



CoBank Investor Presentation

September 30, 2023



Proud Member of the Farm Credit System 

Summary Financial Results

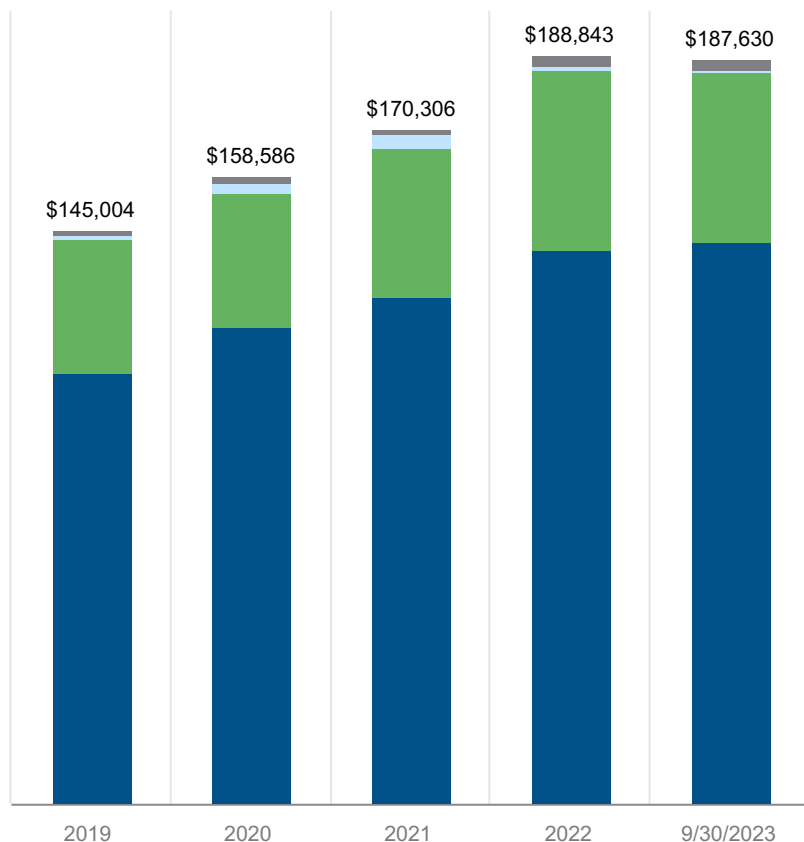
(\$ in millions)	For the Year Ended December 31,		For the Nine Months Ended September 30,		
	2021	2022	2022	2023	B(W) %
Interest income	\$ 2,869	\$ 4,748	\$ 3,028	\$ 6,541	116%
Interest expense	1,143	2,864	1,588	5,170	-226%
<i>Net interest income</i>	<u>1,726</u>	<u>1,884</u>	<u>1,440</u>	<u>1,371</u>	-5%
Provision for credit losses	18	111	75	70	7%
<i>Net interest income after provision for credit losses</i>	<u>1,708</u>	<u>1,773</u>	<u>1,365</u>	<u>1,301</u>	-5%
Noninterest income	199	366	273	315	15%
Operating expenses	491	580	410	432	-5%
<i>Income before income taxes</i>	<u>1,416</u>	<u>1,559</u>	<u>1,228</u>	<u>1,184</u>	-4%
Provision for income taxes	102	110	103	96	7%
<i>Net income</i>	<u>\$ 1,314</u>	<u>\$ 1,449</u>	<u>\$ 1,125</u>	<u>\$ 1,088</u>	-3%
Return on average common equity	11.78 %	14.59 %	14.88 % *	15.23 % *	2%
Net interest margin	1.10 %	1.06 %	1.09 % *	0.99 % *	-9%
Return on average assets	0.82 %	0.80 %	0.84 % *	0.77 % *	-8%
Operating expense ratio**	20.33 %	21.00 %	19.11 %	21.02 %	-10%
Average total loans	\$ 123,339	\$ 136,912	\$ 136,634	\$ 142,389	4%
Average total assets	159,559	180,115	178,987	188,265	5%

* Annualized

** Excludes Insurance Fund premiums

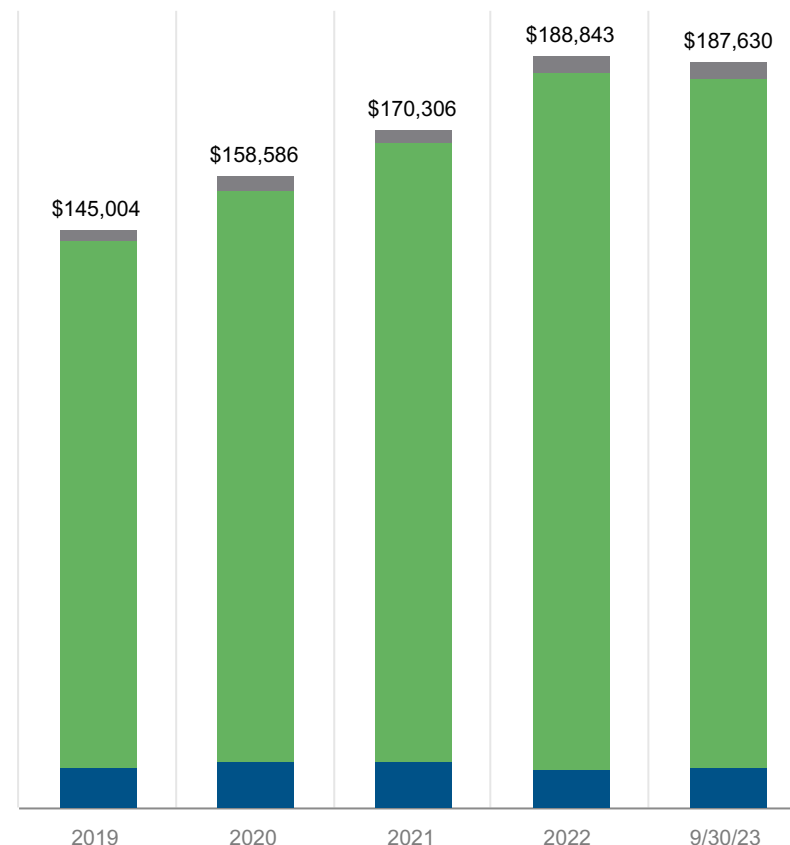
Balance Sheet Trends

Assets (\$ in Millions)



	2019	2020	2021	2022	9/30/2023
Other	\$ 965	\$ 1,735	\$ 1,238	\$ 2,360	\$ 2,439
Cash*	\$ 949	\$ 2,335	\$ 3,197	\$ 896	\$ 212
Investments**	\$ 34,236	\$ 33,660	\$ 37,342	\$ 45,498	\$ 42,813
Gross Loans	\$ 108,854	\$ 120,856	\$ 128,529	\$ 140,089	\$ 142,166

Liabilities & Shareholders' Equity (\$ in Millions)



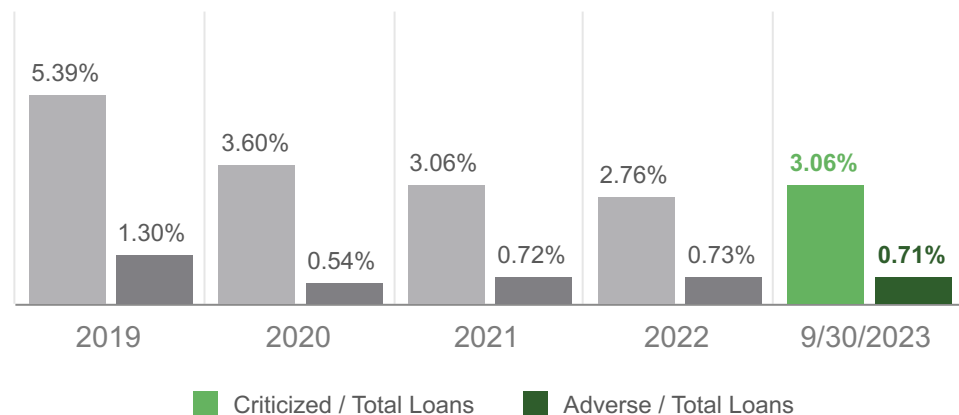
	2019	2020	2021	2022	9/30/2023
Other	\$ 2,207	\$ 3,292	\$ 3,122	\$ 3,995	\$ 4,211
Bonds & Notes	\$ 132,230	\$ 143,384	\$ 154,950	\$ 174,623	\$ 173,070
Shareholders' Equity	\$ 10,567	\$ 11,910	\$ 12,234	\$ 10,225	\$ 10,349

* Represents cash and cash equivalents

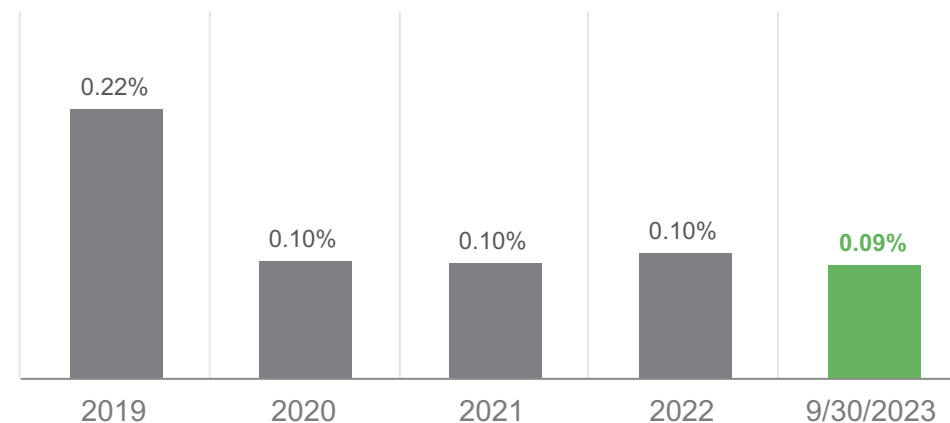
** Includes Investment Securities, Federal Funds Sold and Other Overnight Funds

Loan Quality

Criticized / Total Loans & Adverse / Total Loans

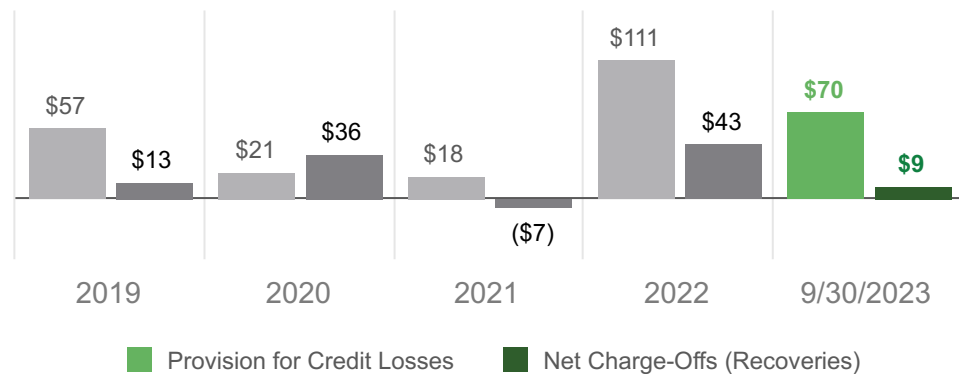


Nonaccrual Loans / Total Loans

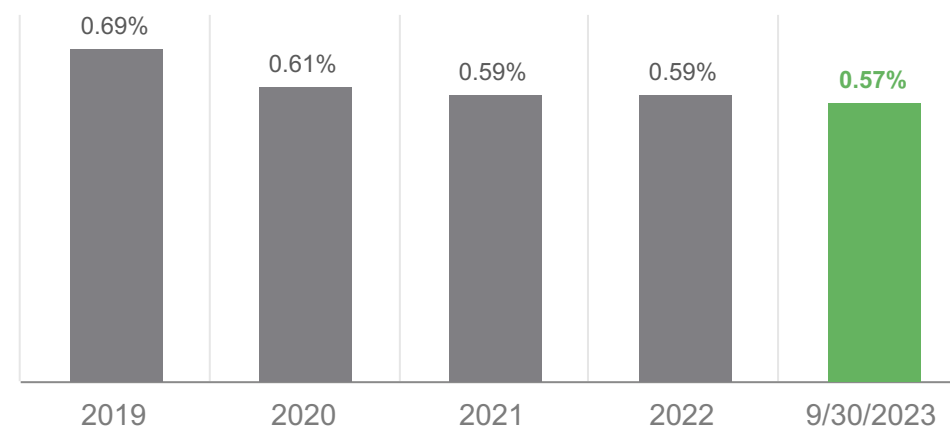


Provision for Credit Losses & Net Charge-Offs (Recoveries)

(\$ in Millions)



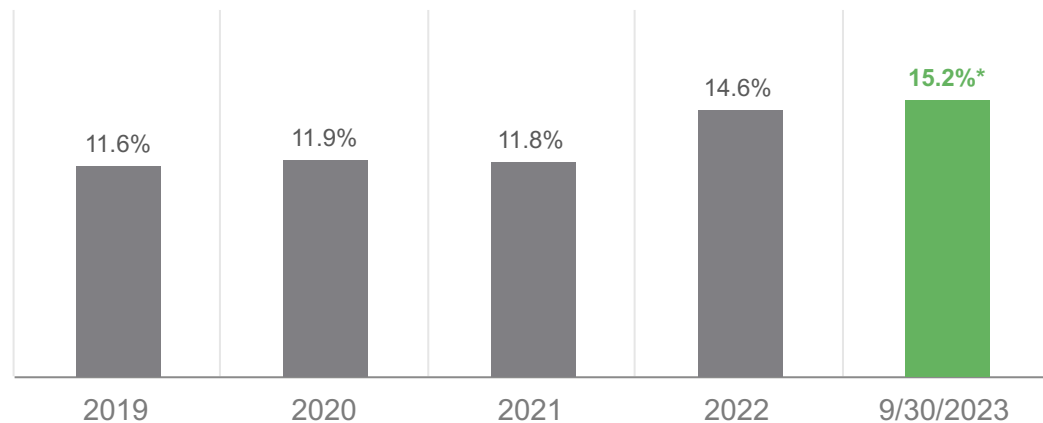
Allowance for Credit Losses* / Total Loans



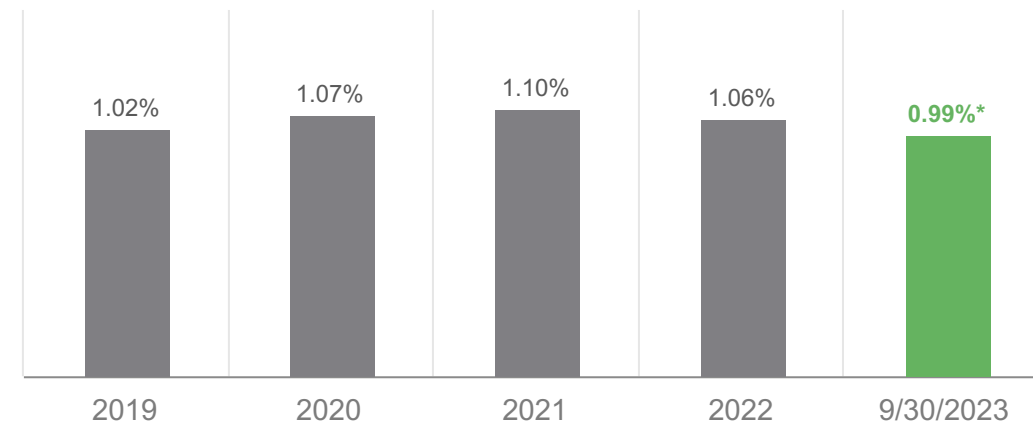
*Effective January 1, 2023, CoBank adopted the CECL accounting standard which resulted in a \$75 million decrease in our allowance for credit losses on loans.

Profitability and Efficiency

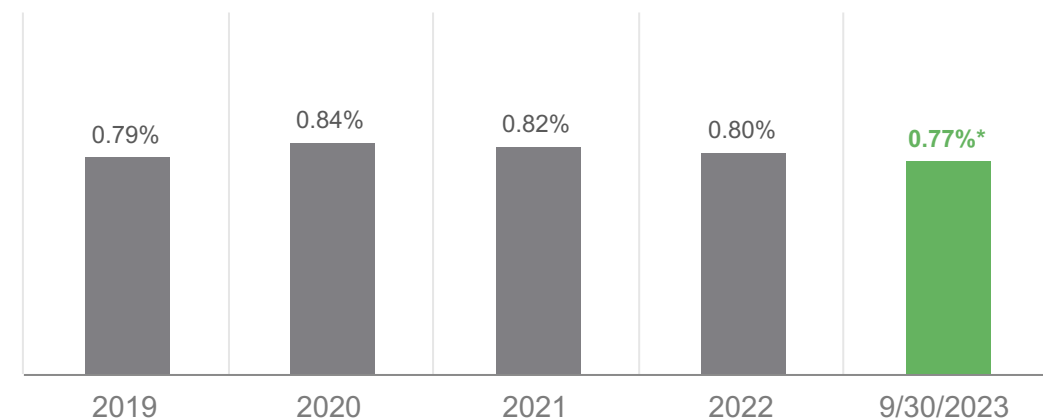
Return on Average Common Equity



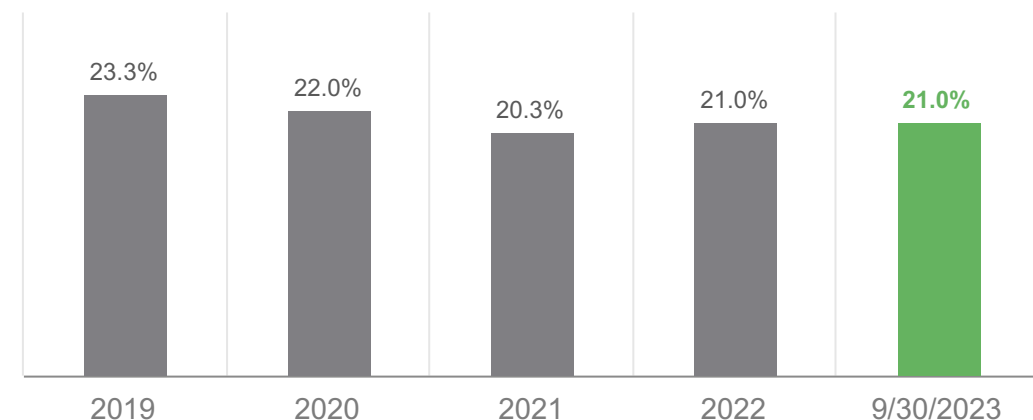
Net Interest Margin



Return on Average Assets



Operating Expense Ratio Excluding Insurance Fund Premiums



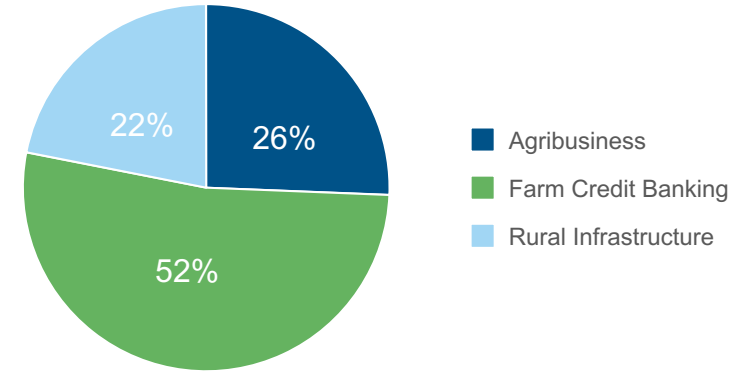
*Annualized

Operating Segments

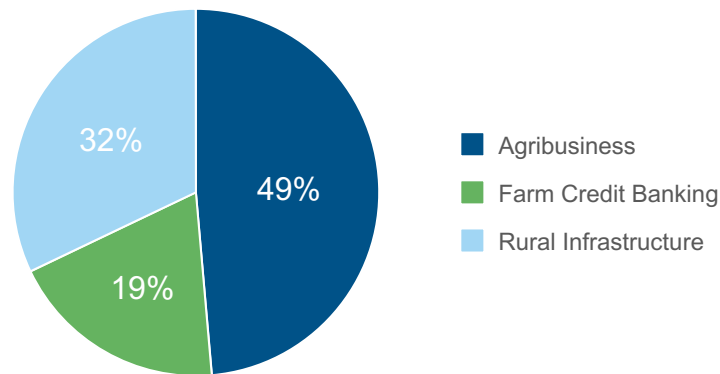
Summary

- Three operating segments (Agribusiness, Farm Credit Banking and Rural Infrastructure)
- Approximately \$142.2 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

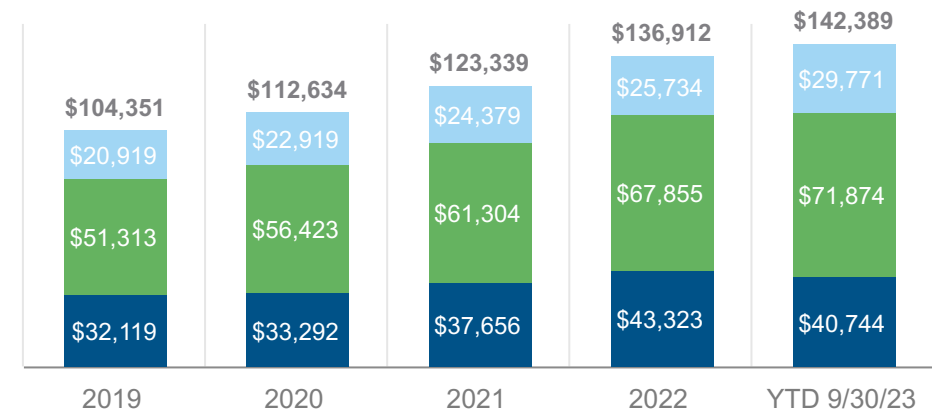
Loan Volume - \$142.2 billion at September 30, 2023



Net Income - \$1.088 Billion



Average Loan Volume (\$ in Millions)



Agribusiness Portfolio

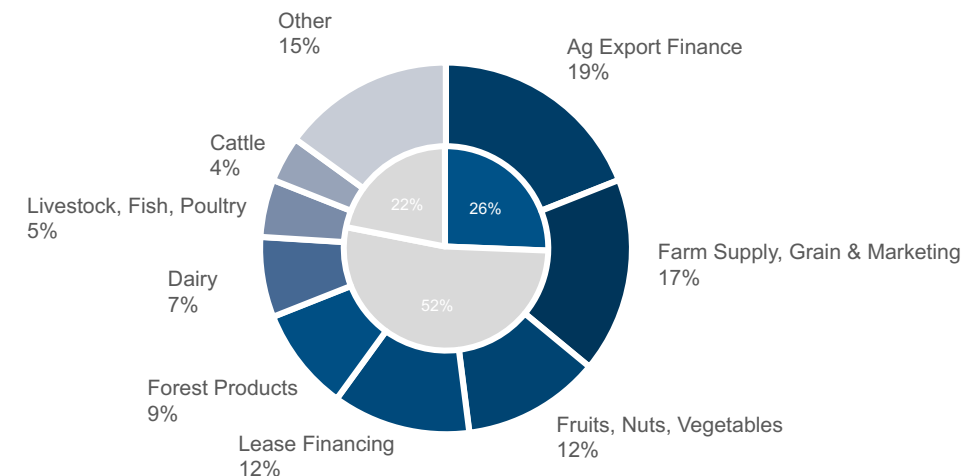
Portfolio Highlights

- \$36.5 billion retail loan portfolio at September 30, 2023
- 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 \$7.1 billion in agricultural export loans; 24% are U.S. government-guaranteed
- Includes \$4.2 billion leasing portfolio

Financial Summary

(\$ in millions)	9/30/2023	2022	2021	2020
Period-End Loans	\$ 36,451	\$ 40,098	\$ 38,094	\$ 36,103
Average Loans	\$ 40,744	\$ 43,323	\$ 37,656	\$ 33,292
Net Income	\$ 529	\$ 774	\$ 677	\$ 608
Nonaccrual Loans	\$ 106	\$ 137	\$ 74	\$ 98

Portfolio Sectors



Loan Quality

	9/30/2023	2022	2021	2020
Acceptable	94.63%	95.17%	94.27%	93.61%
Special Mention	2.77	2.51	3.62	4.81
Substandard	2.60	2.32	2.11	1.56
Doubtful	-	0.00 ⁽¹⁾	0.00 ⁽¹⁾	0.02
Loss	-	-	-	-

⁽¹⁾ Represents less than 0.01 percent of total agribusiness loans and accrued interest.

Farm Credit Banking Portfolio

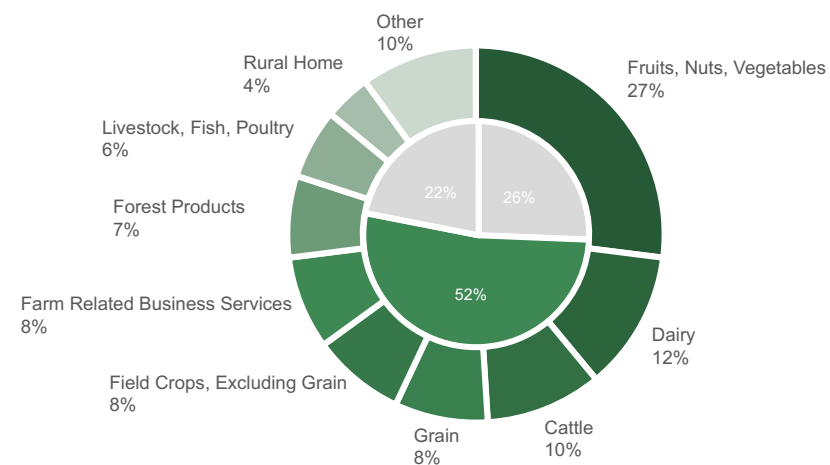
Portfolio Highlights

- \$74.6 billion wholesale loan portfolio at September 30, 2023
- Lending to 17 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 76,000 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)	9/30/2023	2022	2021	2020
Period-End Loans	\$ 74,582	\$ 71,529	\$ 65,632	\$ 60,516
Average Loans	\$ 71,874	\$ 67,855	\$ 61,304	\$ 56,423
Net Income	\$ 210	\$ 252	\$ 245	\$ 257
Nonaccrual Loans	\$ -	\$ -	\$ -	\$ -

Portfolio Sectors



Loan Quality

	9/30/2023	2022	2021	2020
Acceptable	97.80%	97.76%	97.67%	97.08%
Special Mention	2.20	2.24	2.33	2.92
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-

Rural Infrastructure Portfolio

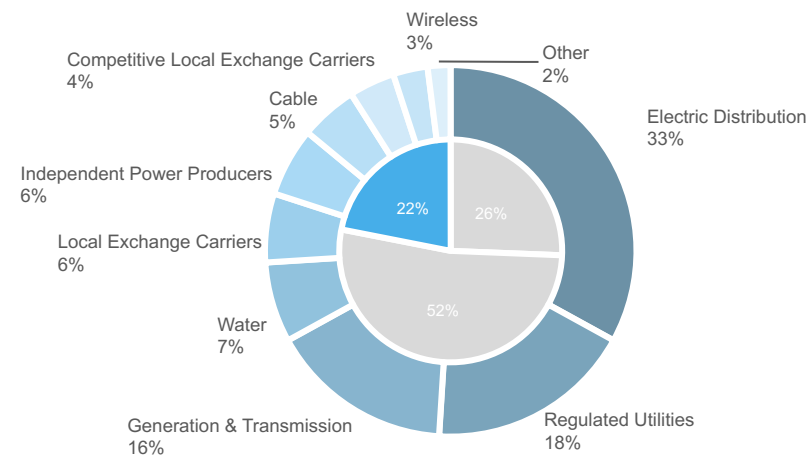
Portfolio Highlights

- \$31.1 billion retail loan portfolio at September 30, 2023
- 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)	9/30/2023	2022	2021	2020
Period-End Loans	\$ 31,133	\$ 28,461	\$ 24,803	\$ 24,237
Average Loans	\$ 29,771	\$ 25,734	\$ 24,379	\$ 22,919
Net Income	\$ 349	\$ 423	\$ 392	\$ 398
Nonaccrual Loans	\$ 27	\$ 9	\$ 49	\$ 19

Portfolio Sectors



Loan Quality

	9/30/2023	2022	2021	2020
Acceptable	97.58%	98.87%	99.13%	98.89%
Special Mention	2.22	0.81	0.41	0.79
Substandard	0.20	0.32	0.46	0.30
Doubtful	-	-	-	0.02
Loss	-	-	-	-

Capital Position

Summary

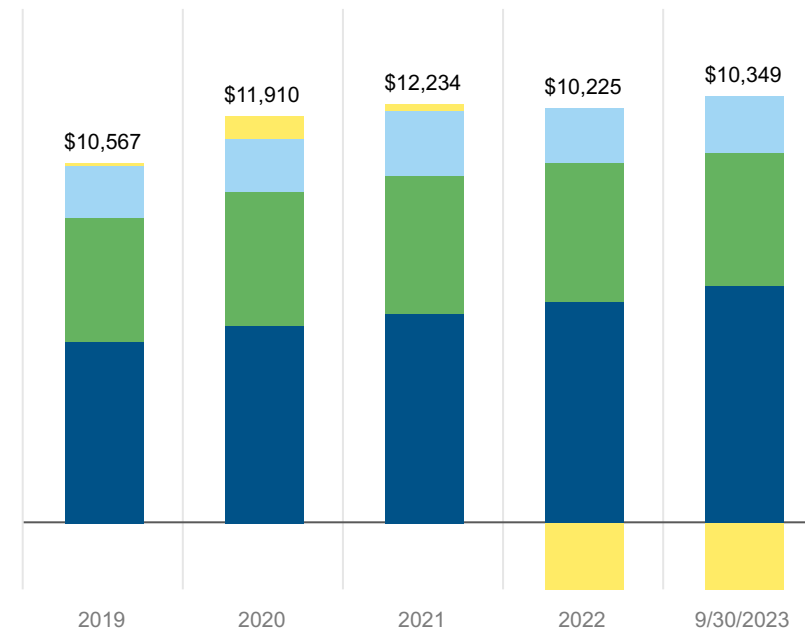
- Capital ratios exceed required regulatory minimums
- Assures continued viability and capacity to meet our customers' borrowing needs
- Preferred stock provides additional layer of risk-bearing capacity
- Total capital increased slightly to \$10.3 billion at September 30, 2023 primarily due to earnings offset by accrued patronage, stock retirements and unrealized losses on investment securities resulting from higher interest rates. The unrealized losses had no impact on current period earnings or regulatory capital ratios
- In the first nine months of 2023, we retired \$191 million of common stock

Capital Ratios

	September 30, 2023			
	Regulatory Minimum	Actual	Actual Buffer	Required Buffer
Common Equity Tier 1 (CET1) Capital Ratio	4.50 %	11.67 %	7.17 %	2.50 %
Tier 1 Capital Ratio	6.00	13.40	7.40	2.50
Total Capital Ratio	8.00	14.26	6.26	2.50
Tier 1 Leverage Ratio ⁽¹⁾	4.00	6.77	2.77	1.00
Permanent Capital Ratio	7.00	13.50	n/a	n/a
Unallocated Retained Earnings (URE) and URE Equivalents Leverage Ratio	1.50	3.21	n/a	n/a

⁽¹⁾ At least 1.5 percent must be URE and URE equivalents.

Shareholders' Equity (\$ in Millions)



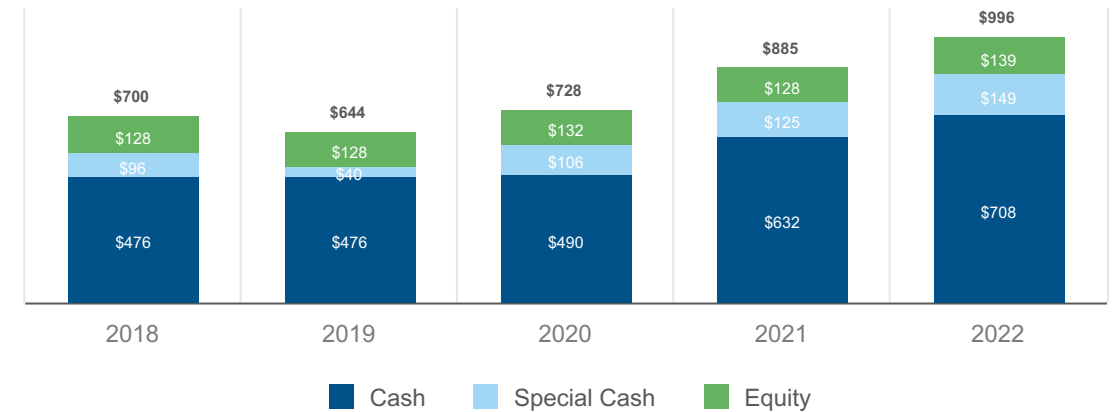
	2019	2020	2021	2022	9/30/2023
Preferred Stock	\$ 1,500	\$ 1,500	\$ 1,902	\$ 1,633	\$ 1,625
Common Stock	\$ 3,622	\$ 3,918	\$ 4,013	\$ 4,000	\$ 3,908
Retained Earnings	\$ 5,351	\$ 5,804	\$ 6,164	\$ 6,519	\$ 6,946
Other Comprehensive (Loss) Income	\$ 94	\$ 688	\$ 155	\$ (1,927)	\$ (2,130)

Patronage

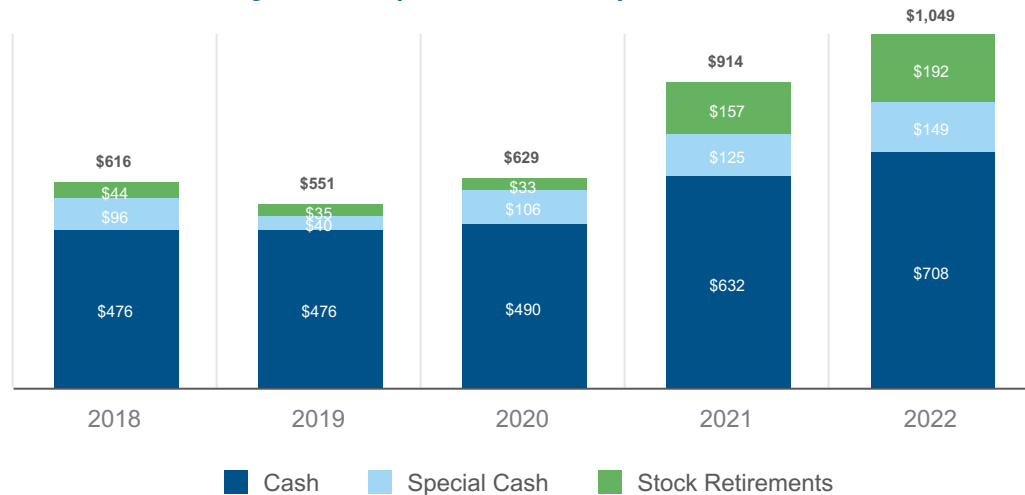
Summary

- Patronage is a key part of the value proposition we provide our eligible customer-owners
- For 2022, the bank distributed a record \$996 million in patronage, including a \$149 million all-cash special patronage payout unanimously approved by the Board
- Over the past 5 years, customer-owners have received approximately \$4 billion in patronage as a result of their investment in the bank

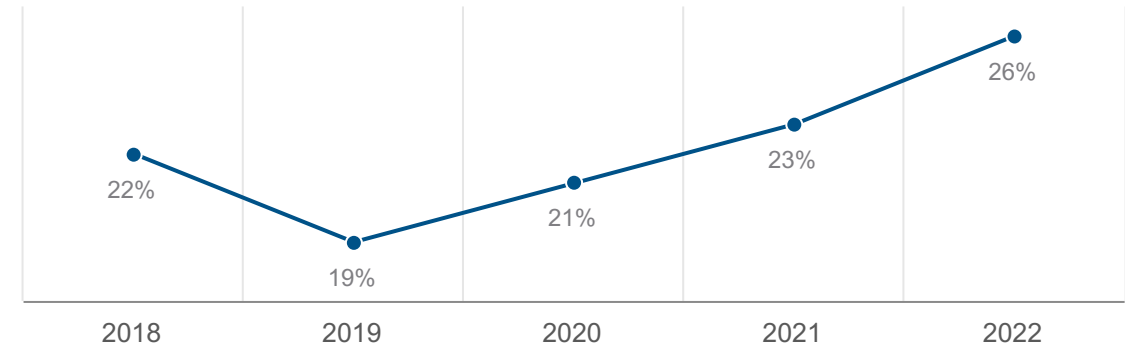
Patronage⁽¹⁾ (\$ in Millions)



Total Cash Payouts⁽¹⁾ (\$ in Millions)



Average Return on Active Patron Investment



⁽¹⁾ 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) ⁽¹⁾

Type	Amount	% of Equity
Preferred Stock:		
Series E	\$125	1.2 %
Series H	300	2.9 %
Series I	375	3.6 %
Series J	425	4.1 %
Series K	400	3.9 %
Common Stock	3,908	37.8 %
Unallocated Retained Earnings	6,946	67.1 %
Accumulated Other Comprehensive Loss	(2,130)	(20.6)%
	\$10,349	100.0 %

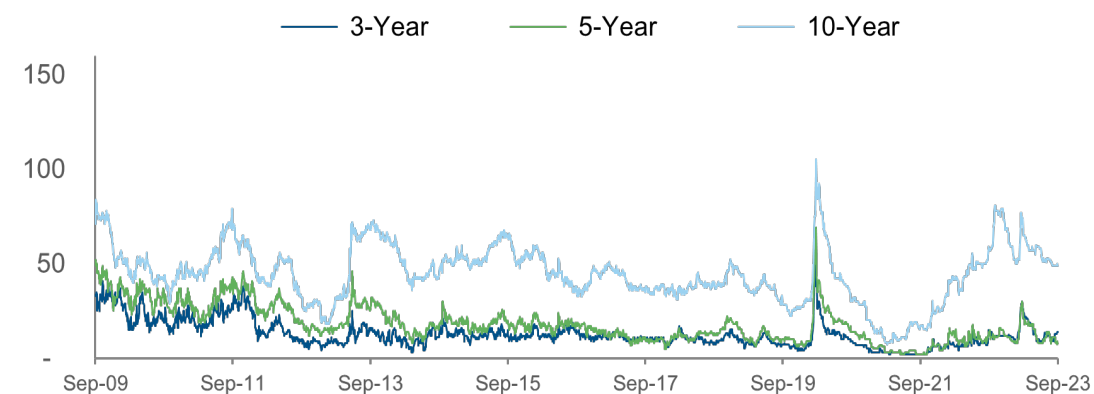
⁽¹⁾ As of September 30, 2023

⁽²⁾ Weighted average interest rates include the effect of related derivatives.

Debt (\$ in Millions) ⁽¹⁾

Type	Amount	% of Debt	Avg. Maturity (in years)	Weighted Avg. Rate ⁽²⁾
Discount Notes	\$ 9,044	5.2%	0.3	4.93%
Bonds – Noncallable	125,136	72.3%	2.6	4.32%
Bonds – Callable	36,028	20.8%	3.3	3.56%
S/T Customer Investments and Other	2,862	1.7%	0.1	4.59%
	\$ 173,070	100.0%	2.4	4.20%

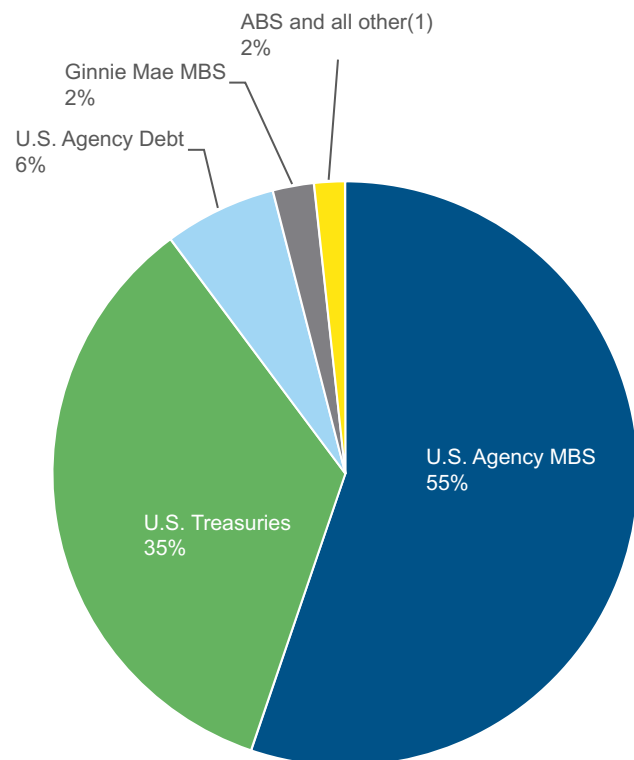
Farm Credit System Spreads to U.S. Treasuries (Basis Points)



Investment Portfolio

Total Investment Securities of \$35.0 Billion

(as of September 30, 2023)



Summary

- \$35.0 billion market-diversified portfolio plus \$0.2 billion of cash and cash equivalents and \$7.9 billion in federal funds sold and other overnight funds as of September 30, 2023
- Largely composed of securities issued or guaranteed by GSEs or U.S. government
- Cash flow average life of 3.7 years and duration of 1.7 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 180 days at September 30, 2023
 - CoBank's long-term debt to loans was approximately 68% as of September 30, 2023

(\$ in Millions)

Type	Fair Value
U.S. Agency MBS	\$19,306
U.S. Treasuries	12,095
U.S. Agency Debt	2,166
Ginnie Mae MBS	798
ABS and all other ⁽¹⁾	595
Total	\$34,960

⁽¹⁾ All other includes an allowance for credit losses on investments of \$4 million at September 30, 2023