration, overall loan quality within the District remains strong. Acceptable loans were 94.21 percent of total loans at June 30, 2024, compared to 94.75 percent at December 31, 2023. Special Mention loans increased to 3.10 percent of total loans at June 30, 2024, compared to 3.00 percent at December 31, 2023. The level of adversely classified loans (“Substandard”, “Doubtful” and “Loss”) as a percent of total loans increased to 2.69 percent at June 30, 2024, compared to 2.25 percent at December 31, 2023 due primarily to credit quality deterioration related to real estate mortgage, production and intermediate-term, agribusiness, and rural power loans.

The following tables present the District's loans, classified by management pursuant to our regulator's Uniform Loan Classification System. As required under CECL, loan vintage information, including term loans, revolving loans and revolving loans converted to term loans, is also presented within the credit quality information for the June 30, 2024 period and December 31, 2023, respectively.

Vintage by Credit Quality Indicator											
As of June 30, 2024											
(\$ in Millions)	Term Loans by Origination Year						Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans	
	2024	2023	2022	2021	2020	Prior					
Real Estate Mortgage											
Acceptable	\$ 2,375	\$ 4,000	\$ 5,571	\$ 6,982	\$ 5,697	\$ 15,896	\$ 40,521	\$ 2,357	\$ 401	\$ 43,279	
Special Mention	83	225	210	223	402	670	1,813	98	30	1,941	
Substandard	41	119	314	184	230	823	1,711	126	41	1,878	
Doubtful	-	2	-	-	1	27	30	-	-	30	
Loss	-	-	-	-	-	-	-	-	-	-	
Total	\$ 2,499	\$ 4,346	\$ 6,095	\$ 7,389	\$ 6,330	\$ 17,416	\$ 44,075	\$ 2,581	\$ 472	\$ 47,128	
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ 4	\$ 7	\$ -	\$ -	\$ 7	

⁽¹⁾ As of and for the six months ended June 30, 2024.

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Vintage by Credit Quality Indicator (Continued)

As of June 30, 2024

(\$ in Millions)	Term Loans by Origination Year						Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
	2024	2023	2022	2021	2020	Prior				
Nonaffiliated Associations										
Acceptable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,816	\$ -	\$ 5,816
Special Mention	-	-	-	-	-	-	-	115	-	115
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,931	\$ -	\$ 5,931
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Production and Intermediate-Term										
Acceptable	\$ 1,498	\$ 2,226	\$ 2,069	\$ 1,072	\$ 931	\$ 1,650	\$ 9,446	\$ 12,360	\$ 170	\$ 21,976
Special Mention	111	97	85	50	36	38	417	788	17	1,222
Substandard	70	146	81	55	61	42	455	328	76	859
Doubtful	-	1	5	-	3	1	10	-	4	14
Loss	-	-	1	-	-	-	1	-	-	1
Total	\$ 1,679	\$ 2,470	\$ 2,241	\$ 1,177	\$ 1,031	\$ 1,731	\$ 10,329	\$ 13,476	\$ 267	\$ 24,072
Gross Charge-offs ⁽¹⁾	\$ -	\$ 1	\$ 3	\$ 1	\$ 1	\$ 5	\$ 11	\$ 4	\$ -	\$ 15
Agribusiness										
Acceptable	\$ 1,696	\$ 4,739	\$ 4,341	\$ 3,052	\$ 1,773	\$ 3,706	\$ 19,307	\$ 12,047	\$ 238	\$ 31,592
Special Mention	4	53	172	187	90	100	606	374	5	985
Substandard	40	110	174	70	185	145	724	531	28	1,283
Doubtful	-	19	4	4	-	-	27	4	-	31
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,740	\$ 4,921	\$ 4,691	\$ 3,313	\$ 2,048	\$ 3,951	\$ 20,664	\$ 12,956	\$ 271	\$ 33,891
Gross Charge-offs ⁽¹⁾	\$ 2	\$ 9	\$ -	\$ 1	\$ 4	\$ 27	\$ 43	\$ -	\$ 8	\$ 51
Communications										
Acceptable	\$ 909	\$ 1,978	\$ 1,566	\$ 1,214	\$ 421	\$ 1,055	\$ 7,143	\$ 500	\$ 6	\$ 7,649
Special Mention	13	7	132	64	154	19	389	36	-	425
Substandard	-	-	12	-	-	-	12	-	-	12
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 922	\$ 1,985	\$ 1,710	\$ 1,278	\$ 575	\$ 1,074	\$ 7,544	\$ 536	\$ 6	\$ 8,086
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rural Power										
Acceptable	\$ 1,657	\$ 4,884	\$ 3,639	\$ 2,525	\$ 2,424	\$ 9,344	\$ 24,473	\$ 2,186	\$ 1	\$ 26,660
Special Mention	-	20	68	17	74	95	274	-	-	274
Substandard	-	23	10	-	20	95	148	3	-	151
Doubtful	-	1	-	-	-	-	1	-	-	1
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,657	\$ 4,928	\$ 3,717	\$ 2,542	\$ 2,518	\$ 9,534	\$ 24,896	\$ 2,189	\$ 1	\$ 27,086
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 3	\$ -	\$ -	\$ 3
Water and Waste										
Acceptable	\$ 299	\$ 771	\$ 954	\$ 307	\$ 301	\$ 1,014	\$ 3,646	\$ 356	\$ -	\$ 4,002
Special Mention	-	-	-	-	-	1	1	-	-	1
Substandard	-	12	-	-	-	-	12	11	-	23
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 299	\$ 783	\$ 954	\$ 307	\$ 301	\$ 1,015	\$ 3,659	\$ 367	\$ -	\$ 4,026
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agricultural Export Finance										
Acceptable	\$ 725	\$ 357	\$ 60	\$ 41	\$ -	\$ 42	\$ 1,225	\$ 6,183	\$ 19	\$ 7,427
Special Mention	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 725	\$ 357	\$ 60	\$ 41	\$ -	\$ 42	\$ 1,225	\$ 6,183	\$ 19	\$ 7,427
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

⁽¹⁾ As of and for the six months ended June 30, 2024.

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Vintage by Credit Quality Indicator (Continued)

As of June 30, 2024

(\$ in Millions)	Term Loans by Origination Year						Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
	2024	2023	2022	2021	2020	Prior				
Rural Residential Real Estate										
Acceptable	\$ 14	\$ 26	\$ 25	\$ 27	\$ 21	\$ 234	\$ 347	\$ -	\$ -	347
Special Mention	1	-	-	-	-	3	4	-	-	4
Substandard	-	-	1	-	-	4	5	-	-	5
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 15	\$ 26	\$ 26	\$ 27	\$ 21	\$ 241	\$ 356	\$ -	\$ -	356
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Lease Receivables										
Acceptable	\$ 502	\$ 1,072	\$ 944	\$ 618	\$ 461	\$ 765	\$ 4,362	\$ -	\$ -	4,362
Special Mention	8	9	19	13	5	25	79	-	-	79
Substandard	6	4	6	19	15	30	80	-	-	80
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 516	\$ 1,085	\$ 969	\$ 650	\$ 481	\$ 820	\$ 4,521	\$ -	\$ -	4,521
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ 2	\$ -	\$ -	2
Other										
Acceptable	\$ 1	\$ 33	\$ 3	\$ -	\$ -	\$ 11	\$ 48	\$ 92	\$ 1	141
Special Mention	(1)	-	2	-	(1)	1	1	-	-	1
Substandard	-	(1)	-	-	-	-	(1)	1	-	-
Doubtful	-	(1)	-	1	-	-	-	-	1	1
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ 31	\$ 5	\$ 1	\$ (1)	\$ 12	\$ 48	\$ 93	\$ 2	143
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 1	\$ (1)	\$ -	-
Total Loans of CoBank District										
Acceptable	\$ 9,676	\$ 20,086	\$ 19,172	\$ 15,838	\$ 12,029	\$ 33,717	\$ 110,518	\$ 41,897	\$ 836	153,251
Special Mention	219	411	688	554	760	952	3,584	1,411	52	5,047
Substandard	157	413	598	328	511	1,139	3,146	1,000	145	4,291
Doubtful	-	22	9	5	4	28	68	4	5	77
Loss	-	-	1	-	-	-	1	-	-	1
Total	\$ 10,052	\$ 20,932	\$ 20,468	\$ 16,725	\$ 13,304	\$ 35,836	\$ 117,317	\$ 44,312	\$ 1,038	162,667
Gross Charge-offs ⁽¹⁾	\$ 2	\$ 10	\$ 7	\$ 3	\$ 6	\$ 39	\$ 67	\$ 3	\$ 8	78

⁽¹⁾ As of and for the six months ended June 30, 2024.

Vintage by Credit Quality Indicator

As of December 31, 2023

(\$ in Millions)	Term Loans by Origination Year						Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
	2023	2022	2021	2020	2019	Prior				
Real Estate Mortgage										
Acceptable	\$ 4,274	\$ 5,947	\$ 7,272	\$ 5,920	\$ 3,669	\$ 13,353	\$ 40,435	\$ 2,508	\$ 404	43,347
Special Mention	103	289	160	396	138	689	1,775	106	46	1,927
Substandard	48	228	127	212	214	496	1,325	106	13	1,444
Doubtful	-	-	-	-	1	-	1	-	-	1
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 4,425	\$ 6,464	\$ 7,559	\$ 6,528	\$ 4,022	\$ 14,538	\$ 43,536	\$ 2,720	\$ 463	46,719
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Nonaffiliated Associations										
Acceptable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,785	\$ -	5,785
Special Mention	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,785	\$ -	5,785
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

⁽¹⁾ As of and for the year-ended December 31, 2023.

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

Vintage by Credit Quality Indicator (Continued)

As of December 31, 2023

(\$ in Millions)	Term Loans by Origination Year						Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
	2023	2022	2021	2020	2019	Prior				
Production and Intermediate-Term										
Acceptable	\$ 2,761	\$ 2,354	\$ 1,252	\$ 1,129	\$ 693	\$ 1,103	\$ 9,292	\$ 13,044	\$ 106	\$ 22,442
Special Mention	120	73	49	45	77	33	397	609	6	1,012
Substandard	145	133	44	64	48	22	456	304	69	829
Doubtful	-	4	-	2	-	2	8	-	-	8
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 3,026	\$ 2,564	\$ 1,345	\$ 1,240	\$ 818	\$ 1,160	\$ 10,153	\$ 13,957	\$ 181	\$ 24,291
Gross Charge-offs ⁽¹⁾	\$ 3	\$ 7	\$ -	\$ 1	\$ 14	\$ -	\$ 25	\$ 2	\$ -	\$ 27
Agribusiness										
Acceptable	\$ 4,678	\$ 4,620	\$ 3,350	\$ 1,945	\$ 1,190	\$ 2,932	\$ 18,715	\$ 11,374	\$ 236	\$ 30,325
Special Mention	65	152	144	109	21	78	569	308	4	881
Substandard	83	110	102	171	35	148	649	466	28	1,143
Doubtful	4	-	-	-	-	-	4	2	-	6
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 4,830	\$ 4,882	\$ 3,596	\$ 2,225	\$ 1,246	\$ 3,158	\$ 19,937	\$ 12,150	\$ 268	\$ 32,355
Gross Charge-offs ⁽¹⁾	\$ 5	\$ -	\$ 2	\$ 1	\$ -	\$ 6	\$ 14	\$ 5	\$ 1	\$ 20
Communications										
Acceptable	\$ 1,718	\$ 1,586	\$ 1,232	\$ 713	\$ 528	\$ 889	\$ 6,666	\$ 519	\$ -	\$ 7,185
Special Mention	6	160	64	197	12	75	514	22	-	536
Substandard	-	12	-	-	-	-	12	-	-	12
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,724	\$ 1,758	\$ 1,296	\$ 910	\$ 540	\$ 964	\$ 7,192	\$ 541	\$ -	\$ 7,733
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ 1	\$ 6	\$ -	\$ -	\$ 6
Rural Power										
Acceptable	\$ 4,630	\$ 3,925	\$ 2,641	\$ 2,560	\$ 1,295	\$ 8,602	\$ 23,653	\$ 2,251	\$ -	\$ 25,904
Special Mention	20	69	17	35	8	216	365	-	-	365
Substandard	14	10	-	21	-	28	73	3	-	76
Doubtful	1	-	-	-	-	-	1	-	-	1
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 4,665	\$ 4,004	\$ 2,658	\$ 2,616	\$ 1,303	\$ 8,846	\$ 24,092	\$ 2,254	\$ -	\$ 26,346
Gross Charge-offs ⁽¹⁾	\$ 4	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ -	\$ 5
Water and Waste										
Acceptable	\$ 799	\$ 944	\$ 360	\$ 361	\$ 250	\$ 823	\$ 3,537	\$ 509	\$ -	\$ 4,046
Special Mention	-	-	-	-	-	1	1	-	-	1
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 799	\$ 944	\$ 360	\$ 361	\$ 250	\$ 824	\$ 3,538	\$ 509	\$ -	\$ 4,047
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agricultural Export Finance										
Acceptable	\$ 288	\$ 129	\$ 41	\$ -	\$ -	\$ 42	\$ 500	\$ 7,084	\$ 19	\$ 7,603
Special Mention	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 288	\$ 129	\$ 41	\$ -	\$ -	\$ 42	\$ 500	\$ 7,084	\$ 19	\$ 7,603
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rural Residential Real Estate										
Acceptable	\$ 24	\$ 27	\$ 29	\$ 23	\$ 13	\$ 240	\$ 356	\$ -	\$ -	\$ 356
Special Mention	-	-	-	-	-	3	3	-	-	3
Substandard	-	-	-	-	-	4	4	-	-	4
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 24	\$ 27	\$ 29	\$ 23	\$ 13	\$ 247	\$ 363	\$ -	\$ -	\$ 363
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

⁽¹⁾ As of and for the year-ended December 31, 2023.

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

Vintage by Credit Quality Indicator (Continued)

As of December 31, 2023

(\$ in Millions)	Term Loans by Origination Year						Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
	2023	2022	2021	2020	2019	Prior				
Lease Receivables										
Acceptable	\$ 1,211	\$ 1,046	\$ 722	\$ 547	\$ 326	\$ 592	\$ 4,444	\$ -	\$ -	4,444
Special Mention	12	17	13	5	6	22	75	-	-	75
Substandard	3	8	19	14	10	21	75	-	-	75
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,226	\$ 1,071	\$ 754	\$ 566	\$ 342	\$ 635	\$ 4,594	\$ -	\$ -	4,594
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 3	\$ -	\$ -	3
Other										
Acceptable	\$ 33	\$ 1	\$ 1	\$ 1	\$ -	\$ 12	\$ 48	\$ 136	\$ -	184
Special Mention	-	-	-	-	-	1	1	-	-	1
Substandard	-	-	-	-	-	1	1	-	-	1
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 33	\$ 1	\$ 1	\$ 1	\$ -	\$ 14	\$ 50	\$ 136	\$ -	186
Gross Charge-offs ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total Loans of CoBank District										
Acceptable	\$ 20,416	\$ 20,579	\$ 16,900	\$ 13,199	\$ 7,964	\$ 28,588	\$ 107,646	\$ 43,210	\$ 765	151,621
Special Mention	326	760	447	787	262	1,118	3,700	1,045	56	4,801
Substandard	293	501	292	482	307	720	2,595	879	110	3,584
Doubtful	5	4	-	2	1	2	14	2	-	16
Loss	-	-	-	-	-	-	-	-	-	-
Total	\$ 21,040	\$ 21,844	\$ 17,639	\$ 14,470	\$ 8,534	\$ 30,428	\$ 113,955	\$ 45,136	\$ 931	160,022
Gross Charge-offs ⁽¹⁾	\$ 12	\$ 8	\$ 2	\$ 7	\$ 14	\$ 10	\$ 53	\$ 7	\$ 1	61

⁽¹⁾ As of and for the year-ended December 31, 2023.

While overall credit quality of the District loan portfolio remains strong, credit quality deterioration in the future is possible due to market factors impacting District customers, including an ongoing volatile agricultural commodity price environment, labor shortages, inflation, continued elevated level of interest rates, weather related events, economic, trade and global economic uncertainties, as well as the wars in Ukraine and the Middle East.

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

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

Nonperforming Assets			
(\$ in Millions)	June 30, 2024		December 31, 2023
Nonaccrual Loans:			
Real Estate Mortgage	\$	540	\$ 278
Production and Intermediate-term		219	189
Agribusiness		142	104
Communications		12	12
Rural Power		18	17
Rural Residential Real Estate		2	2
Lease Receivables		22	19
Total Nonaccrual Loans		955	621
Accruing Loans 90 Days or More Past Due:			
Real Estate Mortgage		92	6
Production and Intermediate-term		23	7
Agribusiness		3	1
Lease Receivables		10	9
Total Accruing Loans 90 Days or More Past Due		128	23
Total Nonperforming Loans		1,083	644
Other Property Owned		25	14
Total Nonperforming Assets	\$	1,108	\$ 658
Nonaccrual Loans as a Percentage of Total Loans		0.59 %	0.39 %
Nonperforming Assets as a Percentage of Total Loans and Other Property Owned		0.68	0.41
Nonperforming Assets as a Percentage of Capital		4.30	2.70

Nonperforming assets (which consist of nonaccrual loans, accruing loans 90 days or more past due and other property owned) totaled \$1.1 billion as of June 30, 2024, compared to \$658 million at December 31, 2023. District nonaccrual loans increased \$334 million during the six months ended June 30, 2024. Nonaccrual loans at CoBank increased \$55 million primarily due to a small number of agribusiness customers that transferred to nonaccrual status. Nonaccrual loans at Associations increased \$279 million primarily due to an increase in real estate mortgage, production and intermediate-term, and agribusiness customers transferred to nonaccrual status. The increase in nonaccrual loans was mainly concentrated in Associations located in the western regions of the United States, primarily in the fruits, nuts and vegetables and farm related business services sectors. Total accruing loans 90 days or more past due increased by \$105 million during the six months ended June 30, 2024 primarily at the Associations driven by increases from real estate mortgage and production and intermediate-term loans. Other property owned increased \$11 million at June 30, 2024 as compared to December 31, 2023 primarily due to gross amounts transferred in of \$31 million for a limited number of agribusiness customers at the Associations, partially offset by property disposals of \$15 million and fair value write-downs of \$5 million. Nonperforming assets represented 0.68 percent and 0.41 percent of total District loan volume and other property owned at June 30, 2024 and December 31, 2023, respectively. Nonaccrual loan volume, the largest component of nonperforming assets, represented 0.59 percent of total loans at June 30, 2024 compared to 0.39 percent at December 31, 2023.

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

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

Aging of Past Due Loans							
(\$ in Millions)	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	Recorded Investment >90 Days and Accruing	
June 30, 2024							
Real Estate Mortgage	\$ 261	\$ 287	\$ 548	\$ 46,580	\$ 47,128	\$ 92	
Nonaffiliated Associations	—	—	—	5,931	5,931	—	
Production and Intermediate-term	160	104	264	23,808	24,072	23	
Agribusiness	84	56	140	33,751	33,891	3	
Communications	—	—	—	8,086	8,086	—	
Rural Power	—	—	—	27,086	27,086	—	
Water and Waste	—	—	—	4,026	4,026	—	
Agricultural Export Finance	—	—	—	7,427	7,427	—	
Rural Residential Real Estate	1	1	2	354	356	—	
Lease Receivables	36	21	57	4,464	4,521	10	
Other	—	1	1	142	143	—	
Total	\$ 542	\$ 470	\$ 1,012	\$ 161,655	\$ 162,667	\$ 128	
December 31, 2023							
Real Estate Mortgage	\$ 122	\$ 86	\$ 208	\$ 46,511	\$ 46,719	\$ 6	
Nonaffiliated Associations	—	—	—	5,785	5,785	—	
Production and Intermediate-term	145	62	207	24,084	24,291	7	
Agribusiness	39	58	97	32,258	32,355	1	
Communications	—	—	—	7,733	7,733	—	
Rural Power	—	—	—	26,346	26,346	—	
Water and Waste	—	—	—	4,047	4,047	—	
Agricultural Export Finance	—	—	—	7,603	7,603	—	
Rural Residential Real Estate	1	—	1	362	363	—	
Lease Receivables	35	16	51	4,543	4,594	9	
Other	—	—	—	186	186	—	
Total	\$ 342	\$ 222	\$ 564	\$ 159,458	\$ 160,022	\$ 23	

District entities maintain an allowance for loan losses at a level consistent with the expected credit losses identified by management of each institution, considering such factors as reasonable and supportable forecasts of 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 \$124 million at June 30, 2024.

Although aggregated in the District's condensed 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 June 30, 2024 totaled \$994 million, compared to \$1.010 billion at December 31, 2023. Changes in the allowance included an overall provision for credit losses on loans of \$43 million, loan charge-offs of \$78 million, loan recoveries of \$6 million and a \$13 million net transfer from the reserve for unfunded commitments.

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

The following table presents detailed changes in the allowance for credit losses for loans in the District for the periods presented.

(\$ in Millions)	Changes in Allowance for Credit Losses on Loans										Total
	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	
June 30, 2024											
Allowance for Loan Losses											
Beginning Balance	\$ 130	\$ -	\$ 133	\$ 376	\$ 106	\$ 165	\$ 27	\$ 27	\$ 2	\$ 44	\$ 1,010
Charge-offs	(7)	-	(15)	(51)	-	(3)	-	-	-	(2)	(78)
Recoveries	-	-	3	3	-	-	-	-	-	-	6
Provision for Credit Losses/ (Credit Loss Reversal) ⁽¹⁾	33	-	6	10	(1)	2	3	(7)	-	(3)	43
Transfers from Reserve for Unfunded Commitments	-	-	2	10	-	1	-	-	-	-	13
Ending Balance	\$ 156	\$ -	\$ 129	\$ 348	\$ 105	\$ 165	\$ 30	\$ 20	\$ 2	\$ 39	\$ 994
Reserve for Unfunded Commitments											
Beginning Balance	\$ 7	\$ -	\$ 29	\$ 69	\$ 11	\$ 16	\$ 2	\$ 3	\$ -	\$ -	\$ 137
Transfers to Allowance for Loan Losses	-	-	(2)	(10)	-	(1)	-	-	-	-	(13)
Ending Balance	\$ 7	\$ -	\$ 27	\$ 59	\$ 11	\$ 15	\$ 2	\$ 3	\$ -	\$ -	\$ 124
Allowance for Credit Losses on Loans	\$ 163	\$ -	\$ 156	\$ 407	\$ 116	\$ 180	\$ 32	\$ 23	\$ 2	\$ 39	\$ 1,118
June 30, 2023											
Allowance for Loan Losses											
Beginning Balance	\$ 127	\$ -	\$ 197	\$ 411	\$ 52	\$ 108	\$ 14	\$ 30	\$ 1	\$ 48	\$ 988
Change in Accounting Principle ⁽²⁾	(10)	-	(68)	(39)	39	15	10	8	1	(6)	(50)
Charge-offs	(1)	-	(18)	(10)	(1)	-	-	-	-	-	(30)
Recoveries	-	-	6	3	-	-	-	-	-	-	9
Provision for Credit Losses/ (Credit Loss Reversal)	19	-	35	61	15	24	-	(7)	-	8	155
Transfers to Reserve for Unfunded Commitments	(2)	-	(5)	(15)	(1)	-	-	-	-	-	(23)
Association Merger Impact, Net	(4)	-	(33)	(16)	-	(1)	-	-	-	(5)	(59)
Ending Balance	\$ 129	\$ -	\$ 114	\$ 395	\$ 104	\$ 146	\$ 24	\$ 31	\$ 2	\$ 45	\$ 990
Reserve for Unfunded Commitments											
Beginning Balance	\$ 5	\$ -	\$ 27	\$ 101	\$ 16	\$ 30	\$ 2	\$ 1	\$ -	\$ -	\$ 182
Change in Accounting Principle ⁽²⁾	(1)	-	(10)	(41)	(8)	(13)	(1)	-	-	-	(74)
Transfers from Allowance for Loan Losses	2	-	5	15	1	-	-	-	-	-	23
Ending Balance	\$ 6	\$ -	\$ 22	\$ 75	\$ 9	\$ 17	\$ 1	\$ 1	\$ -	\$ -	\$ 131
Allowance for Credit Losses on Loans	\$ 135	\$ -	\$ 136	\$ 470	\$ 113	\$ 163	\$ 25	\$ 32	\$ 2	\$ 45	\$ 1,121

⁽¹⁾ Excludes credit loss reversal of \$1 million on investment securities for the six months ended June 30, 2024.

⁽²⁾ Effective January 1, 2023, CoBank and its affiliated Associations adopted the CECL accounting standard.

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

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 CoBank. All of CoBank's investment securities are classified as "available for sale". Refer to the CoBank 2023 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. Association investments included U.S. Treasury and Small Business Administration (SBA) debt securities classified as "available-for-sale" and mortgage backed securities issued by the Federal Agricultural Mortgage Corporation (Farmer Mac) classified as "held to maturity".

Investment Information

(\$ in Millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 30, 2024				
CoBank Investments ⁽¹⁾	\$ 40,307	\$ 45	\$ (1,691)	\$ 38,661
Association Investments	1,903	—	(41)	1,862
Total	\$ 42,210	\$ 45	\$ (1,732)	\$ 40,523
December 31, 2023				
CoBank Investments ⁽¹⁾	\$ 39,957	\$ 62	\$ (1,676)	\$ 38,343
Association Investments	1,799	6	(26)	1,779
Total	\$ 41,756	\$ 68	\$ (1,702)	\$ 40,122

⁽¹⁾ Amortized cost and fair value include allowance for credit losses of \$2 million at June 30, 2024 and \$3 million at December 31, 2023.

Investment securities increased to \$40.5 billion at June 30, 2024 from \$40.1 billion at December 31, 2023. The increase in investments was primarily at CoBank to maintain its liquidity reserve associated with higher loan volume at June 30, 2024 as compared to December 31, 2023.

Available-for-sale investment securities with unrealized losses are also evaluated for an allowance for credit losses (ACL) under ASU 326. Management excludes those investment securities with no risk of credit loss from the ACL evaluation because they carry a full faith and credit guarantee of the U.S. government or are issued by U.S. agencies with an implicit guarantee from the U.S. government. For non-guaranteed investment securities, an analysis is performed at the individual security level to determine whether any portion of the unrealized loss is a credit loss. As of June 30, 2024, CoBank's ACL on investment securities was \$2 million. CoBank recorded a credit loss reversal of \$1 million for its investment securities during the six months ended June 30, 2024 and no provision for credit losses or credit loss reversal for same period in 2023. The Associations with investment securities recorded no allowance for credit losses or provision for credit losses for the six months ended June 30, 2024 and 2023.

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 balances sheets and statements of income. Derivative transactions between CoBank and its

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

retail customers and to offset the interest rate risk in derivatives between the Bank and Associations in the District are not designated as hedging instruments and not eliminated, and therefore, changes in fair value related to these derivatives are recorded in current period earnings. 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 \$691 million at June 30, 2024 compared to \$791 million at December 31, 2023. Derivative liabilities totaled \$848 million at June 30, 2024 compared to \$827 million at December 31, 2023.

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 net losses of \$19 million for the six months ended June 30, 2024 as compared to net losses of \$8 million for the same period in 2023. Changes in the fair value of derivatives recorded as other comprehensive income (loss) totaled net gains of \$80 million for the six months ended June 30, 2024 as compared to net gains of \$8 million for the same period in 2023.

District Capital Resources

Combined District shareholders' equity at June 30, 2024 increased to \$25.8 billion as compared to \$24.4 billion at December 31, 2023. The change primarily resulted from District net income, a preferred stock issuance at the Bank and a decrease in accumulated other comprehensive loss, partially offset by accrued patronage.

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

Accumulated Other Comprehensive Loss⁽¹⁾		
(\$ in Millions)	June 30, 2024	December 31, 2023
Unrealized Losses on Investment Securities	\$ (1,533)	\$ (1,489)
Net Pension Adjustment	(275)	(285)
Unrealized Gains on Interest Rate Swaps and Other Derivatives	80	—
Accumulated Other Comprehensive Loss	\$ (1,728)	\$ (1,774)

⁽¹⁾ Amounts are presented net of tax.

The change in the District's total accumulated other comprehensive loss during the six months ended June 30, 2024 is largely due to gains on interest rates swaps and other derivatives, partially offset by higher unrealized losses on investment securities driven by the impact of market interest rate changes on the fair value of fixed rate securities.

On April 11, 2024, CoBank issued \$300 million of Series L non-cumulative perpetual preferred stock. CoBank used the net proceeds from the Series L preferred stock issuance to increase its regulatory capital pursuant to FCA regulations and for general corporate purposes. Dividends on the Series L 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 July 1, 2024, and will accrue at a fixed annual rate of 7.25 percent from the date of issuance up to, but excluding July 1, 2029. 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 2.88 percent per annum. The preferred stock is redeemable at par value, in whole or in part, at CoBank's option quarterly beginning on or after July 1, 2029.

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

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							
Ratio	Primary Components of Numerator	Regulatory Minimums	Minimum with Buffer*	June 30, 2024		December 31, 2023	
				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 %	11.50 %	11.36 - 19.94%	11.58 %	11.14 - 21.06%
Tier 1 capital ratio	CET1 Capital, non-cumulative perpetual preferred stock	6.0 %	8.5 %	13.41 %	12.61 - 19.94%	13.27 %	12.41 - 21.06%
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 %	14.17 %	13.52 - 20.21%	14.11 %	13.37 - 21.32%
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0 %	7.0 %	13.51 %	13.61 - 19.98%	13.37 %	13.44 - 21.11%
Non-risk adjusted:							
Tier 1 leverage ratio**	Tier 1 Capital	4.0 %	5.0 %	6.93 %	14.38 - 20.80%	6.79 %	14.15 - 22.01%
UREE leverage ratio	URE and URE Equivalents	1.5 %	1.5 %	3.20 %	12.89 - 20.65%	3.23 %	12.64 - 21.86%

* The capital conservation buffer is 2.5 percentage points in addition to certain risk-adjusted capital ratios stated in the Regulatory Minimums column.

** 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 June 30, 2024, 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 access to Association capital beyond their required investment in the Bank. There are no capital sharing agreements between CoBank and its affiliated Associations.

Other Matters

Other Regulatory Matters

On April 10, 2024, the FCA issued a final 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 final rule includes 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 final rule defines high-volatility commercial real estate exposures as acquisition, development or construction exposures that meet certain criteria and subject to certain exclusions. The rule is effective January 1, 2025. CoBank and its affiliated Associations are currently evaluating the final rule to determine if any loans meet the definitions in the final rule and the related impact, if any, on their regulatory capital ratios.

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

Subsequent Events

We have evaluated subsequent events through August 9, 2024, which is the date the financial statements were issued and determined that there were no other events requiring disclosure.

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

Condensed Combined Balance Sheets

(unaudited)

(\$ in Millions)

	June 30, 2024	December 31, 2023
Assets		
Total Loans	\$ 162,667	\$ 160,022
Less: Allowance for Loan Losses	994	1,010
Net Loans	161,673	159,012
Cash and Cash Equivalents	431	1,306
Federal Funds Sold and Other Overnight Funds	1,902	4,615
Investment Securities (net of allowance of \$2 at June 30, 2024 and \$3 at December 31, 2023)	40,523	40,122
Interest Rate Swaps and Other Derivatives	691	791
Accrued Interest Receivable and Other Assets	3,808	3,780
Total Assets	\$ 209,028	\$ 209,626
Liabilities		
Bonds and Notes	\$ 178,576	\$ 179,770
Subordinated Debt	198	198
Interest Rate Swaps and Other Derivatives	848	827
Reserve for Unfunded Commitments	124	137
Patronage Payable	474	1,300
Accrued Interest Payable and Other Liabilities	3,048	3,029
Total Liabilities	183,268	185,261
Shareholders' Equity		
Preferred Stock Issued by Bank	1,925	1,625
Preferred Stock Issued by Associations	327	319
Common Stock	1,935	1,928
Paid In Capital	3,852	3,855
Unallocated Retained Earnings	19,449	18,412
Accumulated Other Comprehensive Loss	(1,728)	(1,774)
Total Shareholders' Equity	25,760	24,365
Total Liabilities and Shareholders' Equity	\$ 209,028	\$ 209,626

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

Condensed Combined Statements of Income

(unaudited)

(\$ in Millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Interest Income				
Loans	\$ 2,696	\$ 2,397	\$ 5,378	4,712
Investment Securities	385	320	747	603
Federal Funds Sold and Other Overnight Funds	36	146	69	223
Total Interest Income	3,117	2,863	6,194	5,538
Interest Expense	2,012	1,811	3,987	3,425
Net Interest Income	1,105	1,052	2,207	2,113
Provision for Credit Losses	40	61	42	155
Net Interest Income After Provision for Credit Losses	1,065	991	2,165	1,958
Noninterest Income				
Net Fee Income	90	69	154	136
Patronage Income	61	55	118	102
Financially-Related Services Income	17	18	32	34
Prepayment Income	1	1	2	2
Losses on Early Extinguishments of Debt	(2)	(1)	(2)	-
Gains (Losses) on Sales of Investment Securities	1	(7)	1	(7)
Losses on Interest Rate Swaps and Other Derivatives	(6)	(17)	(19)	(8)
Return of Excess Insurance Funds	50	-	50	-
Other, Net	8	17	16	30
Total Noninterest Income	220	135	352	289
Operating Expenses				
Employee Compensation	243	220	469	424
Insurance Fund Premium	37	64	75	128
Information Services	48	43	94	85
General and Administrative	24	22	51	49
Occupancy and Equipment	15	16	30	31
Farm Credit System Related	9	10	19	19
Purchased Services	18	15	31	29
Merger Related Costs	4	4	6	7
Other	38	27	56	46
Total Operating Expenses	436	421	831	818
Income Before Income Taxes	849	705	1,686	1,429
Provision for Income Taxes	44	28	95	65
Net Income	\$ 805	\$ 677	\$ 1,591	1,364

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

Select Information on District Associations

(unaudited)

(\$ in Millions)

As of June 30, 2024	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
AgWest, ACA	\$ 26,588	36.33 %	\$ 33,355	\$ 5,238	15.50 %	0.93 %	2.30 %
American AgCredit, ACA	17,664	24.14	21,964	3,271	13.52	1.81	1.98
Farm Credit East, ACA	9,891	13.52	12,351	2,145	16.37	0.30	2.63
Yosemite Farm Credit, ACA	3,785	5.17	4,736	710	14.45	1.87	2.35
Frontier Farm Credit, ACA	2,514	3.44	3,154	539	15.42	0.90	1.88
Golden State Farm Credit, ACA	2,065	2.82	2,592	404	15.05	1.94	1.83
Oklahoma AgCredit, ACA	1,720	2.35	2,125	331	15.19	1.25	1.74
Farm Credit Western Oklahoma, ACA	1,607	2.20	1,975	302	16.44	0.29	1.66
High Plains Farm Credit, ACA	1,574	2.15	1,966	293	13.76	0.77	2.40
Fresno-Madera Farm Credit, ACA	1,264	1.73	1,662	292	16.06	0.53	1.82
Farm Credit of Southern Colorado, ACA	1,298	1.77	1,658	279	16.58	0.30	1.38
Western AgCredit, ACA	1,084	1.48	1,453	289	18.63	0.68	2.63
Premier Farm Credit, ACA	816	1.12	1,073	204	17.79	0.22	2.35
Farm Credit Services of Colusa-Glenn, ACA	611	0.83	796	145	16.30	0.93	2.17
Farm Credit of Western Kansas, ACA	391	0.53	524	108	20.21	—	2.17
Idaho AgCredit, ACA	305	0.42	419	70	17.04	0.78	1.87

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

Association Information

AgWest, ACA

2001 South Flint Road
Spokane, WA 99224
509-340-5300
www.agwestfc.com

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 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.fewk.com

Farm Credit of Western Oklahoma, ACA

3302 Williams Avenue
Woodward, OK 73801
580-256-3465
www.fewestok.com

Farm Credit Services of Colusa-Glenn, ACA

2970 Davison Court
Colusa, CA 95932
530-458-2163
www.fcscolusaglenn.com

Fresno-Madera Farm Credit, ACA

4635 West Spruce Avenue
Fresno, CA 93722
559-277-7000
www.fmfarmcredit.com

Frontier Farm Credit, ACA

2009 Vanesta Place
Manhattan, KS 66503
785-776-6931
www.frontierfarmcredit.com

Golden State Farm Credit, ACA

3013 Ceres Avenue
Chico, CA 95973
530-895-8698
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

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
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.yosemitfarmcredit.com