



## 2024 Quarterly Report

### September 30, 2024

Dear CoBank Customer-Owner:

CoBank is pleased to report strong financial performance for the third quarter of 2024. Our diversified business model continued to demonstrate strength as we generated robust loan growth and steady earnings while maintaining sound credit quality and capital levels.

Average loans increased 7 percent during the third quarter of 2024 to \$150.6 billion, from \$140.7 billion in the third quarter of 2023. We experienced strong growth during the quarter in our Farm Credit Banking and Rural Infrastructure segments and to a lesser extent in our Agribusiness segment. For the first nine months of 2024, average loans increased 5 percent to \$150.1 billion, from \$142.4 billion in the same prior-year period.

Net income for the third quarter of 2024 was \$381 million, compared to \$380 million in the third quarter of 2023. The positive impacts of higher net interest income and noninterest income during the period were mostly offset by a larger provision for credit losses and higher operating expenses. For the first nine months of 2024, net income increased 14 percent to \$1.237 billion as compared to \$1.088 billion for the same period in 2023.

Net interest income for the third quarter of 2024 increased \$22 million, or 5 percent, to \$478 million, from \$456 million for the same period in 2023. The increase in net interest income was primarily driven by higher average loans in our Rural Infrastructure operating segment. For the first nine months of 2024, net interest income increased \$60 million, or 4 percent, to \$1.431 billion, compared to \$1.371 billion for the same period in 2023.

The bank's provision for credit losses was \$29 million for the third quarter of 2024, compared to \$8 million in the same period of 2023. For the nine months ended September 30, 2024, we recorded a \$6 million provision for credit losses, compared to a \$70 million provision for credit losses in the prior year period.

Despite some deterioration, loan quality remained strong during the period. At quarter end, 95.81 percent of loans in our commercial portfolio were rated as acceptable, the highest category of loan quality, as compared to 95.94 percent at December 31, 2023. Nonaccrual loans were \$258 million, or 0.17 percent of total loans at September 30, 2024, compared to \$117 million or 0.08 percent of total loans at December 31, 2023.

Operating expenses increased \$16 million for the three months ended September 30, 2024 as compared to the same period in 2023 primarily due to higher employee compensation expense driven largely by a one-time cost related to the termination of one of our defined benefit pension plans and higher information services costs, partially offset by lower Insurance Fund premium expense. Operating expenses increased \$5 million for the nine months ended September 30, 2024 compared to the same period in 2023.

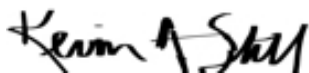
CoBank's capital and liquidity levels remain strong and in excess of regulatory minimums. Our total shareholders' equity was \$12.6 billion at September 30, 2024 and increased from year-end primarily due to earnings and issuance of preferred stock. The Bank's total capital ratio was 14.57 percent at September 30, 2024, compared with the 8.0 percent regulatory minimum (10.5 percent inclusive of the capital conservation buffer) established by the Farm Credit Administration, the Bank's independent regulator. At September 30, 2024, the Bank held approximately \$44.5 billion in cash, investments and overnight funds and

had 190 days of liquidity, compared to the 90-day minimum liquidity requirement.

The table below contains key financial performance data for the three- and nine-month periods ended September 30, 2024 and 2023 and balance sheet data as of September 30, 2024 and December 31, 2023. Complete financial information is provided in Management's Discussion and Analysis and the financial statements and footnotes that follow this letter.

<b>KEY FINANCIAL DATA</b>				
	Three Months Ended September 30,		Nine Months Ended September 30,	
(\$ in millions)	2024	2023	2024	2023
<b>INCOME STATEMENT</b>				
Net interest income	\$478	\$456	\$1,431	\$1,371
Provision for credit losses	29	8	6	70
Noninterest income	114	107	365	315
Operating expenses	158	142	437	432
Net income	381	380	1,237	1,088
<b>BALANCE SHEET (period-end)</b>				
	September 30, 2024		December 31, 2023	
Total loans	\$152,317		\$148,015	
Less: allowance for loan losses <sup>(1)</sup>	711		730	
Net loans	151,606		147,285	
Total assets	199,046		194,359	
Total shareholders' equity	12,605		11,193	
	Three Months Ended September 30,		Nine Months Ended September 30,	
(\$ in millions)	2024	2023	2024	2023
<b>PROFITABILITY METRICS AND AVERAGES</b>				
Net interest margin	0.99%	0.98%	1.00%	0.99%
Return on average common equity	13.38%	15.97%	15.49%	15.23%
Return on average assets	0.78%	0.81%	0.86%	0.77%
Operating expense ratio (excluding insurance fund premiums)	25.58%	20.95%	23.27%	21.02%
Average total loans	\$150,605	\$140,656	\$150,119	\$142,389
Average earning assets	193,003	183,989	190,396	185,655
Average total assets	195,566	186,518	192,951	188,265
<sup>(1)</sup> Excludes our reserve for unfunded commitments of \$65 million at September 30, 2024 and \$84 million at December 31, 2023 which is classified in liabilities in our condensed consolidated balance sheets.				

Our mission to be a reliable source of credit and financial services for rural America fuels our long-term strategy and business model, so that we remain in a strong position to serve our customer-owners. On behalf of our board, management team and associates, we value the trust you place in us and deeply appreciate the opportunity to serve as your trusted financial partner.



Kevin A. Still  
Chair of the Board



Thomas E. Halverson  
President and Chief Executive Officer

November 8, 2024

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

CoBank, ACB

## Business Overview

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CoBank, ACB (CoBank or the Bank) is one of the four banks in the Farm Credit System (System) and provides loans, leases and other financial services to vital industries across the rural communities of America. The System is a federally chartered network of borrower-owned cooperative lending institutions 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).

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. We provide a broad range of loans and other financial services through three operating segments: Agribusiness, Farm Credit Banking and Rural Infrastructure.

The following discussion and analysis should be read in conjunction with the accompanying condensed consolidated quarterly financial statements and related notes, the accompanying regulatory capital disclosures and our 2023 Annual Report to Shareholders.

## Consolidated Results of Operations

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CoBank's loans outstanding increased 3 percent to \$152.3 billion as of September 30, 2024, compared to \$148.0 billion at December 31, 2023. Our average loans increased 5 percent to \$150.1 billion for the nine months ended September 30, 2024 as compared to \$142.4 billion for the same period in 2023. The increases in loans outstanding and average loans resulted from growth in lending in our Farm Credit Banking and Rural Infrastructure operating segments, partially offset by a decline in lending in our Agribusiness operating segment.

Our investment securities, federal funds sold and other overnight funds increased 3 percent to \$44.1 billion as of September 30, 2024, compared to \$43.0 billion at December 31, 2023. The increase in investment securities held in our liquidity reserve was aligned with our higher outstanding loan balance at the end of the period. However, average investment securities, federal funds sold and other overnight funds decreased 7 percent to \$40.3 billion during the nine months ended September 30, 2024 as compared to \$43.3 billion for the same period in 2023. The decrease in our average investment security balances compared to the prior period was primarily a result of the Bank carrying higher levels of liquidity in 2023 due to unfavorable conditions in the banking sector which subsequently improved.

Our net income increased 14 percent to \$1.237 billion for the nine months ended September 30, 2024 as compared to \$1.088 billion for the same period in 2023, primarily from a lower provision for credit losses, higher net interest income and noninterest income, partially offset by higher income taxes and operating expenses.

<b>Net Interest Income and Net Interest Margin</b>						
<b>For the Nine Months Ended September 30,</b>						
	<b>2024</b>			<b>2023</b>		
(\$ in Millions)	Average Balance	Average Rate	Interest Income/Expense	Average Balance	Average Rate	Interest Income/Expense
<b>Interest-earning Assets<sup>(1)</sup></b>						
Total Loans	\$ 150,119	5.47 %	\$ 6,158	\$ 142,389	4.98 %	\$ 5,297
Investment Securities	37,754	3.92	1,111	34,346	3.54	910
Federal Funds Sold and Other Overnight Funds	2,523	5.38	102	8,920	4.98	334
<b>Total Interest-earning Assets<sup>(1)</sup></b>	<b>190,396</b>	<b>5.16</b>	<b>7,371</b>	<b>185,655</b>	<b>4.71</b>	<b>6,541</b>
<b>Total Interest-bearing Liabilities</b>	<b>177,210</b>	<b>4.47</b>	<b>5,940</b>	<b>173,783</b>	<b>3.98</b>	<b>5,170</b>
<b>Interest Rate Spread</b>		<b>0.69</b>			<b>0.73</b>	
<b>Impact of Equity Financing</b>	<b>11,782</b>	<b>0.31</b>		<b>10,558</b>	<b>0.26</b>	
<b>Net Interest Margin and Net Interest Income</b>		<b>1.00 %</b>	<b>\$ 1,431</b>		<b>0.99 %</b>	<b>\$ 1,371</b>

<sup>(1)</sup> Interest-earning assets exclude cash and cash equivalents.

Net interest income increased \$60 million, or 4 percent, to \$1.431 billion for the nine months ended September 30, 2024 as compared to \$1.371 billion for the same period in 2023. The increase in net interest income was primarily driven by higher average loans in our Rural Infrastructure operating segment and an increase in non-interest bearing funding sources (principally capital). Partially offsetting these increases was a decrease in net interest income in our Agribusiness operating segment driven by a decline in seasonal financing at many of our grain and farm supply cooperative customers due to lower commodity prices and lower levels of grain ownership by these customers. In particular, ownership levels of wheat, corn, and soybeans by our cooperative customers all decreased significantly compared to the prior period as farmers are holding higher inventory. Net interest margin was 1.00 percent for the nine months ended September 30, 2024 compared to 0.99 percent for the same period in 2023.

We recorded a net provision for credit losses of \$6 million for the nine months ended September 30, 2024. The 2024 provision for credit losses included \$19 million in our Rural Infrastructure operating segment resulting from deterioration in credit quality and increased lending activity. This was somewhat offset by a 2024 credit loss reversal of \$13 million in our Agribusiness operating segment driven by improvements in macroeconomic forecasts in 2024 that resulted in lower modeled credit losses in many of our lending portfolios, partially offset by deterioration in credit quality and increases in reserves for a small number of agribusiness customers. As discussed in our 2023 Annual Report, we expect a higher level of volatility in our credit loss provisions and reversals resulting from last year's adoption of the Current Expected Credit Losses (CECL) accounting standard which includes the use of third-party macroeconomic forecasts as an input to determine this estimate. For the nine months ended September 30, 2023, we recorded a \$70 million provision for credit losses, which included a \$49 million provision in our Rural Infrastructure operating segment and a \$21 million provision in our Agribusiness operating segment. The 2023 provision for credit losses primarily related to higher reserves resulting from credit quality deterioration within certain sectors of our Rural Infrastructure operating segment and forecasts of deteriorating macroeconomic conditions impacting many of our lending portfolios.

Special Mention loans were 2.28 percent of total loans at September 30, 2024 compared to 2.34 percent of total loans at December 31, 2023. Adversely classified loans increased to 0.90 percent of total loans at September 30, 2024, compared to 0.74 percent of total loans at December 31, 2023 primarily due to a small number of agribusiness and rural infrastructure customers that were transferred to Substandard status. Total nonaccrual loans increased to \$258 million, or 0.17 percent of total loans, at September 30, 2024 from \$117 million, or 0.08 percent of total loans, at December 31, 2023, primarily due to a large agribusiness customer that transferred to nonaccrual during the third quarter of 2024, as well as a small number of other agribusiness and rural infrastructure customers that transferred to nonaccrual during 2024. Gross charge-offs were \$46 million for the nine months ended September 30, 2024 as compared to \$15 million for the same period in 2023. The 2024 charge-offs primarily relate to a small number of agribusiness, rural water and power customers. The 2023 charge-offs primarily related to a small number of agribusiness, rural energy, and leasing customers. Charge-offs have historically resulted from a relatively small number of customers and may

fluctuate significantly period to period. Gross recoveries were \$1 million for the nine months ended September 30, 2024 compared to \$6 million for the same period in 2023. Net charge-offs as a percentage of average loans was 0.04 percent for the nine months ended September 30, 2024 and 0.01 percent for the same period in 2023.

Total noninterest income increased 16 percent to \$365 million for the nine months ended September 30, 2024 from \$315 million for the same period in 2023. Noninterest income is primarily composed of fee income, patronage income, loan prepayment income, gains and losses on early extinguishments of debt, 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 patronage income, increased net fee income and gains on sales of investment securities, partially offset by lower other noninterest income. Noninterest income for the nine months ended September 30, 2024 included a return of excess insurance funds from the Insurance Corporation related to the Farm Credit Insurance Fund (Insurance Fund) of \$25 million. No such income was recorded during 2023. As more fully explained in our 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. Patronage income increased to \$142 million for the nine months ended September 30, 2024 as compared to \$128 million for the same period in 2023, which reflects greater levels of loans sold to affiliated Associations and other System institutions as well as higher levels of patronage received from certain of these System institutions. Our net fee income, which includes arrangement fees and unused commitment fees, among others, increased to \$179 million for the nine months ended September 30, 2024 as compared to \$167 million for the same period in 2023 primarily due to a higher level of transaction-related lending fees in our Rural Infrastructure operating segment. Sales of investment securities resulted in gains of \$1 million for the nine months ended September 30, 2024 as compared to losses of \$7 million for the same period in 2023. Other noninterest income decreased to \$3 million for the nine months ended September 30, 2024 as compared to \$12 million for the same period in 2023 primarily due to losses on investments in Rural Business Investment Companies (RBICs) in 2024 as compared to gains in the 2023 period.

Total operating expenses increased 1 percent to \$437 million for the nine months ended September 30, 2024 as compared to \$432 million for same period in 2023. The higher level of operating expenses was primarily driven by an increase in employee compensation and higher information services costs, partially offset by a decrease in Insurance Fund premium expense. Employee compensation expense, which includes salaries, incentive compensation and employee benefits, increased to \$232 million for the nine months ended September 30, 2024 from \$190 million for the same period in 2023. The increase was primarily driven by an increase in salary expense from a higher average number of employees, merit and other pay increases, higher accrued incentive compensation, a one-time pension plan termination expense, and one-time severance payments made to a limited number of employees in connection with CoBank's digital transformation initiative. As more fully described in Note 9, CoBank terminated one of its employer-funded, qualified defined benefit pension plans and recorded a one-time expense of \$12 million in the third quarter of 2024 to write-off actuarial losses previously deferred in accumulated other comprehensive loss related to this terminated plan. As of September 30, 2024, we had 1,240 employees compared to 1,189 employees at September 30, 2023. Information services increased to \$56 million for the nine months ended September 30, 2024 from \$49 million for the same period in 2023 primarily due to higher subscription based software costs and higher capitalized software amortization. Insurance Fund premium expense decreased to \$62 million for the nine months ended September 30, 2024 as compared to \$109 million for the same period in 2023 due to lower Insurance Fund premium rates. Premium rates are set by the Insurance Corporation and were 10 basis points of average outstanding adjusted insured debt obligations for the nine months ended September 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.

Our provision for income taxes increased to \$116 million for the nine months ended September 30, 2024 from \$96 million for the same period in 2023, and the effective tax rate was 8.6 percent and 8.1 percent for the nine months ended September 30, 2024 and 2023, respectively. The increases in the provision for income taxes and effective tax rate were primarily due to an increase in earnings attributable to taxable business activities during the nine months ended September 30, 2024.

Our annualized return on average common shareholders' equity increased to 15.49 percent for the nine months ended September 30, 2024 from 15.23 percent for the same period in 2023. Our annualized return on average assets increased to 0.86 percent for the nine months ended September 30, 2024 from 0.77 percent for the same period in 2023. Both increases resulted from the higher level of earnings for the nine months ended September 30, 2024.

For the three months ended September 30, 2024, net income was \$381 million as compared to \$380 million for the same period in 2023. The slight increase in quarterly net income included higher net interest income and noninterest income and lower income taxes, partially offset by a higher provision for credit losses and higher operating expenses. Net interest income increased \$22 million for the three months ended September 30, 2024 as compared to the same period in 2023 due primarily to higher average loans in our Rural Infrastructure operating segment. Noninterest income increased \$7 million for the three months ended September 30, 2024 as compared to the same period in 2023 primarily from customer driven derivative gains and increased patronage income, partially offset by lower other noninterest income. The provision for credit losses increased to \$29 million for the three months ended September 30, 2024 from \$8 million in the same period of 2023. The increase was primarily due to deterioration in credit quality and a higher level of reserves in the current quarter compared to the same period in 2023. Operating expenses increased \$16 million for the three months ended September 30, 2024 primarily due to higher employee compensation expense including the previously described termination of one of our defined benefit pension plans, and higher information services costs, partially offset by lower Insurance Fund premium expense. The provision for income taxes decreased \$9 million for the three months ended September 30, 2024 as compared to the same period in 2023 primarily due to an decrease in earnings attributable to taxable business activities.

## Operating Segment Financial Review

We provide financial services to agricultural cooperatives; other food and agribusiness companies; rural power, communications and water cooperatives and companies; rural community facilities; farmer-owned financial institutions and other businesses that serve agriculture and rural communities. We conduct lending operations through three operating segments: Agribusiness, Farm Credit Banking and Rural Infrastructure.

All customer activity, including loans and leases and related income, is specifically assigned to the business units that comprise the operating segments. Investment securities and federal funds sold and other overnight funds, which are primarily held as a liquidity reserve to support our banking operations are not specifically assigned to operating segments; however the income from investment securities and federal funds sold and other overnight funds is attributed to the operating segments. Average loans and net income by operating segment is summarized in the following table and is more fully detailed in Notes 3 and 11 to the accompanying condensed consolidated financial statements.

Average Loans and Net Income by Operating Segment (\$ in Millions)					
For the Nine Months Ended September 30,	Average Loans		Net Income		
	2024	2023	2024	2023	
Agribusiness	\$ 38,578	\$ 40,744	\$ 562	\$ 529	
Farm Credit Banking	78,398	71,874	219	210	
Rural Infrastructure	33,143	29,771	456	349	
<b>Total</b>	<b>\$ 150,119</b>	<b>\$ 142,389</b>	<b>\$ 1,237</b>	<b>\$ 1,088</b>	

## *Agribusiness*

The Agribusiness operating segment includes loans and other financial services provided to a diverse market of cooperatives and other businesses in various agricultural sectors including grain handling and marketing, farm supply, fruits, nuts vegetables, forest products, dairy, livestock, biofuels, and food processing. A large portion of agribusiness loan volume financing grain and farm supply cooperatives is seasonal. This seasonal loan volume typically peaks early in the year, then reaches a low in late summer or early fall. Seasonality is also affected by a number of factors, including grain volume, commodity prices, producer selling patterns, transportation availability, and the relationship between cash and futures prices in the grain commodities markets. Agribusiness loans outstanding totaled \$37.5 billion at September 30, 2024 compared to \$37.8 billion at December 31, 2023. As of September 30, 2024, the Agricultural Export Finance Division (AEFD) had \$6.6 billion in loans outstanding, 28 percent of which were guaranteed by the U.S. government under the General Sales Manager (GSM) program, compared to \$7.0 billion in loans outstanding as of December 31, 2023, 24 percent of which were guaranteed under the GSM program. We further mitigate our exposure for certain AEFD lending transactions by purchasing credit enhancement from non-government third parties. The Agribusiness segment also includes Farm Credit Leasing Services Corporation (FCL), a wholly-owned subsidiary which provides leases and lease-related products and financial services to agribusinesses, agricultural producers, Association partners, and rural infrastructure companies. As of September 30, 2024 and December 31, 2023, FCL had \$4.2 billion and \$4.3 billion, respectively, in leases outstanding.

Agribusiness average loans decreased 5 percent to \$38.6 billion for the nine months ended September 30, 2024 as compared to \$40.7 billion for the same period in 2023. The decrease in average loans primarily resulted from a decline in seasonal financing at many of our grain and farm supply cooperative customers due to lower commodity prices and lower levels of grain inventory ownership by these customers. In particular, ownership levels of wheat, corn and soybeans by our cooperative customers have all decreased significantly compared to the prior period as farmers are holding higher inventory. To a lesser extent, average loans to AEFD customers decreased resulting from more selective lending in this business.

Agribusiness net income increased to \$562 million for the nine months ended September 30, 2024, as compared to \$529 million for the same period in 2023, primarily driven by a credit loss reversal, higher noninterest income and lower income taxes, partially offset by lower net interest income and higher operating expenses.

Agribusiness net interest income decreased to \$673 million for the nine months ended September 30, 2024 as compared to \$678 million for the same period in 2023, primarily due to lower average loans driven by lower levels of grain inventory ownership at our cooperative customers, as described above. This was partially offset by an increase in net interest income from non-interest bearing funding sources (principally capital).

Agribusiness recorded a \$13 million credit loss reversal for the nine months ended September 30, 2024, compared to a \$21 million provision for credit losses for the same period in 2023. The 2024 credit loss reversal relates to an improvement in macroeconomic forecasts in 2024 that resulted in lower modeled credit losses in many of our lending portfolios, partially offset by deterioration in credit quality and increases in reserves for a small number of agribusiness customers. The 2023 provision for credit losses primarily related to higher specific reserves resulting from deterioration in credit quality and forecasts of deteriorating macroeconomic conditions. Agribusiness nonaccrual loans increased to \$225 million at September 30, 2024 as compared to \$90 million at December 31, 2023 primarily due to a limited number of poultry, hogs, fruits and tree nuts customers transferred to nonaccrual status during 2024. Gross charge-offs were \$35 million for the nine months ended September 30, 2024 as compared to \$10 million for the same period in 2023. The 2024 charge-offs were related to a small number of grain and farm supply, food and agribusiness customers. The 2023 charge-offs were related to a small number of agribusiness and leasing customers. Gross recoveries were \$1 million for the nine months ended September 30, 2024 as compared to \$6 million for the same period in 2023.

Agribusiness noninterest income increased to \$185 million for the nine months ended September 30, 2024 as compared to \$179 million for the same period in 2023, primarily due to increased patronage income, partially offset by decreased net fee income from lower levels of transaction-related lending fees. Noninterest income also included a return of excess insurance funds from the Insurance Corporation as described on page 5.

Agribusiness operating expenses increased to \$264 million for the nine months ended September 30, 2024 as compared to \$259 million for the same period in 2023, primarily due to increased employee compensation and higher information services costs, partially offset by a decline in Insurance Fund premium expense.

### ***Farm Credit Banking***

The Farm Credit Banking operating segment includes wholesale loans from the direct funding relationships we have with our affiliated Association customer-owners and our wholesale funding relationships with other System institutions. As of September 30, 2024, we had 16 affiliated Associations operating in 23 states serving the West, Northwest, Southwest, Rocky Mountains, Mid-Plains, and Northeast regions of the United States. The Farm Credit Banking loan portfolio totaled \$81.1 billion as of September 30, 2024, compared to \$77.7 billion at December 31, 2023. At September 30, 2024 and December 31, 2023, these loans included \$75.0 billion and \$71.8 billion, respectively, in wholesale loans to our affiliated Associations and \$6.0 billion and \$5.8 billion, respectively, of participations in wholesale loans made by other System banks to certain of their affiliated Associations. At September 30, 2024 and December 31, 2023, these participations included \$4.4 billion in wholesale loans made by the Farm Credit Bank of Texas (FCBT) and \$1.6 billion and \$1.4 billion, respectively, in wholesale loans made by AgFirst Farm Credit Bank (AgFirst). The Farm Credit Banking operating segment also included loans made to a limited number of other financing institutions totaling \$0.1 billion as of September 30, 2024 and December 31, 2023.

Farm Credit Banking average loans increased 9 percent to \$78.4 billion for the nine months ended September 30, 2024 as compared to \$71.9 billion for the same period in 2023. The increase resulted from greater overall lending by our affiliated Associations to agricultural producers and processors and our affiliated Associations funding a higher level of syndicated loans and purchased participations.

Farm Credit Banking net income increased to \$219 million for the nine months ended September 30, 2024, as compared to \$210 million for the same period in 2023, primarily due to higher noninterest income and lower operating expenses, partially offset by lower net interest income.

Farm Credit Banking net interest income decreased to \$244 million for the nine months ended September 30, 2024 as compared to \$254 million for the same period in 2023 primarily due to lower savings from callable debt funding, partially offset by higher net interest income from growth in average loans.

As a wholesale lender to Associations, we benefit from the diversification of the Association loan portfolios and a strong collateral position. In addition, the earnings, capital and loan loss reserves of the Associations provide an additional layer of protection against losses in their respective loan portfolios. Lower spreads in the Farm Credit Banking operating segment are commensurate with the lower risk profile and lower regulatory capital requirements. Notwithstanding the Special Mention credit quality classification of an affiliated Association wholesale loan and a participation in a wholesale loan made by FCBT to one of its affiliated Associations as discussed in the “Credit Quality of Loans” section, loan quality in Farm Credit Banking remains strong. No provisions for credit losses or allowance for credit losses (ACL) have been recorded related to any of our wholesale loans to Associations.

Farm Credit Banking noninterest income was \$10 million for the nine months ended September 30, 2024 as compared to \$5 million of expense for the same period in 2023. The increase primarily related to increased patronage income and gains from the sale of investment securities during the nine months ended September 30, 2024 compared to losses on the sale of investment securities for the same period in 2023. The operating results of Farm Credit Banking for the nine months ended September 30, 2024 did not significantly



benefit from the previously mentioned returns of excess insurance funds from the Insurance Corporation because these amounts were passed on directly to our Association customers.

Farm Credit Banking operating expenses decreased to \$35 million for the nine months ended September 30, 2024 as compared to \$39 million for the same period in 2023, primarily due to lower Insurance Fund premium expense related to investment securities. Farm Credit Banking has no income tax expense as the earnings on its business activities are statutorily tax-exempt.

### ***Rural Infrastructure***

The Rural Infrastructure operating segment includes loans and other financial services provided to cooperatives and other companies in the power and energy, communications, water and waste industries as well as to community facilities in rural America. Power and energy industry customers include rural electric generation and transmission cooperatives, midstream energy and gas pipeline providers, electric distribution cooperatives, renewable energy providers, independent power producers, regulated utilities and investor-owned utilities. Our digital infrastructure banking serves communications industry customers and other companies providing local wireline broadband services, long-haul and middle-mile fiber transport, and data center and cloud-based products to mostly rural communities. These customers also include regional and national communications providers with networks that are globally interconnected, who are essential to bringing services to rural America through their partnerships and contractual relationships with our rural customers. In addition, the Bank serves customers in the water industry, including rural water and waste companies, as well as rural health care and other community facilities. We also make equity investments in certain RBICs which focus on small and middle market companies that create jobs and promote commerce in rural America. Rural Infrastructure loans outstanding totaled \$33.8 billion and \$32.6 billion at September 30, 2024 and December 31, 2023, respectively.

Rural Infrastructure average loans increased 11 percent to \$33.1 billion for the nine months ended September 30, 2024 as compared to \$29.8 billion for the same period in 2023. The increase in average loans was primarily related to rural power, electric distribution, and communication customers.

Rural Infrastructure net income increased to \$456 million for the nine months ended September 30, 2024 as compared to \$349 million for the same period in 2023, primarily driven by higher net interest income, a lower provision for credit losses and higher noninterest income, partially offset by higher income taxes and operating expenses.

Rural Infrastructure net interest income increased to \$514 million for the nine months ended September 30, 2024 as compared to \$439 million for the same period in 2023, primarily due to higher average loans and an increase in non-interest bearing funding sources (principally capital).

Rural Infrastructure recorded a provision for credit losses of \$19 million for the nine months ended September 30, 2024 compared to \$49 million for the same period in 2023. The 2024 provision primarily related to deterioration in credit quality in our communications, electric distributions and water portfolios and increased lending activity. The 2023 provision for credit losses primarily related to higher reserves resulting from deterioration in credit quality in our rural energy and communications portfolios, forecasts of deteriorating macroeconomic conditions and increased lending activity. Nonaccrual loans increased to \$33 million at September 30, 2024 as compared to \$27 million at December 31, 2023. Our nonaccrual loans are typically composed of a relatively small number of customers, and thus the balances can fluctuate significantly based on a small number of transactions. Gross charge-offs were \$11 million for the nine months ended September 30, 2024 compared to \$5 million for the same period in 2023. The 2024 charge-offs were related to a small number of rural water and energy customers. The 2023 charge-offs related to a small number of rural energy and communication customers. Gross recoveries were less than \$1 million for the nine months ended September 30, 2024 and 2023.

Rural Infrastructure noninterest income increased to \$170 million for the nine months ended September 30, 2024 as compared to \$141 million for the same period in 2023, primarily driven by increased net fee income from higher levels of transaction-related lending fees and higher patronage income, partially offset by losses on investments in RBICs. Noninterest income also included a return of excess insurance funds from the Insurance Corporation as described on page 5.

Rural Infrastructure operating expenses increased to \$138 million for the nine months ended September 30, 2024, compared to \$134 million for the same period in 2023. The increase was driven by increased employee compensation and higher information services costs, partially offset by lower Insurance Fund premium expense.

## Credit Quality, Liquidity, Capital Resources and Other

### Credit Quality of Loans

The following table presents our loans, classified by management pursuant to our regulator’s Uniform Loan Classification System, as a percent of total loans.

	September 30, 2024			December 31, 2023		
	Wholesale Loans <sup>(1)</sup>	Commercial Loans <sup>(2)</sup>	Total Bank	Wholesale Loans <sup>(1)</sup>	Commercial Loans <sup>(2)</sup>	Total Bank
Acceptable	97.71 %	95.81 %	96.82 %	97.80 %	95.94 %	96.92 %
Special Mention	2.29	2.27	2.28	2.20	2.51	2.34
Substandard	—	1.90	0.89	—	1.55	0.74
Doubtful	—	0.02	0.01	—	—	—
Loss	—	—	—	—	—	—
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	<b>100.00 %</b>	<b>100.00 %</b>	<b>100.00 %</b>	<b>100.00 %</b>

<sup>(1)</sup> Represents loans in our Farm Credit Banking operating segment.

<sup>(2)</sup> Represents loans in our Agribusiness and Rural Infrastructure operating segments.

Notwithstanding some credit quality deterioration, our overall loan quality measures remain solid at September 30, 2024. Special Mention loans were 2.28 percent of total loans at September 30, 2024 compared to 2.34 percent of total loans at December 31, 2023. The level of adversely classified loans (“Substandard”, “Doubtful” and “Loss”) as a percent of total loans increased to 0.90 percent at September 30, 2024, compared to 0.74 percent at December 31, 2023 primarily due to a small number of customers in our Agribusiness and Rural Infrastructure operating segments transferred to Substandard status.

We recorded a \$6 million provision for credit losses, \$46 million of gross charge-offs, and \$1 million of gross recoveries in the nine months ended September 30, 2024. Net charge-offs as a percentage of average loans was 0.04 percent for the nine months ended September 30, 2024 and 0.01 percent for the same period in 2023. Nonaccrual loans increased \$141 million to \$258 million at September 30, 2024 from \$117 million at December 31, 2023. Additional discussion of these amounts can be found in the prior section titled "Operating Segment Financial Review". Total accruing loans 90 days or more past due increased to \$10 million as of September 30, 2024 as compared to \$8 million at December 31, 2023. Our ACL on loans totaled \$776 million at September 30, 2024, or 0.51 percent of total loans, compared to \$814 million at December 31, 2023, or 0.55 percent of total loans. As a percent of non-guaranteed loans outstanding and excluding loans to Associations, our ACL on loans was 1.11 percent and 1.18 percent at September 30, 2024 and December 31, 2023, respectively.

At September 30, 2024, Special Mention loans included a \$1.7 billion wholesale loan to one of our affiliated Associations and a \$115 million participation in a wholesale loan made by FCBT to one of its affiliated Associations. Pursuant to our regulatory requirements, we classify our wholesale loans using the same Uniform Loan Classification System used for our commercial loans. Our loans to Associations are collateralized by substantially all of the Association assets. In addition, the earnings, capital and loan loss reserves of the Associations provide additional layers of protection against losses in their retail loan portfolios. While the Special Mention classification primarily reflects internal control and other operational weaknesses at these Associations, as a result of the collateralization and other mitigants described above we do not anticipate any losses related to these wholesale loans. As of September 30, 2024, CoBank has not made any provision for credit loss or recorded any ACL related to any of our wholesale loans to Associations.

The overall credit quality of our loan portfolio remains solid at September 30, 2024. We believe credit quality deterioration in the future is possible due to market factors impacting our customers. Such factors include 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. In addition, concentrations within our loan portfolio can cause the level of our loan quality, nonaccrual loans, charge-offs and provisions for credit losses or credit loss reversals to vary significantly from period to period.

### **Liquidity and Investments**

Our liquidity management objectives are to provide a reliable source of funding to borrowers, meet maturing debt obligations, provide additional liquidity if market conditions deteriorate and fund operations on a cost effective basis.

We believe that sufficient resources are available to meet our liquidity management objectives through our debt maturity structure, holdings of liquid assets and access to the capital markets. Volatility of our loan volume and customer cash flow requirements may cause our liquidity needs to vary significantly from day to day.

One of the ways we measure and monitor our liquidity position is by assuming no ability to issue debt and calculating the number of days into the future we could meet maturing debt obligations by using available cash and eligible investments. System banks are required by regulation to maintain a minimum of 90 days of liquidity (cash and readily marketable, unencumbered investments generally discounted by 5 to 10 percent of market value) on a continuous basis and to establish an incremental liquidity reserve. At September 30, 2024 and December 31, 2023 our liquidity was 190 days and 199 days, respectively.

We hold cash, investment securities, federal funds sold and other overnight funds primarily to maintain a liquidity reserve and manage short-term surplus funds. Cash, federal funds sold and other overnight funds totaled \$3.4 billion and \$5.6 billion as of September 30, 2024 and December 31, 2023, respectively. Our investment securities were \$41.1 billion at September 30, 2024, compared to \$38.3 billion at December 31, 2023.

The table below summarizes our investment securities classified as available-for-sale and related net unrealized losses by asset class.

Investment Securities	September 30, 2024			December 31, 2023		
	Amortized Cost	Fair Value	Net Unrealized Losses	Amortized Cost	Fair Value	Net Unrealized Losses
(\$ in Millions)						
U.S. Treasury Debt	\$ 15,916	\$ 15,750	\$ (166)	\$ 14,831	\$ 14,361	\$ (470)
U.S. Agency Debt	2,576	2,574	(2)	2,442	2,382	(60)
Residential Mortgage-Backed:						
Ginnie Mae	1,089	966	(123)	1,050	898	(152)
U.S. Agency	3,244	3,191	(53)	3,195	3,104	(91)
Commercial Mortgage-Backed:						
U.S. Agency	18,429	17,984	(445)	17,878	17,057	(821)
Corporate Bonds <sup>(1)</sup>	446	441	(5)	499	482	(17)
Asset-Backed and Other	211	211	—	62	59	(3)
<b>Total</b>	<b>\$ 41,911</b>	<b>\$ 41,117</b>	<b>\$ (794)</b>	<b>\$ 39,957</b>	<b>\$ 38,343</b>	<b>\$ (1,614)</b>

<sup>(1)</sup> Amortized cost and fair value include ACL on investments of \$2 million and \$3 million at September 30, 2024 and December 31, 2023, respectively.

Credit risk in our investment portfolio primarily exists in the 2 percent of our investment securities that are not guaranteed by the U.S. government or a U.S. Agency, which currently include asset-backed securities (ABS) and corporate bonds of midstream energy and communication companies. The fair value of our ABS and midstream energy corporate and communication bonds collectively total \$652 million as of September 30, 2024. Credit risk in our investment portfolio also arises from counterparties to short-term investments, which include our overnight bank deposits and federal funds sold, which are transacted with highly-rated commercial banks. We held overnight bank deposits and federal funds sold instruments totaling \$1.2 billion and \$2.6 billion at September 30, 2024 and December 31, 2023, respectively. The remainder of our short-term investments include reverse repurchase agreements with the Federal Reserve totaling \$1.8 billion and \$2.0 billion at September 30, 2024 and December 31, 2023, respectively, and have minimal credit risk.

As of September 30, 2024, our ACL on investment securities was \$2 million and related to our corporate bonds of midstream energy and communication companies. We recorded a credit loss reversal on our investment securities of \$1 million during the nine months ended September 30, 2024 that is included in the provision for credit losses in our condensed consolidated statement of income and resulted from an improvement in modeled credit losses for these securities. We recorded a credit loss reversal on our investment securities of \$2 million for the same period in 2023.

Pursuant to FCA regulations, certain securities must be excluded from our liquidity reserve, including those that are not readily marketable, do not exhibit low credit and market risk or cannot be converted into cash with little or no loss in value. In addition, any non-guaranteed investments whose market value is less than 80 percent of book value must be excluded from the supplemental liquidity buffer. As of September 30, 2024, \$490 million of securities were excluded from our liquidity reserve, the most significant of which were our corporate bonds of midstream energy and communication companies that are not held for liquidity purposes.

All of our investment securities are classified as “available for sale” we recognize changes in the fair value of our investment securities in accumulated other comprehensive income (loss), a component of shareholders’ equity, except for losses that are credit-related and related to securities not guaranteed by the U.S. government or U.S. agencies. This credit-related portion of the loss is recorded as an ACL with an offsetting amount in earnings. We recorded pre-tax net unrealized gains on our investment securities of \$818 million for the nine months ended September 30, 2024 as compared to pre-tax net unrealized losses of \$298 million for the same period in 2023. The unrealized gains for 2024 and unrealized losses in 2023 primarily reflect the impact of market interest rate changes on the fair value of fixed-rate securities.

During the nine months ended September 30, 2024, we sold U.S. Treasury and U.S. Agency debt securities for total proceeds of \$35 million resulting in a gain of \$1 million. The investment sales were primarily for tax planning purposes.

During the nine months ended September 30, 2023, we sold U.S. Treasury debt securities for total proceeds of \$548 million to replace lower yielding investments with higher yielding investments. The resulting net loss from the sales totaled \$7 million which was more than offset by higher net interest income.

An additional source of liquidity is cash provided by our operating activities primarily generated from net interest income in excess of operating expenses, which totaled \$840 million and \$1.3 billion for the nine months ended September 30, 2024 and 2023, respectively.

Notwithstanding the various sources of liquidity discussed above, if no other sources existed to repay maturing Federal Farm Credit Banks Consolidated Systemwide bonds, medium term notes and discount notes (collectively referred to as Systemwide Debt Securities), the assets of the Insurance Fund would be used to repay such debt.

The Insurance Corporation has an agreement with the Federal Financing Bank, a federal instrumentality subject to the supervision and direction of the U.S. Treasury, pursuant to which the Federal Financing Bank would advance funds to the Insurance Corporation under certain limited circumstances. Under its existing statutory authority, the Insurance Corporation may use these funds to provide assistance to the System Banks in exigent market circumstances that threaten the System Banks' ability to pay maturing debt obligations. The agreement provides for advances of up to \$10 billion and remains in full force and effect until terminated by either the Insurance Corporation or the Federal Financing Bank. The decision whether to seek funds from the Federal Financing Bank is at the discretion of the Insurance Corporation, and each funding obligation of the Federal Financing Bank is subject to various terms and conditions and, as a result, there can be no assurance that funding would be available if needed by the System.

## **Funding**

The System is a government sponsored enterprise (GSE) and CoBank, as a member of the System, has historically benefited from the favorable funding costs and funding flexibility available to us through the issuance of Systemwide Debt Securities.

As a condition of a System Bank's participation in the issuance of Systemwide Debt Securities, the System Bank must have, and at all times thereafter maintain, free from any lien or other pledge, specified eligible assets (referred to in the Farm Credit Act as "collateral") at least equal in value to the total amount of outstanding debt securities of the System Bank that are subject to the collateral requirement. These securities include Systemwide Debt Securities for which the System Bank is primarily liable and investment bonds or other debt securities that the System Bank has issued individually. The collateral must consist of notes and other obligations representing loans or real or personal property acquired in connection with loans made under the authority of the Farm Credit Act (valued in accordance with FCA regulations and directives), obligations of the United States or any agency thereof direct or fully guaranteed, other FCA approved System Bank assets, including eligible marketable securities, or cash. These collateral requirements do not provide holders of Systemwide Debt Securities with a security interest in any assets of the System Banks. The System Banks may in the future issue Systemwide Debt Securities that are secured by specific assets. Each System Bank reports compliance with the collateral requirements through a calculation of the ratio of total collateral to total collateralized obligations (called the "Statutory Collateral Ratio"). Under FCA Regulations, the minimum requirement equates to a Statutory Collateral Ratio of 100 percent. At September 30, 2024 and December 31, 2023, total collateral exceeded our collateralized obligations by \$12.5 billion and \$11.7 billion, respectively, and our Statutory Collateral Ratio was 106.82 percent and 106.48 percent, respectively. At September 30, 2024 and December 31, 2023, we were, and we currently remain, in compliance with all of the conditions of participation in the issuance of Systemwide Debt Securities.

Included in our bonds and notes at September 30, 2024 and December 31, 2023 was \$875 million and \$825 million of funding pursuant to a bond guarantee program offered by the Rural Utilities Service (RUS) agency of the United States Department of Agriculture. The funding is provided by the Federal Financing Bank and guaranteed by RUS. As part of the bond guarantee agreement with RUS, we are required to pledge collateral in an amount equal to at least 110 percent of the principal balance of all RUS bonds outstanding. As of September 30, 2024, we had \$250 million, \$375 million, \$200 million and \$50 million outstanding on our Series D, Series E, Series F and Series G funding from RUS, respectively. The Series D, Series E and Series F facilities were fully drawn at September 30, 2024. We also had an additional \$400 million and \$450 million of undrawn funding from RUS in Series G and Series H facilities at September 30, 2024, which allow us to access funding through July 2028 and July 2029, respectively.

### **Interest Rate Swaps and Other Derivatives**

We use interest rate swaps and other derivatives as an integral part of our market risk management activities. Interest rate swaps and other derivatives are used to manage liquidity and the market risk arising from maturity and repricing mismatches between assets and liabilities. We also hedge cap and floor risk embedded within our floating-rate investments and loans by entering into derivative transactions. In addition, we execute foreign exchange spot and forward contracts to manage currency risk on our relatively nominal amount of loans denominated in foreign currencies. We also enter into derivatives for our customers as a service to enable them to transfer, modify or reduce their interest rate risk and foreign exchange risk.

Interest rate swaps and other derivatives are recorded at fair value as assets or liabilities in the accompanying condensed consolidated balance sheets. Interest rate swaps and other derivative assets totaled \$749 million at September 30, 2024 compared to \$812 million at December 31, 2023. Interest rate swaps and other derivative liabilities totaled \$731 million at September 30, 2024 compared to \$833 million at December 31, 2023.

Changes in the fair value of our 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 and hedged items designated as hedging instruments are recorded in interest income and interest expense in the accompanying condensed consolidated statements of income and totaled net losses of \$12 million and \$2 million for the nine months ended September 30, 2024 and 2023, respectively. Net changes in the fair value of derivatives not designated as hedging instruments are recorded in noninterest income in the accompanying condensed consolidated statements of income and totaled net gains of \$15 million and \$13 million for the nine months ended September 30, 2024 and 2023, respectively. Net changes in the fair value of derivatives recorded as other comprehensive income (loss) before taxes totaled losses of \$178 million for the nine months ended September 30, 2024 as compared to gains of \$8 million for the same period in 2023.

### **Capital Resources**

We believe that a sound capital position is critical to our long-term financial success and future growth. Our shareholders' equity is primarily composed of preferred and common stock, retained earnings and accumulated other comprehensive income (loss), which totaled \$12.6 billion and \$11.2 billion at September 30, 2024 and December 31, 2023, respectively. The \$1.4 billion increase in shareholders' equity at September 30, 2024 primarily resulted from current period earnings, a decrease in accumulated other comprehensive loss and issuance of preferred stock, partially offset by accrued patronage. Included in our shareholders' equity is \$935 million and \$1.5 billion of accumulated other comprehensive loss at September 30, 2024 and December 31, 2023, respectively, which is primarily related to unrealized losses on our investment securities. While the unrealized losses on investment securities result in a reduction of shareholders' equity, they do not impact current period earnings or regulatory capital ratios. The level of these unrealized losses is subject to future fluctuations in interest rates.

On March 29, 2024, holders of our Series H and Series I non-cumulative perpetual preferred stock were notified of changes in the LIBOR-indexed variable rates in these instruments upon conversion from fixed rates to floating rates in future periods. Reference to 3-month USD LIBOR in the Series H preferred stock will be replaced with 3-month CME Term SOFR, plus a spread adjustment of 0.26161 percent, plus a margin of 3.744 percent when the dividend rate is reset effective January 1, 2025. Reference to 3-month USD LIBOR in the Series I preferred stock will be replaced with 3-month CME Term SOFR plus a spread adjustment of 0.26161 percent, plus a margin of 4.66 percent when the dividend rate is reset effective October 1, 2026. These changes resulted from the cessation of publication of USD LIBOR rates after June 30, 2023 and by operation of law under the terms and conditions provided for by regulations promulgated by the Federal Reserve Board under the Adjustable Interest Rate Act (LIBOR Act), Regulation ZZ.

On April 11, 2024, we issued \$300 million of Series L non-cumulative perpetual preferred stock. We used the net proceeds from the Series L preferred stock issuance to increase our regulatory capital pursuant to FCA regulations and for general corporate purposes. Dividends on the Series L preferred stock, if declared by the 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 the Bank's option quarterly beginning on or after July 1, 2029.

At September 30, 2024 and December 31, 2023, our capital and leverage ratios exceeded regulatory minimums, as shown in the following table.

<b>Regulatory Capital Requirements and Ratios</b>						
	<b>Regulatory Minimums</b>	<b>September 30, 2024</b>		<b>December 31, 2023</b>		<b>Required Buffer</b>
		<b>Actual</b>	<b>Actual Buffer</b>	<b>Actual</b>	<b>Actual Buffer</b>	
Common Equity Tier 1 Capital Ratio	4.5 %	11.85 %	7.35 %	11.58 %	7.08 %	2.5 %
Tier 1 Capital Ratio	6.0	13.80	7.80	13.27	7.27	2.5
Total Capital Ratio	8.0	14.57	6.57	14.11	6.11	2.5
Tier 1 Leverage Ratio <sup>(1)</sup>	4.0	6.99	2.99	6.79	2.79	1.0
Permanent Capital Ratio	7.0	13.90	n/a	13.37	n/a	n/a
Unallocated Retained Earnings (URE) and URE Equivalents Leverage Ratio	1.5	3.30	n/a	3.23	n/a	n/a

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

### **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. On October 16, 2024, the FCA extended the implementation date of this final rule from January 1, 2025 to January 1, 2026. We are currently evaluating the final rule to determine if certain of our project finance or other loans meet the definitions in the final rule and the related impact, if any, on our regulatory capital ratios.

## Business Outlook

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The global economy has performed better than expected in 2024 and the outlook is for slightly lower but steady growth for the next year. Global growth is supported by moderating inflation, improving financial conditions and monetary policy easing, although results will vary by region with Asia slowing, Europe recovering and the U.S. growing. Global growth will also be challenged by geopolitical uncertainties, such as the wars in Ukraine and the Middle East, which continue to impact global trade, food supply and economic conditions including heightened transportation costs for goods in certain impacted regions. The U.S. economy continues to display resilience and outperform expectations. Inflation has moderated and GDP revised upwards in recent months with projections of continued economic growth over the next year. Equity markets have also delivered strong returns in 2024. After an interest rate cut in September, the Federal Reserve has signaled the likelihood of additional interest rate decreases by the end of the year. In spite of these favorable conditions, there remains weakness in the labor market evidenced by the steady increase in the unemployment rate this year, as well uncertainty from the outcome of the U.S. presidential and congressional elections. The U.S. Farm Bill expired on September 30, 2024 and Congress has not yet reauthorized an extension or replacement. Separate versions of the Farm Bill are circulating amongst committees in the Senate and House, although it is unlikely to be passed until after the U.S. presidential elections. Other government policies and rulemaking are also uncertain at this time pending the outcome of the elections. Nonetheless, market conditions in many agricultural sectors and most rural infrastructure industries we serve also remain favorable and stable.

The rural economy in the United States continues to grow and benefit from higher levels of consumer spending and the wave of investment in rural industries driven by energy transition, environmental sustainability and technological advancement. U.S. farmers are harvesting a record large soybean crop and near record corn crop on top of large carryover stocks from last year. However, the robust crop supply has faced export challenges from the strong U.S. dollar, political uncertainty over trade policy and transportation issues. Commodity prices, including grain and oilseed prices, remain volatile and lower compared with the prior two years. While these lower commodity prices generally favor agricultural processors due to lower input costs to their business, they exert profitability and other pressures on farmers, growers and farm supply, grain and marketing businesses. More specifically, the livestock and animal protein sectors, including dairy, are benefiting from the lower feed cost environment and strong demand resulting in their best profitability in recent years. Weather conditions have generally been stable although key growing areas in the southeastern U.S. were unfavorably impacted by several hurricanes resulting in crop losses and crop quality issues in the cotton and rice sectors. The agricultural industry in the Western U.S. is facing ongoing challenges, particularly in the poultry, fruits, tree nuts, beverages, and farm related business services sectors. As a result of these market and other conditions, there has been some deterioration in the credit quality of loans to our borrowers and loans to our affiliated Associations' borrowers. The rural power and energy industries were impacted by lower natural gas and other fuel prices, increased electricity demand and ongoing global geopolitical developments and discord that has created volatility and uncertainty in fuel supplies and prices. The communications industry is experiencing continued growth, particularly in data center demand, including in underserved rural markets, driven by the development of artificial intelligence and other factors. Growth in the rural power, energy and communications industries is expected to continue as a result of the ongoing digitization for businesses and consumers, increasing demand for electricity driven by the accelerating deployment of artificial intelligence technologies, changes in climate policies and unprecedented amounts of public and private capital. Overall, the long-term outlook in these rural infrastructure sectors remains favorable due to the ongoing need to upgrade and maintain the energy grid and communications infrastructure in the United States.

Although challenges across our industry sectors could further reduce credit quality and impact the level of loan demand, CoBank believes it remains well positioned to assist our customers and to continue to serve rural America.



Under the guidance of our Board of Directors and our experienced executive management team, we remain focused on achieving continued success through execution of our business strategies. This includes, among other objectives, creating mutually beneficial partnerships with other System institutions, maintaining effective access to the agency debt capital markets, opportunistically accessing the preferred stock capital markets, educating policy makers and other key stakeholders about the critical mission of CoBank and the System, prudently optimizing current lending authorities and maintaining compliance with laws and regulations. We continue to collaborate with our affiliated Associations on the fulfillment of our collective mission. We will also continue to explore strategic alliances and other opportunities with our customers, other System institutions, financial service providers and other public and private entities as we strive to fulfill our mission in rural America in a safe and sound manner.

## Forward Looking Statements

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

- Inflation, recession, the level of interest rates and relationships between various interest rate indices and actions taken by the Federal Reserve to manage the monetary policy of the United States;
- The wars in Ukraine and the Middle East and their impact on global trade for grain, fertilizer and other commodities, transportation availability and costs, economic conditions and global food supply;
- Geopolitical uncertainties, conflicts and government policy developments in the United States and throughout the world that may impact the industries we lend to, or, economic, fiscal or monetary conditions;
- Changes to tax laws and regulations resulting from the presidential and congressional elections;
- Government trade policies in the United States and other countries, including tariffs and other restrictions that impact markets for agricultural and other products;
- A decrease in the credit outlook or ratings of U.S. government debt, agency debt, the securities of Government Sponsored Enterprises (GSEs), including Systemwide Debt Securities, and our securities;
- Changes in the economic environment that negatively impact the agricultural, power, communications, water and leasing industries;
- Changes in the U.S. government’s support of the System, the agricultural industry, agricultural exports, rural infrastructure and rural economies, including passage of a new Farm Bill to extend or replace various crop subsidies and support programs;
- The growing and uncertain impact of the environmental, social and governance (ESG) trend in the financial services industry globally, including policies directed toward measuring the carbon impact from lending activities and efforts focused on reducing the impact of climate change such as requirements issued by the Securities Exchange Commission and the state of California;
- Currency fluctuations that impact the value of the U.S. dollar in global markets;
- Adverse food safety and weather events, disease, and other unfavorable conditions that periodically occur and impact agricultural productivity and income;
- Catastrophic events such as wildfires, floods and other natural disasters, political unrest or other similar occurrences, which may have a direct or indirect impact on certain of our borrowers;
- Changes in levels of global crop production, exports, imports, usage and inventories;
- Credit performance of the loan portfolio;
- Performance of the underlying collateral of our loans;
- Loan portfolio growth and seasonal factors;
- Weakening domestic and global economic conditions;
- Volatility in energy prices including oil, natural gas and other fuel;
- Legislative or regulatory actions that affect our relationships with our employees;
- Actions taken by the U.S. Congress relative to other government-sponsored enterprises;
- Actions taken by the U.S. government to manage U.S. immigration or fiscal policies;
- Actions taken by the U.S. Congress to fund infrastructure improvements;
- Regulatory actions and interpretations adversely impacting our business;
- Our ability to attract and retain high quality employees;
- Cybersecurity and fraud risks, including a failure or breach of our operational or security systems or infrastructure, that could adversely affect our business, financial performance and reputation;

- Failures of critical vendors and other third-party providers could disrupt our ability to conduct and manage our business;
- Disruptive technologies, such as artificial intelligence and other technologies, impacting the banking and financial services industries or implemented by our competitors which negatively impact our ability to compete in the marketplace;
- Changes in investor confidence due to disruptions or other changes in the financial services and commercial banking sectors;
- Widespread health emergencies, such as pandemics, and the disruptions they cause to businesses and the economy;
- Changes in assumptions underlying the valuations of financial instruments;
- Changes in estimates underlying the allowance for credit losses;
- Failure of our investment portfolio to perform as expected or deterioration in the credit quality of such investments;
- Legal proceedings, judgments, settlements and related matters;
- Environmental-related conditions or laws impacting our lending activities;
- Nonperformance by counterparties under our derivative and vendor contracts;
- Success of business model solutions focused on strengthening our ability to fulfill the System's collective mission; and
- Our ability to continue to partner with various System and other entities in light of ongoing consolidation within the System and the industries we serve.

We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

# Condensed Consolidated Balance Sheets

CoBank, ACB

(\$ in Millions)

	September 30, 2024	December 31, 2023
	(Unaudited)	
<b>Assets</b>		
Total Loans	\$ 152,317	\$ 148,015
Less: Allowance for Loan Losses	711	730
Net Loans	151,606	147,285
Cash and Cash Equivalents	334	1,013
Federal Funds Sold and Other Overnight Funds	3,025	4,615
Investment Securities (net of allowance of \$2 at September 30, 2024 and \$3 at December 31, 2023)	41,117	38,343
Interest Rate Swaps and Other Derivatives	749	812
Accrued Interest Receivable and Other Assets	2,215	2,291
<b>Total Assets</b>	<b>\$ 199,046</b>	<b>\$ 194,359</b>
<b>Liabilities</b>		
Bonds and Notes	\$ 182,639	\$ 178,821
Interest Rate Swaps and Other Derivatives	731	833
Reserve for Unfunded Commitments	65	84
Patronage Payable	584	831
Accrued Interest Payable and Other Liabilities	2,422	2,597
<b>Total Liabilities</b>	<b>186,441</b>	<b>183,166</b>
Commitments and Contingent Liabilities (Note 10)		
<b>Shareholders' Equity</b>		
Preferred Stock	1,925	1,625
Common Stock	4,128	4,076
Unallocated Retained Earnings	7,487	7,016
Accumulated Other Comprehensive Loss	(935)	(1,524)
<b>Total Shareholders' Equity</b>	<b>12,605</b>	<b>11,193</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 199,046</b>	<b>\$ 194,359</b>

The accompanying notes are an integral part of the condensed consolidated financial statements.

# Condensed Consolidated Statements of Income

CoBank, ACB

(\$ in Millions) (Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Interest Income</b>				
Loans	\$ 2,076	\$ 1,844	\$ 6,158	\$ 5,297
Investment Securities	398	333	1,111	910
Federal Funds Sold and Other Overnight Funds	33	112	102	334
Total Interest Income	2,507	2,289	7,371	6,541
<b>Interest Expense</b>				
Net Interest Income	478	456	1,431	1,371
Provision for Credit Losses	29	8	6	70
Net Interest Income After Provision for Credit Losses	449	448	1,425	1,301
<b>Noninterest Income</b>				
Net Fee Income	56	56	179	167
Patronage Income	48	44	142	128
Prepayment Income (Expense)	1	(2)	3	—
(Losses) Gains on Early Extinguishments of Debt	(1)	3	(3)	2
Gains on Interest Rate Swaps and Other Derivatives	9	3	15	13
Gains (Losses) on Sales of Investment Securities	—	—	1	(7)
Return of Excess Insurance Funds	—	—	25	—
Other, Net	1	3	3	12
Total Noninterest Income	114	107	365	315
<b>Operating Expenses</b>				
Employee Compensation	86	63	232	190
Insurance Fund Premium	21	35	62	109
Information Services	21	16	56	49
General and Administrative	10	7	27	25
Occupancy and Equipment	5	4	13	13
Farm Credit System Related	4	5	14	14
Purchased Services	6	7	16	17
Other	5	5	17	15
Total Operating Expenses	158	142	437	432
Income Before Income Taxes	405	413	1,353	1,184
Provision for Income Taxes	24	33	116	96
<b>Net Income</b>	<b>\$ 381</b>	<b>\$ 380</b>	<b>\$ 1,237</b>	<b>\$ 1,088</b>

The accompanying notes are an integral part of the condensed consolidated financial statements.

# Condensed Consolidated Statements of Comprehensive Income

CoBank, ACB

(\$ in Millions) (Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Net Income</b>	\$ 381	\$ 380	\$ 1,237	\$ 1,088
<b>Other Comprehensive Income (Loss), Net of Tax:</b>				
Net Change in Unrealized Gains (Losses) on Investment Securities	772	(299)	746	(278)
Net Change in Unrealized (Losses) Gains on Interest Rate Swaps and Other Derivatives	(246)	61	(166)	69
Net Pension Adjustment	8	—	9	1
<b>Other Comprehensive Income (Loss)</b>	<b>534</b>	<b>(238)</b>	<b>589</b>	<b>(208)</b>
<b>Comprehensive Income</b>	<b>\$ 915</b>	<b>\$ 142</b>	<b>\$ 1,826</b>	<b>\$ 880</b>

The accompanying notes are an integral part of the condensed consolidated financial statements.

# Condensed Consolidated Statements of Changes in Shareholders' Equity

CoBank, ACB

(\$ in Millions) (Unaudited)

For the Nine Months Ended September 30,	2024	2023
<b>Balance at December 31,</b>	\$ 11,193	\$ 10,225
Cumulative effect of change in accounting principle <sup>(1)</sup>	—	51
<b>Balance at January 1, as adjusted</b>	<b>11,193</b>	<b>10,276</b>
Comprehensive Income	1,826	880
Preferred Stock:		
Dividends	(81)	(71)
Redemptions	—	(8)
Gain on Partial Redemptions of Series E Preferred Stock	—	1
Issuance	300	—
Issuance Costs	(3)	—
Common Stock:		
Retirements	(46)	(191)
Cash Patronage Accrued	(584)	(538)
<b>Balance at September 30,</b>	<b>\$ 12,605</b>	<b>\$ 10,349</b>

<sup>(1)</sup> Effective January 1, 2023, we adopted the Current Expected Credit Losses accounting standard pursuant to ASU "Financial Instruments - Credit Losses (Topic 326)".

*The accompanying notes are an integral part of the condensed consolidated financial statements.*

# Condensed Consolidated Statements of Cash Flows

CoBank, ACB

(\$ in Millions) (Unaudited)

For the Nine Months Ended September 30,	2024	2023
<b>Cash Flows Provided by Operating Activities</b>		
Net Income	\$ 1,237	\$ 1,088
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Provision for Credit Losses	6	70
Deferred Income Taxes	(2)	52
Depreciation and Amortization/Accretion, Net	19	34
Losses (Gains) on Early Extinguishments of Debt	3	(2)
(Gains) Losses on Sales of Investment Securities	(1)	7
Increase in Accrued Interest Receivable and Other Assets	(187)	(258)
(Decrease) Increase in Accrued Interest Payable and Other Liabilities	(239)	301
Net Losses on Interest Rate Swaps and Other Derivatives	12	2
Payments on Operating Lease Liabilities	(7)	(7)
Other, Net	(1)	(3)
Net Cash Provided by Operating Activities	840	1,284
<b>Cash Flows (Used in) Provided by Investing Activities</b>		
Net Increase in Loans	(4,349)	(2,164)
Net Increase in Investment Securities	(1,811)	(2,035)
Net Decrease in Federal Funds Sold and Other Overnight Funds	1,590	4,548
Other, Net	152	120
Net Cash (Used in) Provided by Investing Activities	(4,418)	469
<b>Cash Flows Provided by (Used in) Financing Activities</b>		
Net Issuances (Repayments) of Bonds and Notes	3,626	(1,638)
Preferred Stock Issued, Net	297	—
Preferred Stock Retired	—	(6)
Preferred Stock Dividends Paid	(70)	(67)
Net Retirements of Common Stock	(46)	(191)
Cash Patronage Distribution Paid	(725)	(706)
Special Cash Patronage Distribution Paid	(106)	(149)
Cash Collateral Paid to Derivative Counterparties, Net	(73)	(106)
Variation Margin (Paid to) Received on Cleared Derivatives, Net	(1)	426
Payments on Early Extinguishments of Debt	(3)	—
Net Cash Provided by (Used in) Financing Activities	2,899	(2,437)
Net Decrease in Cash and Cash Equivalents	(679)	(684)
Cash and Cash Equivalents at Beginning of Period	1,013	896
Cash and Cash Equivalents at End of Period	\$ 334	\$ 212

The accompanying notes are an integral part of the condensed consolidated financial statements.



# Condensed Consolidated Supplemental Cash Flow Information

CoBank, ACB

(\$ in Millions) (Unaudited)

For the Nine Months Ended September 30,	2024	2023
<b>Schedule of Noncash Investing and Financing Activities</b>		
Net Change in Receivables from Investment Securities	(106)	(117)
Net Change in Unrealized Gains (Losses) on Investment Securities, Before Taxes	818	(298)
Net Change in Unrealized (Losses) Gains on Interest Rate Swaps and Other Derivatives and Hedged Items, Before Taxes	(178)	8
Patronage in Common Stock	98	99
Change in Cash Patronage Payable	584	538
<b>Supplemental Noncash Information Related to Leases</b>		
Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	\$ 6	\$ 6

*The accompanying notes are an integral part of the condensed consolidated financial statements.*

# Notes to Condensed Consolidated Financial Statements

## CoBank, ACB

(Unaudited)(\$ in Millions, Except Per Share Amounts and as Noted)

### **Note 1 – Organization, Lending Authority and Significant Accounting Policies**

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The accompanying condensed consolidated financial statements include the accounts of CoBank, ACB and its wholly-owned subsidiaries, CoBank, FCB and Farm Credit Leasing Services Corporation (FCL), collectively hereinafter referred to as CoBank or the Bank. All material inter-company accounts and transactions have been eliminated. In our opinion, all adjustments considered necessary for a fair presentation of the interim financial condition, results of operations and cash flows have been made. These adjustments are of a normal recurring nature, unless otherwise disclosed. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. Except as otherwise noted, leases in which we are the lessor are included in loans in the condensed consolidated financial statements and related footnotes.

CoBank is a member of the Farm Credit System (System). We provide loans, leases and other financial services to support agriculture, rural infrastructure and rural communities across the United States. 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.

These unaudited quarterly condensed consolidated financial statements should be read in conjunction with the 2023 Annual Report, which includes a description of our organization and lending authority. Also included in the 2023 Annual Report is a summary of significant accounting policies. These quarterly condensed consolidated financial statements have been prepared in accordance with these same accounting policies. CoBank is the funding bank for certain System Associations, which are collectively referred to as our “affiliated Associations.” The accompanying condensed consolidated financial statements exclude financial information of our affiliated Associations. CoBank and our affiliated Associations are collectively referred to as the “District.” Additional information about our affiliated Associations is contained in Note 12 to these condensed consolidated financial statements.

Copies of CoBank’s financial reports are available on request by calling or visiting one of our banking center locations and through our website at [www.cobank.com](http://www.cobank.com). Copies of financial reports of our affiliated Associations and the System are available on their respective websites. References to documents, information or websites outside this Quarterly Report to Shareholders shall not be deemed to be incorporated by reference into this report.

### **Note 2 – Recently Issued or Adopted Accounting Pronouncements**

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#### **Recently Issued Accounting Pronouncements**

##### **Segment Reporting**

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU), “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.” This ASU requires incremental disclosure about a public entity’s reportable segments but does not change the definition of a segment or the guidance for determining reportable segments. The amendments in this ASU require annual and interim disclosure of significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of a segment’s profit or loss. The ASU

also allows companies to disclose multiple measures of segment profit or loss if those measures are used by the CODM to assess performance and allocate resources. The ASU further requires disclosure of the title and position of the CODM and an explanation of how the CODM uses the reported measures of segment profit or loss. The amendments in this ASU also require an entity to include all annual disclosures about a reportable segment's profit or loss and assets currently required by Topic 280 in interim periods. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The adoption of this guidance is not expected to have a material impact on our consolidated financial position, results of operations or cash flows.

## **Income Taxes**

In December 2023, the FASB issued ASU, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The amendments in this ASU require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The enhanced rate reconciliation will require tabular reporting by amount and percentage for specifically defined reconciling items as well as additional information for reconciling items that meet a quantitative threshold of greater than 5 percent of the amount computed by multiplying pre-tax income by the applicable statutory income tax rate. Income taxes paid will require disaggregated disclosure by federal, state and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than 5 percent of total income taxes paid. The ASU will also eliminate the requirement to disclose an estimate of the range of the reasonably possible change in the unrecognized tax benefits balances in the next 12 months. The amendments in this ASU are effective for public business entities for annual periods beginning after December 15, 2024 and should be applied on a prospective basis, although retrospective application is permitted. The adoption of this guidance is not expected to have a material impact on our consolidated financial position, results of operations or cash flows.

## **Recently Adopted Accounting Pronouncements**

### **Current Expected Credit Losses**

In June 2016, the FASB issued ASU, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The ASU introduced a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses (CECL). The new model applied to: (1) loans, accounts receivable, trade receivables, and other financial assets measured at amortized cost; (2) loan commitments and certain other off-balance sheet credit exposures; (3) debt securities and other financial assets measured at fair value through accumulated other comprehensive income (loss); and (4) beneficial interests in securitized financial assets. The ASU also required certain new loan and allowance for credit losses (ACL) disclosures, including loan vintage information. CoBank adopted this ASU on January 1, 2023 following the modified retrospective approach with a cumulative effect adjustment to shareholders' equity as of the date of adoption. Upon adoption of the ASU, we recorded a \$75 million decrease in our ACL for loans, leases and unfunded commitments comprised of a \$9 million reduction in the allowance for loan losses and a \$66 million decrease in the reserve for unfunded commitments. We also recorded a \$6 million ACL on our available-for-sale investment securities upon adoption of the ASU. The cumulative effect adjustment to shareholders' equity, net of tax, for the adoption of CECL totaled \$51 million. Refer to Notes 2 and 3 of our 2023 Annual Report for further disclosure of the impact of the adoption of CECL.

## Note 3 – Loans, Loan Quality and Allowance for Credit Losses

### Loans Outstanding

Loans outstanding by operating segment are shown below.

	September 30, 2024		December 31, 2023	
Agribusiness	\$	37,496	\$	37,785
Farm Credit Banking		81,050		77,658
Rural Infrastructure		33,771		32,572
<b>Total</b>	<b>\$</b>	<b>152,317</b>	<b>\$</b>	<b>148,015</b>

Unamortized loan premiums and discounts, and unamortized deferred loan fees and costs totaled \$207 million and \$239 million as of September 30, 2024 and December 31, 2023, respectively.

### Allowance for Credit Losses on Loans

The following tables present changes in the components of our ACL on loans and details of ending balances. The ACL on loans includes the allowance for loan losses and the reserve for unfunded commitments. The components of our ACL on loans are presented by operating segment.

	Agribusiness		Farm Credit Banking <sup>(1)</sup>		Rural Infrastructure		Total	
<b>September 30, 2024</b>								
<b>Allowance for Loan Losses</b>								
Beginning Balance at December 31, 2023	\$	459	\$	-	\$	271	\$	730
Charge-offs		(35)		-		(11)		(46)
Recoveries		1		-		-		1
Provision for Credit Losses <sup>(2)</sup>		(13)		-		20		7
Transfers from Reserve for Unfunded Commitments <sup>(3)</sup>		16		-		3		19
Ending Balance at September 30, 2024	\$	428	\$	-	\$	283	\$	711
<b>Reserve for Unfunded Commitments</b>								
Beginning Balance at December 31, 2023	\$	57	\$	-	\$	27	\$	84
Transfers to Allowance for Loan Losses <sup>(3)</sup>		(16)		-		(3)		(19)
Ending Balance at September 30, 2024	\$	41	\$	-	\$	24	\$	65
<b>Allowance for Credit Losses on Loans</b>	<b>\$</b>	<b>469</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>307</b>	<b>\$</b>	<b>776</b>

<sup>(1)</sup> As a result of a strong collateral position with respect to loans to Associations, along with the earnings, capital, portfolio diversification and loss reserves of Associations that serve as an additional layer of protection against losses, no ACL on loans is recorded in our Farm Credit Banking operating segment.

<sup>(2)</sup> Excludes credit loss reversal of \$1 million on investment securities for the nine months ended September 30, 2024.

<sup>(3)</sup> These transfers generally occur as a result of advances on or repayments of seasonal lines of credit or other loans.

	Agribusiness	Farm Credit Banking <sup>(1)</sup>	Rural Infrastructure	Total
<b>September 30, 2023</b>				
<b>Allowance for Loan Losses</b>				
Beginning Balance at December 31, 2022	\$ 517	\$ -	\$ 165	\$ 682
Change in Accounting Principle <sup>(2)</sup>	(67)	-	58	(9)
Charge-offs	(10)	-	(5)	(15)
Recoveries	6	-	-	6
Provision for Credit Losses <sup>(3)</sup>	21	-	51	72
Transfers to Reserve for Unfunded Commitments <sup>(4)</sup>	(10)	-	(2)	(12)
Ending Balance at September 30, 2023	\$ 457	\$ -	\$ 267	\$ 724
<b>Reserve for Unfunded Commitments</b>				
Beginning Balance at December 31, 2022	\$ 122	\$ -	\$ 21	\$ 143
Change in Accounting Principle <sup>(2)</sup>	(68)	-	2	(66)
Transfers from Allowance for Loan Losses <sup>(4)</sup>	10	-	2	12
Ending Balance at September 30, 2023	\$ 64	\$ -	\$ 25	\$ 89
<b>Allowance for Credit Losses on Loans</b>	<b>\$ 521</b>	<b>\$ -</b>	<b>\$ 292</b>	<b>\$ 813</b>

<sup>(1)</sup> As a result of a strong collateral position with respect to loans to Associations, along with the earnings, capital, portfolio diversification and loss reserves of Associations that serve as an additional layer of protection against losses, no ACL on loans is recorded in our Farm Credit Banking operating segment.

<sup>(2)</sup> Effective January 1, 2023, we adopted the CECL accounting standard pursuant to ASU "Financial Instruments - Credit Losses (Topic 326)".

<sup>(3)</sup> Excludes credit loss reversal of \$2 million on investment securities for the nine months ended September, 30, 2023.

<sup>(4)</sup> These transfers generally occur as a result of advances on or repayments of seasonal lines of credit or other loans.

Our ACL on loans was \$776 million at September 30, 2024 and \$814 million at December 31, 2023. The decrease in the ACL on loans related to loan charge-offs of \$46 million, partially offset by a provision for credit losses on loans of \$7 million. The 2024 provision for credit losses on loans primarily related to deterioration in credit quality, increases in reserves for a small number of agribusiness customers and increased lending activity, partially offset by improvements in macroeconomic forecasts in 2024 that resulted in lower modeled credit losses in many of our lending portfolios.

The information in the tables under the Vintage by Credit Quality Indicator, Aging Analysis and Nonaccrual Loans and Other Nonperforming Assets captions is presented by operating segment, with guaranteed and non-guaranteed loans in our Agribusiness segment separately identified.

## Vintage by Credit Quality Indicator

The following tables present our 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.

As of September 30, 2024

	Term Loans by Origination Year						Total Term Loans	Revolving Loans	Revolving Loans Converted to Term Loans	Total Loans
	2024	2023	2022	2021	2020	Prior				
<b>Agribusiness Non-Guaranteed</b>										
Acceptable	\$ 2,636	\$ 3,890	\$ 3,951	\$ 2,469	\$ 2,034	\$ 3,811	\$ 18,791	\$ 14,553	\$ 79	\$ 33,423
Special Mention	50	87	125	132	91	151	636	427	3	1,066
Substandard	91	54	168	57	167	179	716	455	-	1,171
Doubtful	-	1	-	-	-	7	8	-	-	8
Loss	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 2,777</b>	<b>\$ 4,032</b>	<b>\$ 4,244</b>	<b>\$ 2,658</b>	<b>\$ 2,292</b>	<b>\$ 4,148</b>	<b>\$ 20,151</b>	<b>\$ 15,435</b>	<b>\$ 82</b>	<b>\$ 35,668</b>
Gross Charge-offs <sup>(1)</sup>	\$ 2	\$ 2	\$ 1	\$ 18	\$ 6	\$ 6	\$ 35	\$ -	\$ -	\$ 35
<b>Agribusiness Guaranteed</b>										
Acceptable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,828	\$ -	\$ 1,828
Special Mention	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,828</b>	<b>\$ -</b>	<b>\$ 1,828</b>
Gross Charge-offs <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Farm Credit Banking</b>										
Acceptable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,193	\$ -	\$ 79,193
Special Mention	-	-	-	-	-	-	-	1,857	-	1,857
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 81,050</b>	<b>\$ -</b>	<b>\$ 81,050</b>
Gross Charge-offs <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Rural Infrastructure</b>										
Acceptable	\$ 3,551	\$ 5,895	\$ 4,594	\$ 2,918	\$ 2,672	\$ 10,397	\$ 30,027	\$ 3,003	\$ -	\$ 33,030
Special Mention	9	27	85	134	178	89	522	27	-	549
Substandard	-	23	25	41	20	74	183	3	-	186
Doubtful	-	3	-	-	-	-	3	3	-	6
Loss	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 3,560</b>	<b>\$ 5,948</b>	<b>\$ 4,704</b>	<b>\$ 3,093</b>	<b>\$ 2,870</b>	<b>\$ 10,560</b>	<b>\$ 30,735</b>	<b>\$ 3,036</b>	<b>\$ -</b>	<b>\$ 33,771</b>
Gross Charge-offs <sup>(1)</sup>	\$ -	\$ 8	\$ -	\$ -	\$ -	\$ 3	\$ 11	\$ -	\$ -	\$ 11
<b>Total</b>										
Acceptable	\$ 6,187	\$ 9,785	\$ 8,545	\$ 5,387	\$ 4,706	\$ 14,208	\$ 48,818	\$ 98,577	\$ 79	\$ 147,474
Special Mention	59	114	210	266	269	240	1,158	2,311	3	3,472
Substandard	91	77	193	98	187	253	899	458	-	1,357
Doubtful	-	4	-	-	-	7	11	3	-	14
Loss	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 6,337</b>	<b>\$ 9,980</b>	<b>\$ 8,948</b>	<b>\$ 5,751</b>	<b>\$ 5,162</b>	<b>\$ 14,708</b>	<b>\$ 50,886</b>	<b>\$ 101,349</b>	<b>\$ 82</b>	<b>\$ 152,317</b>
Gross Charge-offs <sup>(1)</sup>	\$ 2	\$ 10	\$ 1	\$ 18	\$ 6	\$ 9	\$ 46	\$ -	\$ -	\$ 46

<sup>(1)</sup> As of and for the nine months ended September 30, 2024.

As of December 31, 2023

	Term Loans by Origination Year						Total Term Loans	Revolving Loans	Revolving Loans Converted to Term Loans	Total Loans
	2023	2022	2021	2020	2019	Prior				
<b>Agribusiness Non-Guaranteed</b>										
Acceptable	\$ 4,160	\$ 4,371	\$ 3,071	\$ 2,530	\$ 1,324	\$ 3,187	\$ 18,643	\$ 15,275	\$ 166	\$ 34,084
Special Mention	61	150	169	134	46	192	752	264	3	1,019
Substandard	29	141	96	122	54	153	595	413	-	1,008
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 4,250</b>	<b>\$ 4,662</b>	<b>\$ 3,336</b>	<b>\$ 2,786</b>	<b>\$ 1,424</b>	<b>\$ 3,532</b>	<b>\$ 19,990</b>	<b>\$ 15,952</b>	<b>\$ 169</b>	<b>\$ 36,111</b>
Gross Charge-offs <sup>(1)</sup>	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ 3	\$ 8	\$ -	\$ 3	\$ 11
<b>Agribusiness Guaranteed</b>										
Acceptable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,674	\$ -	\$ 1,674
Special Mention	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,674</b>	<b>\$ -</b>	<b>\$ 1,674</b>
Gross Charge-offs <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Farm Credit Banking</b>										
Acceptable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,951	\$ -	\$ 75,951
Special Mention	-	-	-	-	-	-	-	1,707	-	1,707
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 77,658</b>	<b>\$ -</b>	<b>\$ 77,658</b>
Gross Charge-offs <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Rural Infrastructure</b>										
Acceptable	\$ 5,359	\$ 5,231	\$ 3,217	\$ 3,090	\$ 1,909	\$ 9,908	\$ 28,714	\$ 3,028	\$ -	\$ 31,742
Special Mention	26	193	81	164	21	241	726	18	-	744
Substandard	12	22	-	21	-	28	83	3	-	86
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 5,397</b>	<b>\$ 5,446</b>	<b>\$ 3,298</b>	<b>\$ 3,275</b>	<b>\$ 1,930</b>	<b>\$ 10,177</b>	<b>\$ 29,523</b>	<b>\$ 3,049</b>	<b>\$ -</b>	<b>\$ 32,572</b>
Gross Charge-offs <sup>(1)</sup>	\$ 4	\$ -	\$ -	\$ 5	\$ -	\$ 1	\$ 10	\$ -	\$ -	\$ 10
<b>Total</b>										
Acceptable	\$ 9,519	\$ 9,602	\$ 6,288	\$ 5,620	\$ 3,233	\$ 13,095	\$ 47,357	\$ 95,928	\$ 166	\$ 143,451
Special Mention	87	343	250	298	67	433	1,478	1,989	3	3,470
Substandard	41	163	96	143	54	181	678	416	-	1,094
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 9,647</b>	<b>\$ 10,108</b>	<b>\$ 6,634</b>	<b>\$ 6,061</b>	<b>\$ 3,354</b>	<b>\$ 13,709</b>	<b>\$ 49,513</b>	<b>\$ 98,333</b>	<b>\$ 169</b>	<b>\$ 148,015</b>
Gross Charge-offs <sup>(1)</sup>	\$ 4	\$ 5	\$ -	\$ 5	\$ -	\$ 4	\$ 18	\$ -	\$ 3	\$ 21

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

## Aging Analysis

The following tables present an aging of past due loans.

	Agribusiness		Farm Credit		Rural		
	Non-Guaranteed	Guaranteed	Banking		Infrastructure		Total
<b>September 30, 2024</b>							
30-89 Days Past Due	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -	29
90 Days Past Due	42	-	-	-	3	-	45
<b>Total Past Due</b>	<b>\$ 71</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3</b>	<b>\$ -</b>	<b>74</b>
Current	35,597	1,828	81,050		33,768		152,243
<b>Total</b>	<b>\$ 35,668</b>	<b>\$ 1,828</b>	<b>\$ 81,050</b>	<b>\$ -</b>	<b>\$ 33,771</b>	<b>\$ -</b>	<b>152,317</b>
<b>Accruing Loans 90 Days or More Past Due</b>							
	\$ 8	\$ -	\$ -	\$ -	\$ 2	\$ -	10
<b>December 31, 2023</b>							
30-89 Days Past Due	\$ 36	\$ -	\$ -	\$ -	\$ -	\$ -	36
90 Days Past Due	39	-	-	-	-	-	39
<b>Total Past Due</b>	<b>\$ 75</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>75</b>
Current	36,036	1,674	77,658		32,572		147,940
<b>Total</b>	<b>\$ 36,111</b>	<b>\$ 1,674</b>	<b>\$ 77,658</b>	<b>\$ -</b>	<b>\$ 32,572</b>	<b>\$ -</b>	<b>148,015</b>
<b>Accruing Loans 90 Days or More Past Due</b>							
	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	8

## Nonaccrual Loans and Other Nonperforming Assets

The following table reflects nonaccrual loans and other nonperforming assets and related credit quality statistics. Nonaccrual loans do not accrue interest income once placed in nonaccrual status. Loans past due 90 days or more and still accruing interest are adequately secured and in the process of collection.

	Agribusiness		Farm Credit		Rural		
	Non-Guaranteed	Guaranteed <sup>(1)</sup>	Banking <sup>(1)</sup>		Infrastructure		Total
<b>September 30, 2024</b>							
Nonaccrual Loans	\$ 225	\$ -	\$ -	\$ -	\$ 33	\$ -	258
Accruing Loans 90 Days or More Past Due	8	-	-	-	2	-	10
Other Property Owed	-	-	-	-	-	-	-
<b>Total Nonaccrual Loans and Other Nonperforming Assets</b>	<b>\$ 233</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35</b>	<b>\$ -</b>	<b>268</b>
<b>December 31, 2023</b>							
Nonaccrual Loans	\$ 90	\$ -	\$ -	\$ -	\$ 27	\$ -	117
Accruing Loans 90 Days or More Past Due	8	-	-	-	-	-	8
Other Property Owed	-	-	-	-	-	-	-
<b>Total Nonaccrual Loans and Other Nonperforming Assets</b>	<b>\$ 98</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27</b>	<b>\$ -</b>	<b>125</b>

<sup>(1)</sup> There were no nonaccrual loans and other nonperforming assets in our Agribusiness Guaranteed or Farm Credit Banking portfolios for any of the periods presented.



The following tables present information on nonaccrual loans and other nonperforming assets with and without a related allowance for loan losses.

<b>September 30, 2024</b>	<b>Agribusiness Non-Guaranteed</b>	<b>Agribusiness Guaranteed<sup>(1)</sup></b>	<b>Farm Credit Banking<sup>(1)</sup></b>	<b>Rural Infrastructure</b>	<b>Total</b>
<b>Nonperforming Assets With No Related Allowance for Loan Losses</b>					
Carrying Amount	\$ 23	\$ -	\$ -	\$ 2	25
Unpaid Principal	29	-	-	3	32
Average Balance	79	-	-	28	107
Interest Income Recognized	2	-	-	-	2
<b>Nonperforming Assets With Related Allowance for Loan Losses</b>					
Carrying Amount	210	-	-	33	243
Unpaid Principal	227	-	-	50	277
Allowance for Loan Losses	27	-	-	12	39
Average Balance	79	-	-	13	92
Interest Income Recognized	-	-	-	-	-
<b>Total Nonperforming Assets</b>					
Carrying Amount	233	-	-	35	268
Unpaid Principal	256	-	-	53	309
Allowance for Loan Losses	27	-	-	12	39
Average Balance	158	-	-	41	199
Interest Income Recognized	2	-	-	-	2
<b>December 31, 2023</b>					
<b>Nonperforming Assets With No Related Allowance for Loan Losses</b>					
Carrying Amount	\$ 22	\$ -	\$ -	\$ -	22
Unpaid Principal	26	-	-	-	26
Average Balance	30	-	-	2	32
Interest Income Recognized	11	-	-	-	11
<b>Nonperforming Assets With Related Allowance for Loan Losses</b>					
Carrying Amount	76	-	-	27	103
Unpaid Principal	87	-	-	33	120
Allowance for Loan Losses	25	-	-	8	33
Average Balance	102	-	-	18	120
Interest Income Recognized	-	-	-	-	-
<b>Total Nonperforming Assets</b>					
Carrying Amount	98	-	-	27	125
Unpaid Principal	113	-	-	33	146
Allowance for Loan Losses	25	-	-	8	33
Average Balance	132	-	-	20	152
Interest Income Recognized	11	-	-	-	11

<sup>(1)</sup> There were no nonperforming assets in our Agribusiness Guaranteed or Farm Credit Banking portfolios for any of the periods presented.

## Loan Modifications Granted to Borrowers Experiencing Financial Difficulty

Loan modifications may be granted to our borrowers who are experiencing financial difficulty. Our loan modifications are handled on a case-by-case basis and are negotiated to achieve mutually agreeable terms that maximize loan collectability and meet the borrower's financial needs. Modifications can be in the form of one or a combination of principal forgiveness, interest rate reduction, other-than-insignificant payment delay or term extension. Covenant waivers and modifications of contingent acceleration clauses are not considered term extensions.

The following table presents the amount and percentage of loan modifications granted to borrowers experiencing financial difficulty at amortized cost, disaggregated by operating segment and type of modification granted.

	Agribusiness Non-Guaranteed		Agribusiness Guaranteed		Farm Credit Banking		Rural Infrastructure			
	Percent Total Class of		Percent Total Class of		Percent Total Class of		Percent Total Class of		Total	
	Modification Amount	Financing Receivable	Modification Amount	Financing Receivable	Modification Amount	Financing Receivable	Modification Amount	Financing Receivable	Modification Amount	
<b>Nine Months Ended September 30, 2024</b>										
Term Extension	\$ 105	0.3%	\$ -	-%	\$ -	-%	\$ -	-%	\$ -	\$ 105
Payment Extension	41	0.1%	-	-%	-	-%	3	-(1)	44	
Interest Rate Reduction and Term Extension	45	0.1%	-	-%	-	-%	-	-%	45	
<b>Total</b>	<b>\$ 191</b>	<b>0.5%</b>	<b>\$ -</b>	<b>-%</b>	<b>\$ -</b>	<b>-%</b>	<b>\$ 3</b>	<b>-%</b>	<b>\$ 194</b>	
<b>Nine Months Ended September 30, 2023</b>										
Term Extension	\$ 115	0.3%	\$ -	-%	\$ -	-%	\$ 12	-(1)	\$ 127	
Payment Extension	3	-(1)	-	-%	-	-%	10	-(1)	13	
Interest Rate Reduction	7	-(1)	-	-%	-	-%	-	-%	7	
Interest Rate Reduction and Term Extension	53	0.2%	-	-%	-	-%	-	-%	53	
<b>Total</b>	<b>\$ 178</b>	<b>0.5%</b>	<b>\$ -</b>	<b>-%</b>	<b>\$ -</b>	<b>-%</b>	<b>\$ 22</b>	<b>-(1)</b>	<b>\$ 200</b>	

(1) Represents less than 0.10 percent of total loans by operating segment.

Accrued interest receivable related to loan modifications granted to borrowers experiencing financial difficulty within the last 12 months was \$2 million as of September 30, 2024.

The following table presents the financial effect of the modifications made to borrowers experiencing financial difficulty.

Financial Effect of Modifications Granted	For the Nine Months Ended September 30,	
	2024	2023
<b>Agribusiness Non-Guaranteed</b>		
Term Extension	Extended weighted average maturity by 17 months	Extended weighted average maturity by 9 months
Payment Extension	Extended weighted average payment terms by 11 months	Extended weighted average payment terms by 7 months
Interest Rate Reduction	None	Reduced weighted average interest rate by 20 bps
Interest Rate Reduction and Term Extension	Extended weighted average payment terms by 4 months and reduced weighted average interest rate by 27 bps	Extended weighted average payment terms by 12 months and reduced weighted average interest rate by 58 bps
<b>Agribusiness Guaranteed</b>	None	None
<b>Farm Credit Banking</b>	None	None
<b>Rural Infrastructure</b>		
Term Extension	None	Extended weighted average maturity by 7 months
Payment Extension	Extended weighted average payment terms by 24 months	Extended weighted average payment terms by 12 months

There were no loans that were previously reported as loan modifications granted to borrowers experiencing financial difficulty within the last 12 months that had a payment default as of September 30, 2024.

The following table presents the payment status of loans at amortized cost that were modified within the last 12 months as of September 30, 2024.

	Payment Status of Loans Modified				
	Agribusiness Non-Guaranteed	Agribusiness Guaranteed	Farm Credit Banking	Rural Infrastructure	Total
<b>September 30, 2024</b>					
30-89 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -
90 Days Past Due	-	-	-	-	-
<b>Total Past Due</b>	\$ -	\$ -	\$ -	\$ -	\$ -
Current	290	-	-	15	305
<b>Total</b>	\$ 290	\$ -	\$ -	\$ 15	\$ 305

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified within the last 12 months were \$114 million as of September 30, 2024.

## Note 4 – Investment Securities, Federal Funds Sold and Other Overnight Funds

A summary of the amortized cost and fair value of investment securities available-for-sale is as follows:

September 30, 2024	Amortized Cost	Gross Unrealized		Fair Value
		Gains	Losses	
U.S. Treasury Debt	\$ 15,916	\$ 115	\$ (281)	\$ 15,750
U.S. Agency Debt	2,576	44	(46)	2,574
Residential Mortgage-Backed Securities (MBS):				
Ginnie Mae	1,089	4	(127)	966
U.S. Agency	3,244	17	(70)	3,191
Commercial MBS:				
U.S. Agency	18,429	120	(565)	17,984
Corporate Bonds <sup>(1)</sup>	446	2	(7)	441
Asset-Backed and Other	211	3	(3)	211
<b>Total</b>	\$ 41,911	\$ 305	\$ (1,099)	\$ 41,117
<b>December 31, 2023</b>				
U.S. Treasury Debt	\$ 14,831	\$ 8	\$ (478)	\$ 14,361
U.S. Agency Debt	2,442	17	(77)	2,382
Residential MBS:				
Ginnie Mae	1,050	1	(153)	898
U.S. Agency	3,195	10	(101)	3,104
Commercial MBS:				
U.S. Agency	17,878	25	(846)	17,057
Corporate Bonds <sup>(1)</sup>	499	1	(18)	482
Asset-Backed and Other	62	-	(3)	59
<b>Total</b>	\$ 39,957	\$ 62	\$ (1,676)	\$ 38,343

<sup>(1)</sup> Amortized cost and fair value include ACL on investments of \$2 million and \$3 million at September 30, 2024 and December 31, 2023, respectively.

### Allowance for Credit Losses on Investment Securities

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 September 30, 2024 and December 31, 2023, our ACL on investment securities was \$2 million and

\$3 million, respectively. We recorded a credit loss reversal on our investment securities of \$1 million during the nine months ended September 30, 2024 that is included in the provision for credit losses in our condensed consolidated statement of income.

A summary of the contractual maturity, amortized cost, fair value and weighted average yield of investment securities by investment category at September 30, 2024 is as follows:

September 30, 2024	Contractual Maturity					Total
	In One Year or Less	One to Five Years	Five to Ten Years	After Ten Years		
<b>U.S. Treasury Debt Securities</b>						
Amortized Cost	\$ 3,916	\$ 9,276	\$ 2,724	\$ -	\$ -	\$ 15,916
Fair Value	3,891	9,080	2,779	-	-	15,750
Weighted Average Yield	3.33 %	3.04 %	3.99 %	- %	- %	3.27 %
<b>U.S. Agency Debt Securities</b>						
Amortized Cost	\$ 187	\$ 954	\$ 1,409	\$ 26	\$ -	\$ 2,576
Fair Value	185	929	1,435	25	-	2,574
Weighted Average Yield	3.33 %	2.56 %	4.08 %	3.31 %	- %	3.45 %
<b>Ginnie Mae Residential MBS</b>						
Amortized Cost	\$ -	\$ -	\$ -	\$ 1,089	\$ -	\$ 1,089
Fair Value	-	-	-	966	-	966
Weighted Average Yield	- %	- %	- %	2.21 %	- %	2.21 %
<b>U.S. Agency Residential MBS</b>						
Amortized Cost	\$ -	\$ 14	\$ 2,360	\$ 870	\$ -	\$ 3,244
Fair Value	-	14	2,331	846	-	3,191
Weighted Average Yield	- %	5.32 %	4.74 %	4.96 %	- %	4.80 %
<b>U.S. Agency Commercial MBS</b>						
Amortized Cost	\$ 99	\$ 6,172	\$ 11,988	\$ 170	\$ -	\$ 18,429
Fair Value	99	6,009	11,713	163	-	17,984
Weighted Average Yield	5.03 %	3.40 %	4.53 %	4.23 %	- %	4.15 %
<b>Corporate Bonds</b>						
Amortized Cost	\$ 58	\$ 353	\$ 35	\$ -	\$ -	\$ 446
Fair Value	58	349	34	-	-	441
Weighted Average Yield	3.82 %	4.10 %	4.18 %	- %	- %	4.07 %
<b>Asset-Backed and Other</b>						
Amortized Cost	\$ -	\$ 200	\$ -	\$ 11	\$ -	\$ 211
Fair Value	-	204	-	7	-	211
Weighted Average Yield	- %	4.86 %	- %	4.54 %	- %	4.84 %
<b>Total</b>						
Amortized Cost	\$ 4,260	\$ 16,969	\$ 18,516	\$ 2,166	\$ -	\$ 41,911
Fair Value	4,233	16,585	18,292	2,007	-	41,117
Weighted Average Yield	3.38 %	3.19 %	4.44 %	3.50 %	- %	3.78 %

While a large portion of our residential MBS have contractual maturities in excess of 10 years, expected maturities for these securities are shorter than contractual maturities because borrowers have the right to call or prepay obligations with or without penalties.

The following table shows the fair value and gross unrealized losses for investments in a loss position aggregated by investment category, and the length of time the securities have been in a continuous unrealized loss position at September 30, 2024 and December 31, 2023. The continuous loss position is based on the date the impairment first occurred.

	Less Than 12 Months		Greater Than 12 Months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>September 30, 2024</b>				
U.S. Treasury Debt	\$ 1,168	\$ (2)	\$ 7,184	\$ (279)
U.S. Agency Debt	19	-	1,320	(46)
Residential MBS:				
Ginnie Mae	-	-	706	(127)
U.S. Agency	384	(1)	1,754	(69)
Commercial MBS:				
U.S. Agency	521	(3)	11,151	(562)
Corporate Bonds	-	-	286	(7)
Asset-Backed and Other	50	-	9	(3)
<b>Total</b>	<b>\$ 2,142</b>	<b>\$ (6)</b>	<b>\$ 22,410</b>	<b>\$ (1,093)</b>
<b>December 31, 2023</b>				
U.S. Treasury Debt	\$ 1,493	\$ (7)	\$ 9,531	\$ (471)
U.S. Agency Debt	371	(1)	1,361	(76)
Residential MBS:				
Ginnie Mae	5	-	750	(153)
U.S. Agency	1,418	(11)	763	(90)
Commercial MBS:				
U.S. Agency	3,278	(23)	11,200	(823)
Corporate Bonds	5	-	441	(18)
Asset-Backed and Other	-	-	17	(3)
<b>Total</b>	<b>\$ 6,570</b>	<b>\$ (42)</b>	<b>\$ 24,063</b>	<b>\$ (1,634)</b>

As of September 30, 2024, we expect to collect all principal and interest payments on our investment securities, except for those included in our ACL on investments of \$2 million as more fully described on page 35. We do not intend to sell the securities in unrealized loss positions, nor is it likely that we will be required to sell such securities, for regulatory, liquidity or other purposes, before an anticipated recovery of our cost basis occurs.

### Federal Funds Sold and Other Overnight Funds

Federal funds sold transactions involve lending excess cash reserve balances on a short-term basis, generally overnight. Other overnight funds include deposits with commercial banks and reverse repurchase agreements with the Federal Reserve. In each of these transactions, funds are returned to the Bank the following day and earn interest overnight. Such investments are reported at fair value, which is generally their face value. We held \$1.2 billion and \$2.6 billion of overnight bank deposits and federal funds sold instruments at September 30, 2024 and December 31, 2023, respectively. In addition, we held \$1.8 billion and \$2.0 billion of reverse repurchase agreements at September 30, 2024 and December 31, 2023, respectively.

### Investment Sales

During the nine months ended September 30, 2024, we sold U.S. Treasury and U.S. Agency debt securities for total proceeds of \$35 million resulting in a gain of \$1 million. The investment sales were primarily for tax planning purposes.

During the nine months ended September 30, 2023, we sold U.S. Treasury debt securities for total proceeds of \$548 million to replace lower yielding investments with higher yielding investments. The resulting loss from the sales totaled \$7 million which was more than offset by higher net interest income.

## Note 5 – Bonds and Notes Payable

We are primarily liable for the following bonds and notes payable measured at amortized cost as of the respective periods.

	September 30, 2024	December 31, 2023
Bonds	\$ 170,577	\$ 164,536
Medium-term Notes	61	61
Discount Notes	9,546	10,766
Total Systemwide Debt Securities	180,184	175,363
Cash Investment Services Payable	1,358	2,338
Rural Utilities Service Bonds	875	825
Cash Collateral Payable to Derivative Counterparties	222	295
<b>Total Bonds and Notes</b>	<b>\$ 182,639</b>	<b>\$ 178,821</b>

We, along with the other System banks, obtain funds for lending activities and operations primarily from the sale of debt securities issued by System banks through the Funding Corporation. The debt securities are comprised of bonds, medium-term notes and discount notes, collectively referred to as Systemwide Debt Securities. Cash investment services payable relate to our customers and are generally short-term in nature and mature within one year. Rural Utilities Service (RUS) bonds relate to funding pursuant to a bond guarantee program offered by the RUS agency of the United States Department of Agriculture. The funding is provided under a bond purchase agreement with the Federal Financing Bank (FFB) and a bond guarantee agreement with the RUS, which provides guarantees to the FFB. The RUS bonds outstanding mature in 10-30 years.

The aggregate maturities and the weighted average interest rates of CoBank's Systemwide Debt Securities measured at amortized cost as of September 30, 2024 are shown in the following table. Weighted average interest rates include the effect of related interest rate swaps and other derivatives.

<b>Maturities and Rates of Systemwide Debt Securities</b>									
	<b>Bonds</b>			<b>Medium-term Notes</b>		<b>Discount Notes</b>		<b>Total</b>	
<b>Year of Maturity</b>	<b>Amount</b>	<b>Weighted Average Interest Rate</b>	<b>Amount</b>	<b>Weighted Average Interest Rate</b>	<b>Amount</b>	<b>Weighted Average Interest Rate</b>	<b>Amount</b>	<b>Weighted Average Interest Rate</b>	
Due in 1 year or less	\$ 64,081	4.41 %	\$ -	-	\$ 9,546	4.60 %	\$ 73,627	4.44 %	
Due after 1 year through 2 years	53,141	4.45	-	-	-	-	53,141	4.45	
Due after 2 year through 3 years	14,172	3.40	-	-	-	-	14,172	3.40	
Due after 3 year through 4 years	9,187	3.13	-	-	-	-	9,187	3.13	
Due after 4 year through 5 years	8,897	3.17	61	5.75	-	-	8,958	3.19	
Due after 5 years	21,099	2.97	-	-	-	-	21,099	2.97	
<b>Total</b>	<b>\$ 170,577</b>	<b>4.03 %</b>	<b>\$ 61</b>	<b>5.75 %</b>	<b>\$ 9,546</b>	<b>4.60 %</b>	<b>\$ 180,184</b>	<b>4.06 %</b>	

## Note 6 – Shareholders' Equity

On April 11, 2024, we issued \$300 million of Series L non-cumulative perpetual preferred stock. We used the net proceeds from the Series L preferred stock issuance to increase our regulatory capital pursuant to FCA regulations and for general corporate purposes. Dividends on the Series L preferred stock, if declared by the 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 the Bank's option quarterly beginning on or after July 1, 2029.

Changes in accumulated other comprehensive income (loss) for the nine months ended September 30, 2024 and 2023 are presented in the following table.

<b>Changes in Accumulated Other Comprehensive Income (Loss) by Component<sup>(1)</sup></b>					
	<b>Unrealized Gains (Losses) on Investment Securities</b>	<b>Unrealized Gains (Losses) on Interest Rate Swaps and Other Derivatives</b>	<b>Net Pension Adjustment</b>	<b>Total</b>	
<b>Balance at December 31, 2023</b>	\$ (1,466)	\$ -	\$ (58)	\$ (1,524)	
Other comprehensive income (loss) before reclassifications	745	(176)	-	569	
Amounts reclassified from accumulated other comprehensive income (loss) to net income	1	10	9	20	
Net current-period other comprehensive income (loss)	746	(166)	9	589	
<b>Balance at September 30, 2024</b>	<b>\$ (720)</b>	<b>\$ (166)</b>	<b>\$ (49)</b>	<b>\$ (935)</b>	
<b>Balance at January 1, 2023</b>	\$ (1,928)	\$ 64	\$ (63)	\$ (1,927)	
Cumulative effect of change in accounting principle <sup>(2)</sup>	5	-	-	5	
<b>Balance at January 1, 2023, as adjusted</b>	<b>\$ (1,923)</b>	<b>\$ 64</b>	<b>\$ (63)</b>	<b>\$ (1,922)</b>	
Other comprehensive income before reclassifications	(285)	66	-	(219)	
Amounts reclassified from accumulated other comprehensive income (loss) to net income	7	3	1	11	
Net current-period other comprehensive income	(278)	69	1	(208)	
<b>Balance at September 30, 2023</b>	<b>\$ (2,201)</b>	<b>\$ 133</b>	<b>\$ (62)</b>	<b>\$ (2,130)</b>	

<sup>(1)</sup> Amounts are presented net of tax. Amounts reclassified shown in parentheses indicate a decrease in accumulated other comprehensive income or an increase in accumulated other comprehensive loss.

<sup>(2)</sup> Effective January 1, 2023, we adopted the CECL accounting standard pursuant to ASU "Financial Instruments - Credit Losses (Topic 326)".

The following table presents the effect of reclassifications from accumulated other comprehensive income (loss) to net income for the nine months ended September 30, 2024 and 2023.

<b>Reclassifications from Accumulated Other Comprehensive Income (Loss) to Net Income</b>		
Location of Gain (Loss) Recognized in Income Statement	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)	
	2024	2023
<b>For the Nine Months Ended September 30,</b>		
<b>Unrealized Gains (Losses) on Available-For-Sale Investment Securities:</b>		
Sales Gains and Losses	Noninterest Income - Other, Net	\$ (1) \$ (7)
<b>Unrealized Gains (Losses) on Interest Rate Swaps and Other Derivatives:</b>		
Interest Rate Contracts	Interest Expense	(10) (5)
Foreign Exchange Contracts	Interest Income	- 2
<b>Pension and Other Benefit Plans:</b>		
Net Actuarial Loss	Operating Expenses - Employee Compensation	(12) (1)
Tax Effect	Provision for Income Taxes	3 -
<b>Total Reclassifications</b>	<b>\$</b>	<b>(20) \$ (11)</b>

## Note 7 – Derivatives and Hedging Activities

### Risk Management Objectives and Strategies

We maintain an overall interest rate risk management strategy that incorporates the use of interest rate swaps and other derivatives to manage liquidity risk, market risk and to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. Our goal is to manage interest rate sensitivity by modifying the repricing frequency or effective maturity of certain balance sheet assets and liabilities. We also maintain a foreign exchange risk management strategy to reduce the impact of currency fluctuations on our relatively nominal amount of foreign currency-denominated loans. As a result of interest rate and foreign exchange rate fluctuations, fixed-rate assets and liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation is expected to be substantially offset by gains and losses on the derivative instruments that are linked to these assets and liabilities. Interest rate and foreign exchange fluctuations also cause interest income and interest expense of variable-rate assets and liabilities to increase or decrease. The effect of this variability in earnings is expected to be substantially offset by gains and losses on the derivative instruments that are linked to these assets and liabilities.

### Uses of Derivatives

To achieve risk management objectives and satisfy the financing needs of our borrowers, we execute various derivative transactions with other financial institutions. Derivatives (primarily interest rate swaps) are used to manage liquidity and the interest rate risk arising from maturity and repricing mismatches between assets and liabilities. Under interest rate swap arrangements, we agree with a counterparty to exchange, at specified intervals, payment streams calculated on a specified notional amount, with at least one payment stream based on a specified floating-rate index. We use a variety of interest rate swaps including the exchange of floating-rate for fixed-rate swaps, fixed-rate for floating-rate swaps and floating-rate for floating-rate swaps with payment obligations tied to specific indices. In the course of managing risk in our investment and loan portfolios, we also periodically hedge cap and floor risk embedded within our floating-rate investments and loans by entering into derivative transactions. In addition, we execute foreign exchange spot and forward contracts to manage currency risk on loans denominated in foreign currencies. We also enter into derivatives for our customers as a service to enable them to transfer, modify or reduce their interest rate risk and foreign exchange risk by transferring such risk to us. We substantially offset this risk transference by concurrently entering into offsetting agreements with counterparties.



The notional amounts and related activity of derivatives at September 30, 2024 and 2023 and related activity for the nine months ended September 30, 2024 and 2023 are shown in the following table.

<b>Activity in the Notional Amounts of Derivatives</b>					
	<b>Swaps</b>	<b>Caps / Floors</b>	<b>Spots / Forwards</b>	<b>Total</b>	
<b>December 31, 2023</b>	\$ 73,575	\$ 3,252	\$ 47	\$	<b>76,874</b>
Additions / Accretion	112,373	950	1,139		114,462
Maturities / Amortization	(93,801)	(712)	(1,122)		(95,635)
Terminations	(2,050)	-	-		(2,050)
<b>September 30, 2024</b>	\$ 90,097	\$ 3,490	\$ 64	\$	<b>93,651</b>
<b>December 31, 2022</b>	\$ 78,075	\$ 3,825	\$ 145	\$	<b>82,045</b>
Additions / Accretion	131,677	708	1,138		133,523
Maturities / Amortization	(133,882)	(1,297)	(1,244)		(136,423)
Terminations	(1,729)	(20)	-		(1,749)
<b>September 30, 2023</b>	\$ 74,141	\$ 3,216	\$ 39	\$	<b>77,396</b>

### Accounting for Derivative Instruments and Hedging Activities

We record derivatives as assets or liabilities at their fair value on the condensed consolidated balance sheets. We record changes in the fair value of a derivative in current period earnings or accumulated other comprehensive income (loss), depending on the use of the derivative and whether it qualifies for hedge accounting. Further information regarding our accounting policies for derivatives is provided in Note 1 (“Description of Business and Summary of Significant Accounting Policies”) under the heading “Derivatives and Hedging Activities” of our 2023 Annual Report to Shareholders. Our derivative strategies and related risk management objectives are described in Note 10 (“Derivatives and Hedging Activities”) of our 2023 Annual Report to Shareholders.

#### Fair Value Hedges

The majority of the fair value hedging activity relates to entering into interest rate swaps primarily to convert our non-prepayable fixed-rate debt to floating-rate debt to achieve our liquidity management strategy. The amount converted depends on contractual interest rates and maturities. For the remaining fair value hedges, we enter into receive fixed, pay floating swaps for our equity positioning strategy. For fair value hedges, the amount of hedge ineffectiveness is recognized as net interest income in current period earnings.

#### Cash Flow Hedges

Our cash flow hedges include interest rate caps and interest rate floors to hedge cap and floor risk embedded within a portion of our floating-rate investment securities and loans. Interest rate caps and floors are an integral part of our interest rate hedging strategies. The interest rate caps hedge floating-rate debt cash flows that fund the cash flows from floating-rate investment securities. If the strike rates in the purchased interest rate caps are exceeded, we receive cash flows on the derivative to hedge our floating-rate funding exposure above such strike levels. The interest rate floors hedge cash flows from floating-rate loans. If market index rates underlying our floating-rate loans decline below strike levels, we receive cash flows on the derivative. We also enter into foreign exchange spot and forward contracts to manage currency risk on loans denominated in foreign currencies. Typically, foreign currency contracts are purchased to fund the principal cash flows of the loan and simultaneously sold to lock in the principal and interest cash flows upon repricing or maturity date of the loan. Cash flow hedges also include pay fixed interest rate swaps that convert certain of our floating-rate debt to fixed rate to manage re-pricing intervals and lower funding costs. For cash flow hedges, the amount excluded from effectiveness assessment and the amounts reclassified from accumulated other comprehensive income (loss) into current period earnings are all reflected in net interest income. For cash flow hedges in which the forecasted

transaction is not probable of occurring, the amounts reclassified from accumulated other comprehensive income (loss) are reflected in current period earnings. At September 30, 2024, we expect that \$12 million of expense will be reclassified from accumulated other comprehensive income (loss) into earnings in the next 12 months, based on the anticipated cash flows of existing financial instruments. The significant majority of our cash flow hedges are of exposure to the variability of cash flows for a period of 13 years or less. The maximum term over which we are hedging our exposure to the variability of future cash flows for all forecasted transactions is approximately 29 years.

### **Derivatives Not Designated As Hedges**

Derivative agreements with our customers and the related offsetting derivative agreements with counterparties as well as our short-term interest rate swaps indexed to Secured Overnight Financing Rate (SOFR) under our basis risk management strategy and certain other derivatives are not designated as hedging instruments and do not receive hedge accounting treatment. Accordingly, any changes in the fair value of customer related derivatives are recognized immediately as noninterest income/expense in current period earnings. Changes in the fair value of short-term SOFR interest rate swaps and certain other derivatives are recognized immediately as interest expense in current period earnings.

### **Counterparty Credit Risk**

The use of derivatives for risk management introduces credit risk related to customers and counterparties. Generally, when the fair value of a derivative contract is positive, we are exposed to credit risk. When the fair value of a derivative contract is negative, the counterparty is exposed to us.

Derivative transactions with our customers are typically secured through our loan agreements. We record a credit valuation adjustment to the fair value estimate of derivative assets with our customers to incorporate the impact of nonperformance risk, including credit risk. As of September 30, 2024 and December 31, 2023 the notional amount of derivatives with our customers totaled \$17.6 billion and \$14.4 billion, respectively.

CoBank is subject to regulations requiring certain derivative transactions to be cleared through a central clearinghouse and traded on regulated swap execution facilities, with exceptions for certain qualifying swaps entered into by end-users and financial cooperatives. As a result, certain of our derivative transactions are cleared through a futures commission merchant (FCM) with a clearinghouse or central counterparty (CCP). When these swaps are cleared, a single bilateral swap is divided into two separate swaps with the CCP becoming the counterparty to both of the initial parties to the swap. FCMs prequalify counterparties to all cleared swaps, set exposure limits for each counterparty and collect initial margin and variation margin or settlement payments daily for changes in the value of cleared derivatives, which protect against credit risk in the event of a counterparty default. As of September 30, 2024 and December 31, 2023, the notional amount of our cleared derivatives was \$62.1 billion and \$51.8 billion, respectively. Initial margin and settlement payments totaling \$336 million and \$22 million, respectively, were held by our CCP for our cleared derivatives as of September 30, 2024 and \$205 million and \$23 million, respectively, as of December 31, 2023.

Our remaining non-customer derivatives are transacted with derivative counterparties and governed by master swap agreements, which include bilateral collateral arrangements, requiring the Bank or our counterparties to post collateral on a daily basis with thresholds set at zero for all active counterparties. The master swap agreements also include netting agreements requiring the net settlement of covered contracts with the same counterparty in the event of default by the other party. The “net” mark-to-market exposure represents the netting of the positive and negative exposures with that counterparty. Notwithstanding these protections, we are exposed to credit risk with these counterparties due to the timing of daily margining activities. As of September 30, 2024 and December 31, 2023, the notional amount of derivatives with our non-customer counterparties, excluding cleared derivatives, totaled \$13.9 billion and \$10.7 billion, respectively.

We record derivative exposures and related balances at gross amounts in our condensed consolidated balance sheets. Pursuant to our master swap agreements, as of September 30, 2024 and December 31, 2023 our non-customer counterparties posted \$222 million and \$295 million, respectively, in cash as collateral with us.

At September 30, 2024 and December 31, 2023, the net fair value of our derivatives to all of our dealer counterparties was a net asset and was offset by the collateral we received from our dealer counterparties. The amount of losses related to derivatives we are exposed to in the event of nonperformance by dealer counterparties to our derivative positions is mitigated by collateral held by us.

## Hedge Terminations

We terminated interest rate swaps with customers and offsetting dealer counterparties totaling notional value of \$2.1 billion and \$1.7 billion during the nine months ended September 30, 2024 and 2023, respectively. Proceeds from the customer terminations were offset by payments for the offsetting dealer terminations.

A summary of the impact of interest rate swaps and other derivatives on our condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023 is shown in the following tables.

<b>Fair Value of Derivatives</b>				
	<b>September 30, 2024</b>		<b>December 31, 2023</b>	
<b>Fair Value of Derivatives</b>	<b>Derivative Assets<sup>(1)</sup></b>	<b>Derivative Liabilities<sup>(2)</sup></b>	<b>Derivative Assets<sup>(1)</sup></b>	<b>Derivative Liabilities<sup>(2)</sup></b>
<b>Derivatives Designated as Hedging Instruments</b>				
Interest Rate Contracts	\$ 224	\$ 252	\$ 155	\$ 221
Foreign Exchange Contracts	-	-	-	-
Total Derivatives Designated as Hedging Instruments	\$ 224	\$ 252	\$ 155	\$ 221
<b>Derivatives Not Designated as Hedging Instruments</b>				
Interest Rate Contracts	\$ 547	\$ 479	\$ 680	\$ 612
Foreign Exchange Contracts	-	-	-	-
Total Derivatives Not Designated as Hedging Instruments	\$ 547	\$ 479	\$ 680	\$ 612
Settlement Payments	\$ (22)	\$ -	\$ (23)	\$ -
<b>Total Derivatives</b>	<b>\$ 749</b>	<b>\$ 731</b>	<b>\$ 812</b>	<b>\$ 833</b>

<sup>(1)</sup> These assets make up the interest rate swaps and other derivatives in the condensed consolidated balance sheets.

<sup>(2)</sup> These liabilities make up the interest rate swaps and other derivatives in the condensed consolidated balance sheets.

A summary of the impact of interest rate swaps and other derivatives on our condensed consolidated statements of income and comprehensive income for the for the nine months ended September 30, 2024 and 2023 is shown in the following tables.

<b>Effect of Fair Value and Cash Flow Hedge Accounting on the Condensed Consolidated Statement of Income</b>						
	<b>Interest Income Loans</b>	<b>Interest Income Investments<sup>(1)</sup></b>	<b>Total Interest Income</b>	<b>Interest Expense</b>	<b>Net Interest Income</b>	
<b>For the Nine Months Ended September 30, 2024</b>						
Total Amount of Line Items Presented in Condensed Consolidated Statement of Income	\$ 6,158	\$ 1,213	\$ 7,371	\$ (5,940)	\$ 1,431	
<b>Gain (Loss) on Fair Value Hedge Relationships:</b>						
<b>Interest Rate Contracts:</b>						
Recognized on Derivatives	\$ -	\$ -	\$ -	\$ 225	\$ 225	
Recognized on Hedged Items	-	-	-	(227)	(227)	
<b>Net Income Recognized on Fair Value Hedges</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2)</b>	<b>\$ (2)</b>	
<b>Gain (Loss) on Cash Flow Hedge Relationships:</b>						
<b>Interest Rate Contracts:</b>						
Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss)	\$ (1)	\$ -	\$ (1)	\$ (9)	\$ (10)	
<b>Foreign Exchange Contracts:</b>						
Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss)	-	-	-	-	-	
Amount Excluded from Effectiveness Testing Recognized in Earnings Based on an Amortization Approach	-	-	-	-	-	
<b>Net Income (Expense) Recognized on Cash Flow Hedges</b>	<b>\$ (1)</b>	<b>\$ -</b>	<b>\$ (1)</b>	<b>\$ (9)</b>	<b>\$ (10)</b>	
<b>Net Income (Expense) Recognized on Fair Value and Cash Flow Hedges</b>	<b>\$ (1)</b>	<b>\$ -</b>	<b>\$ (1)</b>	<b>\$ (11)</b>	<b>\$ (12)</b>	
<b>For the Nine Months Ended September 30, 2023</b>						
Total Amount of Line Items Presented in Condensed Consolidated Statement of Income	\$ 5,297	\$ 1,244	\$ 6,541	\$ (5,170)	\$ 1,371	
<b>Gain (Loss) on Fair Value Hedge Relationships:</b>						
<b>Interest Rate Contracts:</b>						
Recognized on Derivatives	\$ -	\$ -	\$ -	\$ 160	\$ 160	
Recognized on Hedged Items	-	-	-	(157)	(157)	
<b>Net Income Recognized on Fair Value Hedges</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3</b>	<b>\$ 3</b>	
<b>Gain (Loss) on Cash Flow Hedge Relationships:</b>						
<b>Interest Rate Contracts:</b>						
Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss)	\$ 2	\$ -	\$ 2	\$ (9)	\$ (7)	
<b>Foreign Exchange Contracts:</b>						
Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss) <sup>(2)</sup>	1	-	1	-	1	
Amount Excluded from Effectiveness Testing Recognized in Earnings Based on an Amortization Approach	1	-	1	-	1	
<b>Net Income (Expense) Recognized on Cash Flow Hedges</b>	<b>\$ 4</b>	<b>\$ -</b>	<b>\$ 4</b>	<b>\$ (9)</b>	<b>\$ (5)</b>	
<b>Net Income (Expense) Recognized on Fair Value and Cash Flow Hedges</b>	<b>\$ 4</b>	<b>\$ -</b>	<b>\$ 4</b>	<b>\$ (6)</b>	<b>\$ (2)</b>	

<sup>(1)</sup> Includes interest income on investment securities, federal funds sold and other overnight funds.

<sup>(2)</sup> Fully offset by a \$1 million loss on foreign currency denominated loans (hedged items) which is also located in Interest Income - Loans in the condensed consolidated statements of income for the nine months ended September 30, 2023.

### Effect of Cash Flow Hedge Accounting on the Condensed Consolidated Balance Sheets

For the Nine Months Ended September 30,	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Income (Loss) on Derivatives	
	2024	2023
Interest Rate Contracts	\$ (188)	\$ 66
Foreign Exchange Contracts	-	2
<b>Total</b>	<b>\$ (188)</b>	<b>\$ 68</b>

### Effect of Derivatives not Designated as Hedging Relationships on the Condensed Consolidated Statements of Income

For the Nine Months Ended September 30,	Net Amount of Gain or (Loss) Recognized	
	2024	2023
Interest Rate Contracts <sup>(1)</sup>	\$ (1)	\$ (1)
Foreign Exchange Contracts	-	-
<b>Total</b>	<b>\$ (1)</b>	<b>\$ (1)</b>

<sup>(1)</sup> Includes a \$1 million loss on short-term derivatives indexed to SOFR and recognized in interest expense for the nine months ended September 30, 2024 and 2023, respectively, and a less than \$1 million loss and a less than \$1 million gain on derivatives with customers and related offsetting derivatives with counterparties including credit valuation adjustments and recognized in noninterest income / expense for the nine months ended September 30, 2024 and 2023, respectively.

A summary of the cumulative basis adjustment for fair value hedging relationships included in the carrying amount of hedged liabilities as of September 30, 2024 and December 31, 2023 is shown in the following table.

### Derivatives in Fair Value Hedging Relationships

Bonds and Notes	September 30, 2024	December 31, 2023
Carrying Amount of Hedged Liabilities	\$ 23,482	\$ 28,954
Cumulative Basis Adjustment Included in Carrying Amount of Hedged Liabilities:		
Hedged Items Currently Designated	121	(106)
Hedged Items No Longer Designated	(5)	(13)

### Asset/Liability Offsetting

As noted previously, derivative transactions with swap dealers include bilateral collateral and netting agreements that require the net settlement of covered contracts. Derivative transactions with customers are collateralized through loan agreements. Notwithstanding collateral and netting provisions, our derivative assets and liabilities are not offset in the accompanying condensed consolidated balance sheets. The amount of collateral received or pledged is calculated on a net basis, by counterparty.

The following tables summarize derivative assets and liabilities, related accrued interest and amounts of collateral exchanged pursuant to our agreements.

### Offsetting of Derivatives and Collateral

	Gross Amounts of Assets/ Liabilities Presented in the Condensed Consolidated Balance Sheets	Amounts Not Offset In the Condensed Consolidated Balance Sheets		
		Cash Collateral Received/Pledged <sup>(1)</sup>	Investment Securities Received/Pledged as Collateral <sup>(1)</sup>	Net Amount
<b>As of September 30, 2024</b>				
Assets:				
Interest Rate Swaps and Other Derivatives:				
Dealer	\$ 233	\$ (222)	\$ -	\$ 11
Customer	135	-	-	135
Clearinghouse	381	-	-	381
Accrued Interest Receivable on Derivative Contracts	39	-	-	39
Liabilities:				
Interest Rate Swaps and Other Derivatives:				
Dealer	27	-	-	27
Customer	368	-	-	368
Clearinghouse	336	-	(336)	- <sup>(2)</sup>
Accrued Interest Payable on Derivative Contracts	81	-	-	81
<b>As of December 31, 2023</b>				
Assets:				
Interest Rate Swaps and Other Derivatives:				
Dealer	\$ 351	\$ (295)	\$ (71)	\$ - <sup>(2)</sup>
Customer	80	-	-	80
Clearinghouse	381	-	-	381
Accrued Interest Receivable on Derivative Contracts	35	-	-	35
Liabilities:				
Interest Rate Swaps and Other Derivatives:				
Dealer	8	-	-	8
Customer	545	-	-	545
Clearinghouse	280	-	(205)	75
Accrued Interest Payable on Derivative Contracts	128	-	-	128

<sup>(1)</sup> Cash collateral received/pledged is recognized in the condensed consolidated balance sheets whereas investment securities received are not.

<sup>(2)</sup> Cash and investment securities received as collateral fully offset the related gross asset and gross liability in the condensed consolidated balance sheets.

## Note 8 – Fair Value Measurements

The fair value of financial instruments represents the estimated amount to be received to sell an asset or paid to transfer or extinguish a liability (an exit price) in active markets among willing participants at the reporting date. Information regarding our accounting policies for determining fair value is provided in Note 1 (“Description of Business and Summary of Significant Accounting Policies”) under the heading “Fair Value Measurements” and in Note 11 (“Disclosure About Estimated Fair Value of Financial Instruments”) of our 2023 Annual Report to Shareholders.

A description of the methods, assumptions and inputs to the valuation process used to determine or estimate the fair value of each class of financial instruments within the three-level hierarchy follows.

### Level 1

Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Our Level 1 assets at September 30, 2024 consist of assets held in a trust fund related to deferred compensation and nonqualified retirement plans. The trust fund includes investments in securities that are actively traded and have quoted net asset value prices that are directly observable in the marketplace.

### Level 2

Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices in markets that are not active; and inputs that are observable, or can be corroborated, for substantially the full term of the asset or liability. Our Level 2 assets and liabilities at September 30, 2024 include our derivative contracts, collateral balances related to derivative contracts, federal funds sold and other overnight funds, U.S. Treasury and agency debt investment securities, Ginnie Mae MBS, corporate bonds, and the substantial majority of agency MBS and asset-backed securities (ABS).

The following table presents information about valuation techniques and inputs to Level 2 fair value measurements.

<b>Information About Valuation Techniques and Inputs to Level 2 Fair Value Measurements</b>		
<b>Level 2 Asset</b>	<b>Valuation Technique</b>	<b>Inputs</b>
Federal Funds Sold and Other Overnight Funds	Carrying Value	Par/Principal Plus Accrued Interest
Investment Securities	Third-Party Pricing Service	Prepayment Rate Lifetime Default Rate Loss Severity Benchmark Yield Curve Quoted Prices
Interest Rate Swaps and Other Derivatives	Discounted Cash Flow	Benchmark Yield Curve Counterparty Credit Risk Volatility
Collateral Assets and Collateral Liabilities	Carrying Value	Par/Principal Plus Accrued Interest

### Level 3

Level 3 inputs are unobservable and supported by limited or no market activity. Our Level 3 assets at September 30, 2024 include a small portion of agency MBS and ABS. Based on the lack of active trading volume and an orderly market for these securities, we classified these securities as Level 3. Fair value for Level 3 agency MBS is estimated through a third-party pricing service that uses valuation models to estimate current market prices. Fair value for a small portion of our Level 3 ABS is calculated internally using third-party models. Inputs into all of these valuation models include underlying collateral data and projected losses as well as information for prepayment speeds and discounting spreads. Due to the lack of marketplace information, the inputs into these valuation models primarily represent management assumptions, with some corroboration to market inputs where information is available.

Level 3 assets at September 30, 2024 also include \$211 million of loans originally measured at cost, which were written down to fair value as a result of impairment. The valuation of these assets is based on either the fair value of the underlying collateral, if the loan is collateral dependent, or the present value of expected future cash flows. Such valuations may include the use of independent appraisals or other market-based information to develop a management estimate of fair value. As a result, these fair value measurements fall under Level 3 in the fair value hierarchy; however, they are excluded from the 'Assets and Liabilities Measured at Fair Value on

a Recurring Basis' tables in the "Assets and Liabilities Measured at Fair Value on a Recurring Basis" section because they are not measured on a recurring basis.

Our Level 3 liabilities at September 30, 2024 include standby letters of credit whose market value is internally calculated based on information that is not observable either directly or indirectly in the marketplace.

No transfers into or out of Level 3 assets or liabilities occurred in 2024 and 2023.

The following table presents quantitative information about Level 3 fair value measurements as of September 30, 2024.

<b>Quantitative Information About Valuation Techniques and Unobservable Inputs to Level 3 Fair Value Measurements</b>				
	<b>Fair Value</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Range (Weighted Average)</b>
<b>Assets</b>				
Investment Securities:				
U.S. Agency MBS	\$ 45	Third-Party Pricing Service	Prepayment Rate	*
			Lifetime Default Rate	*
			Loss Severity	*
Other (included in Asset-Backed)	9	Discounted Cash Flow	Prepayment Rate	0% (0%)
Nonperforming Loans	211	Appraisal / Discounted Cash Flow	Income/Expense Data	**
			Comparable Sales	**
			Replacement Cost	**
<b>Liabilities</b>				
Standby Letters of Credit	\$ 18	Discounted Cash Flow	Mark-to-Market Spread	0.1-1.7 (1.0%)
* Excludes ranges which are determined by a third-party pricing service.				
** Range of inputs are unique to each collateral property.				



## Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents the assets and liabilities that are measured at fair value on a recurring basis at September 30, 2024 and December 31, 2023 for each of the fair value hierarchy levels.

Assets and Liabilities Measured at Fair Value on a Recurring Basis									
	September 30, 2024				December 31, 2023				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
<b>Assets</b>									
Federal Funds Sold and Other Overnight Funds	\$ -	\$ 3,025	\$ -	\$ 3,025	\$ -	\$ 4,615	\$ -	\$ 4,615	
Investment Securities:									
U.S. Treasury Debt	-	15,750	-	15,750	-	14,361	-	14,361	
U.S. Agency Debt	-	2,574	-	2,574	-	2,382	-	2,382	
Residential MBS:									
Ginnie Mae	-	966	-	966	-	898	-	898	
U.S. Agency	-	3,146	45	3,191	-	3,055	49	3,104	
Commercial MBS:									
U.S. Agency	-	17,984	-	17,984	-	17,057	-	17,057	
Corporate Bonds	-	441	-	441	-	482	-	482	
Asset-Backed and Other	-	202	9	211	-	41	18	59	
Interest Rate Swaps and Other Derivatives	-	749	-	749	-	812	-	812	
Assets Held in Trust (included in Other Assets)	140	-	-	140	121	-	-	121	
<b>Total Assets</b>	<b>\$ 140</b>	<b>\$ 44,837</b>	<b>\$ 54</b>	<b>\$ 45,031</b>	<b>\$ 121</b>	<b>\$ 43,703</b>	<b>\$ 67</b>	<b>\$ 43,891</b>	
<b>Liabilities</b>									
Interest Rate Swaps and Other Derivatives	\$ -	\$ 731	\$ -	\$ 731	\$ -	\$ 833	\$ -	\$ 833	
Collateral Liabilities (included in Bonds and Notes)	-	222	-	222	-	295	-	295	
Standby Letters of Credit (included in Other Liabilities)	-	-	18	18	-	-	16	16	
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 953</b>	<b>\$ 18</b>	<b>\$ 971</b>	<b>\$ -</b>	<b>\$ 1,128</b>	<b>\$ 16</b>	<b>\$ 1,144</b>	

The following table presents the changes in Level 3 assets and liabilities measured at fair value on a recurring basis.

<b>Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis</b>					
	<b>U.S. Agency Residential MBS</b>		<b>Asset-Backed Securities and Other</b>		<b>Standby Letters of Credit</b>
<b>Balance at December 31, 2023</b>	\$	49	\$	18	\$ 16
Total Gains or Losses (Realized/Unrealized)					
Included in Other Comprehensive Income		2		-	-
Purchases		-		2	-
Issuances		-		-	15
Settlements		(6)		(11)	(13)
<b>Balance at September 30, 2024</b>	\$	45	\$	9	\$ 18
<b>Balance at December 31, 2022</b>	\$	58	\$	25	\$ 17
Total Gains or Losses (Realized/Unrealized)					
Included in Other Comprehensive Income		-		-	-
Purchases		-		10	-
Issuances		-		-	12
Settlements		(7)		(19)	(13)
<b>Balance at September 30, 2023</b>	\$	51	\$	16	\$ 16

### Estimated Fair Value of Certain Other Financial Instruments

The following table presents the estimated fair value of financial instruments that are recorded in the condensed consolidated balance sheets at cost, as well as certain off-balance sheet financial instruments, as of September 30, 2024 and December 31, 2023.

	<b>September 30, 2024</b>			<b>December 31, 2023</b>		
	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>	<b>Fair Value Hierarchy</b>	<b>Carrying Amount</b>	<b>Estimated Fair Value</b>	<b>Fair Value Hierarchy</b>
<b>Financial Assets:</b>						
Net Loans	\$ 151,606	\$ 149,802	Level 3	\$ 147,285	\$ 143,546	Level 3
<b>Financial Liabilities:</b>						
Bonds and Notes	\$ 182,639	\$ 180,448	Level 3	\$ 178,821	\$ 175,023	Level 3
<b>Off-Balance Sheet Financial Instruments:</b>						
Commitments to Extend Credit	\$ -	\$ (170)	Level 3	\$ -	\$ (166)	Level 3

### Note 9 – Employee Benefit Plans and Incentive Compensation Plans

We have employer-funded, qualified defined benefit pension plans, which are noncontributory and cover employees hired prior to January 1, 2007. We also have noncontributory, unfunded nonqualified supplemental executive retirement plans covering certain senior officers and specified other senior managers, as well as a noncontributory, unfunded nonqualified executive retirement plan covering certain former senior officers. We have a 401(k) retirement savings plan pursuant to which we match a certain percentage of employees' elective contributions. In addition, under this plan, employees hired on or after January 1, 2007 receive additional, non-elective employer defined contributions. For eligible senior managers, including our senior officers, we also have a nonqualified deferred compensation plan, which includes benefits not provided under the employee savings plan due to certain Internal Revenue Code limitations.

During 2024, CoBank began the process to terminate one of its employer-funded, qualified defined benefit pension plans, which covered a small number of former and active employees of its Farm Credit Leasing subsidiary who were participants in this plan (the “Plan”). There were no changes to participants' benefits as a result of the Plan termination. In July 2024, CoBank signed a nonparticipating annuity contract and transferred the Plan's accumulated benefits liability to a third-party insurance company, who will make benefit payments to participants in the Plan going forward. The premium payment for the annuity contract was funded by assets in the Plan. Remaining assets in the Plan will be used to pay administrative and other termination expenses. CoBank recorded a one-time employee compensation expense of \$12 million in the third quarter of 2024 to write-off actuarial losses previously deferred in accumulated other comprehensive loss related to this terminated Plan.

All retirement-eligible employees are also currently eligible for other postretirement benefits, which primarily include access to health care benefits. Substantially all participants pay the full premiums associated with these other postretirement health care benefits. Participant contributions are adjusted annually.

We contributed \$2 million to our funded qualified defined benefit pension plans during the nine months ended September 30, 2024, and anticipate that we will contribute approximately \$1 million more to such plans during the remainder of 2024. We do not expect to contribute to our other postretirement benefit plans in 2024. We have not made any contributions to our trust funds related to our nonqualified retirement plans during the nine months ended September 30, 2024. Our actual contributions could differ from the estimates noted above.

## **Note 10 – Commitments and Contingent Liabilities**

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At September 30, 2024, outstanding commitments to extend credit and commercial letters of credit were \$46.7 billion and \$39 million, respectively.

Under the Farm Credit Act, we are primarily liable for the portion of outstanding Systemwide Debt Securities issued by CoBank. We are also contingently liable, as defined in statutory joint and several liability provisions, for the outstanding Systemwide Debt Securities issued by the other System banks. Total Systemwide Debt Securities of the System were \$431.9 billion at September 30, 2024.

There are several mechanisms in place affecting exposure to statutory joint and several liabilities. System banks are statutorily required to maintain eligible, unencumbered assets at a level at least equal in value to the total amount of debt for which such System bank is primarily liable. In addition, in the event of a default by a System bank, the Farm Credit Insurance Fund (Insurance Fund) would be required to make timely payment of principal and interest on Systemwide Debt Securities, to the extent that net assets are available in the Insurance Fund, before the joint and several liability of the System banks would be triggered. At September 30, 2024, the aggregated assets of the Insurance Fund totaled \$7.8 billion. Finally, System banks must maintain certain financial criteria in order to participate in Systemwide debt issuances. If these criteria are not met, a troubled System bank's access to and participation in Systemwide debt issuances could be limited or denied.

On at least a quarterly basis, we assess our liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. For those matters where it is probable that we will incur a loss, and the amount of the loss can be reasonably estimated, we record a liability in our condensed consolidated financial statements. For other matters, where a loss is not probable or the amount of the loss is not estimable, we will not accrue legal reserves.

We are involved in various judicial, regulatory and arbitration proceedings concerning matters arising in connection with our business. While the outcome of such proceedings is inherently uncertain, based on information currently available, advice of legal counsel and available insurance coverage, we believe that the liabilities, if any, arising from such proceedings will not have a material adverse effect on our condensed

consolidated financial position, results of operations or cash flows. However, in the event of unexpected future developments, it is possible that the ultimate resolution of these matters, if unfavorable, may be material to the Bank's condensed consolidated financial position, results of operations or cash flows.

## Note 11 – Segment Financial Information

We conduct our lending operations through three operating segments: Agribusiness, Farm Credit Banking and Rural Infrastructure.

The accompanying tables present condensed disaggregated information for the segments. Allocations of resources and corporate items, as well as measurement of financial performance, are made at these operating segment levels. All customer activity, including loans and leases and related income, is specifically assigned to the business units that make up the operating segments. Investment securities and federal funds sold and other overnight funds, which are primarily held as a liquidity reserve to support our banking operations, are not specifically assigned to operating segments; however, the income from investment securities and federal funds sold and other overnight funds is attributed to the operating segments. Intersegment transactions are generally insignificant and significant amounts are eliminated upon consolidation.

We do not hold significant assets in any foreign country. Substantially all of our agricultural export finance loans are U.S. dollar-denominated and 28 percent of these loans are guaranteed by the U.S. government.

For the nine months ended September 30, 2024 and 2023, no commercial loan customer made up 10 percent or more of our gross or net interest income.

<b>Segment Financial Information</b>					
	<b>Agribusiness</b>	<b>Farm Credit Banking</b>	<b>Rural Infrastructure</b>	<b>Total CoBank</b>	
<b>For the Three Months Ended September 30, 2024</b>					
<b>Results of Operations</b>					
Net Interest Income	\$ 219	\$ 82	\$ 177	\$	478
Provision for Credit Losses	9	-	20		29
Noninterest Income	58	3	53		114
Operating Expenses	96	12	50		158
Provision for Income Taxes	7	-	17		24
<b>Net Income</b>	<b>\$ 165</b>	<b>\$ 73</b>	<b>\$ 143</b>	<b>\$</b>	<b>381</b>
<b>For the Three Months Ended September 30, 2023</b>					
<b>Results of Operations</b>					
Net Interest Income	\$ 212	\$ 89	\$ 155	\$	456
(Credit Loss Reversal) Provision for Credit Losses	(14)	-	22		8
Noninterest Income	60	-	47		107
Operating Expenses	83	13	46		142
Provision for Income Taxes	17	-	16		33
<b>Net Income</b>	<b>\$ 186</b>	<b>\$ 76</b>	<b>\$ 118</b>	<b>\$</b>	<b>380</b>

**Segment Financial Information (Continued)**

	Agribusiness	Farm Credit Banking	Rural Infrastructure	Total CoBank
<b>For the Nine Months Ended September 30, 2024</b>				
<b>Results of Operations</b>				
Net Interest Income	\$ 673	\$ 244	\$ 514	\$ 1,431
(Credit Loss Reversal) Provision for Credit Losses	(13)	-	19	6
Noninterest Income	185	10	170	365
Operating Expenses	264	35	138	437
Provision for Income Taxes	45	-	71	116
<b>Net Income</b>	<b>\$ 562</b>	<b>\$ 219</b>	<b>\$ 456</b>	<b>\$ 1,237</b>
<b>Selected Financial Information at September 30, 2024:</b>				
Loans	\$ 37,496	\$ 81,050	\$ 33,771	\$ 152,317
Less: Allowance for Loan Losses	(428)	-	(283)	(711)
<b>Net Loans</b>	<b>\$ 37,068</b>	<b>\$ 81,050</b>	<b>\$ 33,488</b>	<b>\$ 151,606</b>
Accrued Interest Receivable and Other Assets	724	574	1,119	2,417
<b>Total Segment Assets</b>	<b>\$ 37,792</b>	<b>\$ 81,624</b>	<b>\$ 34,607</b>	<b>\$ 154,023</b>
Federal Funds Sold and Other Overnight Funds				3,025
Investment Securities				41,117
Other Assets				881
<b>Total Assets</b>	<b>\$ 37,792</b>	<b>\$ 81,624</b>	<b>\$ 34,607</b>	<b>\$ 199,046</b>

**For the Nine Months Ended September 30, 2023**

<b>Results of Operations</b>				
Net Interest Income	\$ 678	\$ 254	\$ 439	\$ 1,371
Provision for Credit Losses	21	-	49	70
Noninterest Income (Expense)	179	(5)	141	315
Operating Expenses	259	39	134	432
Provision for Income Taxes	48	-	48	96
<b>Net Income</b>	<b>\$ 529</b>	<b>\$ 210</b>	<b>\$ 349</b>	<b>\$ 1,088</b>
<b>Selected Financial Information at September 30, 2023:</b>				
Loans	\$ 36,451	\$ 74,582	\$ 31,133	\$ 142,166
Less: Allowance for Loan Losses	(457)	-	(267)	(724)
<b>Net Loans</b>	<b>\$ 35,994</b>	<b>\$ 74,582</b>	<b>\$ 30,866</b>	<b>\$ 141,442</b>
Accrued Interest Receivable and Other Assets	696	557	1,057	2,310
<b>Total Segment Assets</b>	<b>\$ 36,690</b>	<b>\$ 75,139</b>	<b>\$ 31,923</b>	<b>\$ 143,752</b>
Federal Funds Sold and Other Overnight Funds				7,853
Investment Securities				34,960
Other Assets				1,065
<b>Total Assets</b>	<b>\$ 36,690</b>	<b>\$ 75,139</b>	<b>\$ 31,923</b>	<b>\$ 187,630</b>

**Note 12 – Affiliated Associations**

CoBank is 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. The Associations are not authorized by the Farm Credit Act to participate directly in the issuance of Systemwide Debt Securities. Therefore, we are the primary funding source for our affiliated Associations. As of September 30, 2024, we have 16 affiliated Associations serving 23 states across the West, Northwest, Southwest, Rocky Mountains, Mid-Plains, and Northeast regions of the United States.

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.

The Farm Credit Act and FCA regulations require us to monitor and approve certain activities of our affiliated Associations. CoBank and our affiliated Associations operate under a creditor/debtor relationship evidenced by a General Financing Agreement (GFA) entered into separately with each Association. The GFA sets forth the creditor/debtor 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.

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. Accordingly, the financial information of affiliated Associations is not included in our condensed consolidated financial statements. We separately publish certain unaudited combined financial information of the District, including a condensed statement of condition and statement of income, which can be found on our website at [www.cobank.com](http://www.cobank.com).

### **Note 13 – Subsequent Events**

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We have evaluated subsequent events through November 8, 2024, which is the date the financial statements were issued and determined that there were no other events requiring disclosure.

# Regulatory Capital Disclosures

## CoBank, ACB

(Unaudited) (\$ in Millions, Except as Noted)

### Overview

These quarterly regulatory capital disclosures (set forth in Title 12 of the Code of Federal Regulations parts 628.61 through 628.63) should be read in conjunction with our 2023 Annual Report to Shareholders, which includes additional qualitative disclosures. Unless otherwise noted, there have been no material changes to the qualitative disclosures contained in our 2023 Annual Report.

The following table summarizes the interim disclosure requirements and indicates where each matter is disclosed in this quarterly report.

Disclosure Requirement	Description	Q3 2024 Quarterly Report Reference
Scope of Application	Corporate entity and consolidated subsidiaries	Page 55
Capital Structure	Regulatory capital components	Page 55
Capital Adequacy	Risk-weighted assets	Page 57
	Regulatory capital ratios	Page 15
Capital Buffers	Quantitative disclosures	Page 15, Page 56
Credit Risk	Summary of exposures	Page 57
	Geographic distribution	Page 59
	Industry distribution	Page 60
	Contractual maturity	Page 61
	Nonperforming loans and ACL	Page 60
Counterparty Credit Risk-Related Exposures	Counterparty exposures	Page 61
Credit Risk Mitigation	Exposures with reduced capital requirements	Page 61
Securitization	Securitization exposures	Page 62
Equities	General description	Page 63
Interest Rate Risk for Non-Trading Activities	Interest rate sensitivity	Page 64

### *Scope of Application*

The disclosures contained herein relate to CoBank, ACB and its wholly-owned subsidiaries, CoBank, FCB and Farm Credit Leasing Services Corporation (FCL), collectively hereinafter referred to as CoBank or the Bank. These entities are also consolidated in our financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

### *Capital Structure*

Common equity tier 1, which includes common stock and retained earnings, is the largest component of the Bank's capital structure. Preferred stock is included in tier 1 regulatory capital, subject to certain limitations. In addition, our allowance for credit losses on loans is included in tier 2 regulatory capital, subject to certain limitations.

The following table provides a summary of Bank's regulatory capital components.

<b>Regulatory Capital Components</b>	
<b>Three Months Ended September 30, 2024</b>	<b>Average Balance</b>
<b>Common Equity Tier 1 Capital (CET1)</b>	
Common Cooperative Equities:	
Statutory Minimum Purchased Borrower Stock	\$ 2
Other Required Member Purchased Stock	1,075
Allocated Equities:	
Qualified Allocated Equities Subject to Retirement	2,956
Nonqualified Allocated Equities Subject to Retirement	-
Nonqualified Allocated Equities Not Subject to Retirement	3,460
Unallocated Retained Earnings	4,020
Paid-In Capital	-
Regulatory Adjustments and Deductions Made to CET1	222
<b>Total CET1</b>	<b>\$ 11,735</b>
<b>Tier 1 Capital</b>	
Non-Cumulative Perpetual Preferred Stock	\$ 1,925
Regulatory Adjustments and Deductions Made to Tier 1 Capital	-
<b>Total Additional Tier 1 Capital</b>	<b>1,925</b>
<b>Total Tier 1 Capital</b>	<b>\$ 13,660</b>
<b>Tier 2 Capital</b>	
Common Cooperative Equities Not Included in CET1	\$ -
Tier 2 Capital Elements:	
ACL on Loans	769
Regulatory Adjustments and Deductions Made to Tier 2 Capital	-
<b>Total Tier 2 Capital</b>	<b>\$ 769</b>
<b>Total Capital</b>	<b>\$ 14,429</b>



## Capital Adequacy and Capital Buffers

Our risk-adjusted regulatory capital ratios are calculated by dividing the relevant total capital elements (e.g. Total CET1) by risk-weighted assets. The following table presents information on the components of risk-weighted assets included in the calculation of regulatory capital ratios.

<b>Risk-Weighted Assets</b>	
<b>Three Months Ended September 30, 2024</b>	<b>Average Balance</b>
<b>On-Balance Sheet Assets:</b>	
Exposures to Sovereign Entities	\$ -
Exposures to Supranational Entities and Multilateral Development Banks	176
Exposures to Government-Sponsored Enterprises	20,401 <sup>(1)</sup>
Exposures to Depository Institutions, Foreign Banks, and Credit Unions	3,213 <sup>(2)</sup>
Exposures to Public Sector Entities	78
Corporate Exposures, including Borrower Loans and Leases	57,895
Residential Mortgage Exposures	-
Past Due and Nonaccrual Exposures	292
Securitization Exposures	158
Equity Investment Exposures	148
Other Assets	987
<b>Off-Balance Sheet:</b>	
Unfunded Loan Commitments	13,454
Equity Investment Commitments	184
Over-the-Counter Derivatives	187
Cleared Derivative Transactions	2
Letters of Credit	1,849
Reverse Repurchase Transactions	-
Unsettled Transactions	-
<b>Total Risk-Weighted Assets Before Additions (Deductions)</b>	<b>\$ 99,024</b>
<b>Additions:</b>	
Intra-System Equity Investments	\$ 147
Other Regulatory Adjustments and Additions	(379)
<b>Deductions:</b>	
Regulatory Adjustments and Deductions Made to CET1	222
Regulatory Adjustments and Deductions Made to Additional Tier 1 Capital	-
Regulatory Adjustments and Deductions Made to Tier 2 Capital	-
<b>Total Risk-Weighted Assets</b>	<b>\$ 99,014 <sup>(3)</sup></b>

<sup>(1)</sup> Includes exposures to Farm Credit System entities.

<sup>(2)</sup> Also includes exposures to other financial institutions that are risk-weighted as exposures to U.S. depository institutions and credit unions.

<sup>(3)</sup> For purposes of calculating the permanent capital ratio, average risk-weighted assets for the three months ended September 30, 2024 was \$98.3 billion.

As shown in the section titled “Capital Resources” of Management’s Discussion and Analysis of this quarterly report, the Bank exceeded all capital requirements as of September 30, 2024 to which it was subject, including applicable capital buffers. Because capital exceeded the buffer requirements, the Bank currently has no limitations on its distributions and discretionary bonus payments. The aggregate amount of eligible retained income was \$1.1 billion as of September 30, 2024.

## Credit Risk

The following table summarizes credit exposures related to loans, unfunded loan commitments, investment securities, letters of credit, equity investments and reverse repurchase transactions. The contractual amount of a commitment to extend credit represents our maximum exposure to credit loss in the event of default by the borrower, if the borrower were to fully draw against the commitment.

<b>Major Credit Exposures - Lending and Investments</b>			
<b>Three Months Ended and As of September 30, 2024</b>	<b>Average Balance</b>		<b>End of Period</b>
Loans Outstanding	\$	150,605	\$ 152,317
Unfunded Loan Commitments		52,053	51,069
Investment Securities		39,938	41,117
Letters of Credit		2,139	2,128
Equity Investments Outstanding		139	148
Equity Investment Commitments		184	178
Reverse Repurchase Transactions		7	10

The table below shows derivatives by underlying exposure type, segregated between contracts traded in over-the-counter markets and those cleared through a central clearinghouse. Gross positive fair value represents the credit exposure attributed to derivatives before the mitigating effects of counterparty collateral.

<b>Major Credit Exposures - Derivatives</b>				
<b>Three Months Ended and As of September 30, 2024</b>	<b>Average Balance</b>		<b>End of Period</b>	
	<b>Notional Amount</b>	<b>Gross Positive Fair Value</b>	<b>Notional Amount</b>	<b>Gross Positive Fair Value</b>
Over-the-Counter Derivatives:				
Interest Rate Contracts	\$ 29,488	\$ 292	\$ 31,440	\$ 346
Foreign Exchange Contracts	63	-	64	-
<b>Total Over-the-Counter Derivatives</b>	<b>\$ 29,551</b>	<b>\$ 292</b>	<b>\$ 31,504</b>	<b>\$ 346</b>
Cleared Derivatives:				
Interest Rate Contracts	49,177	414	62,147	403
<b>Total Derivatives</b>	<b>\$ 78,728</b>	<b>\$ 706</b>	<b>\$ 93,651</b>	<b>\$ 749</b>

The following table illustrates the geographic distribution of our total loan commitments as of September 30, 2024.

<b>Total Lending Portfolio - Geographic Distribution</b>		
<b>As of September 30, 2024</b>	<b>Wholesale Loans<sup>(1)</sup></b>	<b>Commercial Loans</b>
California	40 %	8 %
Washington	25	2
Connecticut	13	1
Texas	4 <sup>(2)</sup>	8
Kansas	6	3
Oklahoma	4	2
Colorado	3	3
Latin America	-	4
Illinois	-	4
Florida	-	4
Minnesota	-	3
New York	-	3
Pennsylvania	2 <sup>(2)</sup>	1
Ohio	-	3
Iowa	-	3
Asia	-	3
Georgia	-	3
Mississippi	- <sup>(2)</sup>	2
Missouri	-	2
Nebraska	-	2
Arkansas	-	2
Wisconsin	-	2
Europe, Middle East, and Africa	-	2
Indiana	-	2
Massachusetts	-	2
North Carolina	-	2
Arizona	-	2
Alabama	1 <sup>(2)</sup>	1
Michigan	-	2
Other	2	19
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

<sup>(1)</sup> The distribution of wholesale loan commitments to Associations is based on the state in which the Association is headquartered and may not be representative of their underlying loan portfolio.

<sup>(2)</sup> Includes participation interests in loan commitments to nonaffiliated Associations.

The following table illustrates the geographic distribution of our nonperforming loans as of September 30, 2024.

<b>Nonperforming Loans - Geographic Distribution</b>	
<b>As of September 30, 2024</b>	<b>Share<sup>(1)</sup></b>
California	64 %
Nebraska	15
Ohio	5
Illinois	4
New York	2
Colorado	2
Other	8
<b>Total</b>	<b>100 %</b>

<sup>(1)</sup> The distribution of nonperforming loans is based on the state in which the borrower is headquartered and may not be representative of their operations and business activities.

The following table illustrates the primary business/commodity distribution of our total loan commitments as of September 30, 2024.

<b>Total Lending Portfolio - Distribution by Primary Business/Commodity</b>	
<b>As of September 30, 2024</b>	<b>Share</b>
Affiliated Associations	49 %
Electric Distribution	7
Regulated Utilities	5
Farm Supply, Grain and Marketing	4
Agricultural Export Finance	4
Nonaffiliated Associations	4
Generation and Transmission	3
Fruits, Nuts and Vegetables	3
Lease Financing (through FCL)	3
Forest Products	2
Dairy	2
Water and Waste	1
Livestock, Fish and Poultry	1
Independent Power Producer	1
Competitive Local Telephone Exchange Carriers	1
Local Exchange Carriers	1
Cattle	1
Cable	1
Other	7
<b>Total</b>	<b>100 %</b>

The following table presents a summary of the remaining contractual maturity of our loans, unfunded loan commitments, investment securities, letters of credit, derivatives and equity investments at September 30, 2024.

<b>Contractual Maturity</b>					
<b>As of September 30, 2024</b>	<b>In One Year or Less</b>	<b>One to Five Years</b>	<b>After Five Years</b>	<b>Total</b>	
Loans Outstanding	\$ 94,796	\$ 29,355	\$ 28,166	\$ 152,317	
Unfunded Loan Commitments	28,914	18,472	3,683	51,069	
Investment Securities	4,233	16,585	20,299	41,117	
Letters of Credit	371	944	813	2,128	
Derivatives (Notional Amounts)	46,480	32,930	14,241	93,651	
Equity Investments Outstanding	37	89	22	148	
Equity Investment Commitments	45	107	26	178	

Refer to Note 3 to the condensed consolidated financial statements in this quarterly report for amounts of nonperforming loans (with or without related ACL), loans in nonaccrual status and greater than 90 days past due, loans past due greater than 90 days and still accruing interest, the ACL, charge-offs, and changes in components of our ACL.

### ***Counterparty Credit Risk***

Refer to Note 7 to the condensed consolidated financial statements in this quarterly report for information related to interest rate swaps and other derivatives utilized by CoBank including a summary of the fair value of derivative assets and liabilities, collateral held and net unsecured exposure.

### ***Credit Risk Mitigation***

CoBank uses various strategies to mitigate credit risk in its lending, leasing, investing and derivatives activities. The disclosures in this section relate solely to credit risk mitigation instruments and activities that reduce regulatory capital requirements, which include certain guarantees in our lending and investment portfolios, and collateral or settlement payments in our derivatives portfolio.

### **Loans**

Our Agricultural Export Finance Division (AEFD) utilizes the U.S. government-sponsored export loan guarantee General Sales Manager (GSM) program for a portion of its export financing which guarantees payment in the event of default by the borrower. We further mitigate our exposure for certain agricultural export financing transactions by purchasing credit enhancement from non-government third parties. Refer to the Operating Segment Financial Review section beginning on page 6 of this quarterly report for additional discussion related to our AEFD.

As discussed in the section titled “Credit Quality of Loans” of Management’s Discussion and Analysis of this quarterly report, our loans to affiliated Associations are collateralized by substantially all of the Association assets. In addition, the earnings, capital and loan loss reserves of the Associations provide additional layers of protection against losses in their respective retail loan portfolios. Lower regulatory capital requirements are commensurate with the lower risk profile associated with our loans to affiliated Associations.

## Investments

Credit risk in our investment portfolio is mitigated by investing primarily in securities issued or guaranteed by the U.S. government or a government-sponsored enterprise (U.S. Agency). Credit risk in our investment portfolio primarily exists in the 2 percent of our investment securities that are not guaranteed by the U.S. government or a U.S. Agency, which currently include asset-backed securities (ABS) and corporate bonds of midstream energy and communication companies.

Our midstream energy and communication corporate bonds are purchased under our lending authorities and not held for liquidity purposes. These ABS and midstream energy and communication corporate bonds collectively total \$652 million of our total investment portfolio as of September 30, 2024. Credit risk in our investment portfolio also arises in a portion of our short-term investments, which include our overnight bank deposits and federal funds sold instruments which are transacted with highly-rated commercial bank counterparties. We held overnight bank deposits and federal funds sold instruments totaling \$1.2 billion at September 30, 2024. The remainder of our short-term investments include reverse repurchase agreements with the Federal Reserve totaling \$1.8 billion at September 30, 2024 and have minimal credit risk. Corporate bonds are risk-weighted based on the corporate counterparty and ABS exposures are captured in the Securitization section below.

The following table summarizes the loan and investment exposures whose capital requirements are reduced as a result of credit risk mitigants.

<b>Loan and Investment Exposures</b>			
<b>Three Months Ended September 30, 2024</b>	<b>Average Exposure</b>		<b>Risk Weighted Exposures</b>
Guaranteed Loans	\$	1,933	\$ -
Loans to Farm Credit System Entities		80,236	16,047
Investment Securities Issued or Guaranteed by U.S. Government		18,792	-
Investment Securities Issued or Guaranteed by a U.S. Agency		21,771	4,354
<b>Total</b>	<b>\$</b>	<b>122,732</b>	<b>\$ 20,401</b>

## Derivatives

As described in Note 7 to the condensed consolidated financial statements in this quarterly report, transactions with dealers in our over-the-counter derivative portfolio as well as those cleared through a clearinghouse are collateralized or otherwise secured through settlement payments. As a result, at September 30, 2024, we held financial collateral with dealers totaling \$222 million that was included in calculating risk-weighted assets. Total risk-weighted assets for our over-the-counter derivatives and cleared derivative transactions amounted to \$187 million and \$2 million, respectively, for the three-month period ended September 30, 2024.

## Securitization

The Bank participates in securitizations as investors through the purchase of MBS and ABS, which are included in our investment portfolio. As of September 30, 2024, CoBank did not retain any resecuritization exposures. The following disclosures relate only to ABS not guaranteed by the U.S. government or a U.S. Agency. The average balance of these non-guaranteed securities was \$158 million for the three-month period ended September 30, 2024.

Below is a summary of our securitization exposures held during the three months ended September 30, 2024 by exposure type and categorized by risk-weight band.

<b>Securitization Exposures</b>			
<b>Three Months Ended September 30, 2024</b>	<b>Average Exposure</b>	<b>Risk Weighted Asset (Gross Up Approach)</b>	
Asset-Backed Securities	\$	158	\$ 158
<b>Total</b>	\$	158	\$ 158

<b>Securitization Risk-Weight Bands</b>			
<b>Three Months Ended September 30, 2024</b>	<b>Average Exposure</b>	<b>Risk Weighted Asset (Gross Up Approach)</b>	
Gross-Up Risk-Weight Bands:			
100% - 125%	\$	158	\$ 158
>125% and <1,250%		-	-
1,250%		-	-
<b>Total</b>	\$	158	\$ 158

For the three months ended September 30, 2024, we did not hold any off-balance sheet securitization exposures nor were any securitization exposures deducted from capital.

Refer to Note 4 to the condensed consolidated financial statements in this quarterly report for the amortized cost, unrealized gains (losses) and fair value of MBS and ABS held in our investment portfolio. In addition, Note 8 to the condensed consolidated financial statements in this quarterly report describes the methods and assumptions, including any changes as applicable, applied in valuing our MBS and ABS.

## Equities

The Bank has certain exposure to equity investments. We make investments and are a limited partner in certain Rural Business Investment Companies. These RBICs focus on small and middle market companies that create jobs and promote commerce in rural America. CoBank also holds investments in various unincorporated business entities (UBEs), as defined by FCA regulation. We hold these investments to acquire and manage unusual or complex collateral associated with loan workouts as well as to make mission-related investments. Our investments in RBICs and UBEs are not publicly traded and are accounted for under the equity method. As of September 30, 2024, we also held an equity investment as a result of the bankruptcy of a former customer which was accounted for at cost less impairment as there was no readily determinable fair value. This equity investment was sold for a modest gain in October 2024. All of our equity investments are classified within other assets in the condensed consolidated balance sheets. There have been no sales or liquidations of these investments during the three months ended September 30, 2024.

<b>As of September 30, 2024</b>	<b>End of Period</b>	<b>Life-to-Date Net Gains Recognized in Retained Earnings<sup>(1)</sup></b>	
Equity Investments in RBICs, UBEs, Other	\$	148	\$ 7

<sup>(1)</sup> Retained earnings is included in common equity tier 1, tier 1 and total capital ratios.

## Interest Rate Risk

Interest rate risk, also referred to as market risk, is the risk that changes in interest rates may adversely affect operating results and financial condition. We use asset/liability models to evaluate the dynamics of our balance sheet and to estimate earnings volatility under different interest rate scenarios. Our analysis includes calculating the impact of significant increases or decreases in interest rates on net interest income, over a 12-month period, and the estimated market value of equity.

This analysis estimates the effect of immediate and sustained parallel positive (up) and negative (down) shifts in the yield curve (called “shocks”) of down 300, down 200, down 100, up 100, up 200 and up 300 basis points.

The following tables summarize the impact of interest rate changes on net interest income and the market value of equity.

<b>Net Interest Income at Risk</b>	
<b>September 30, 2024</b>	
<b>Scenario:</b>	
- 300 bp shock	n/a
- 200 bp shock	1.6
- 100 bp shock	0.9
+ 100 bp shock	(0.2)
+ 200 bp shock	—
+ 300 bp shock	0.1

<b>Market Value of Equity at Risk</b>	
<b>September 30, 2024</b>	
<b>Scenario:</b>	
- 300 bp shock	n/a
- 200 bp shock	8.8
- 100 bp shock	4.6
+ 100 bp shock	(4.4)
+ 200 bp shock	(8.4)
+ 300 bp shock	(12.2)



## Controls and Procedures

### CoBank, ACB

We maintain a system of disclosure controls and procedures. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information disclosed by us in our quarterly and annual reports is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate, to allow timely decisions to be made regarding disclosure. The chief executive officer and the chief financial officer have evaluated our disclosure controls and procedures as of the end of the period covered by this quarterly report and have concluded that our disclosure controls and procedures are effective as of that date.

We also maintain a system of internal controls. The term “internal controls,” as defined by the American Institute of Certified Public Accountants’ Codification of Statement on Auditing Standards, AU-C Section 315, means a process - effected by the board of directors, management and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable laws and regulations. We continually assess the adequacy of our internal control over financial reporting and enhance our controls in response to internal control assessments and internal and external audit and regulatory requirements and recommendations. There have been no significant changes in our internal controls or in other factors that could significantly affect such controls subsequent to the date we carried out our evaluations. In accordance with our internal control procedures, these financial statements were prepared under the oversight of the Audit Committee of our Board of Directors.

## Certification Required by Farm Credit Administration Regulations

The undersigned have reviewed this quarterly report which has been prepared in accordance with all applicable statutory or regulatory requirements and certify that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Signed this 8th day of November, 2024.

/s/ KEVIN A. STILL

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Kevin A. Still  
*Chair of the Board*

/s/ THOMAS E. HALVERSON

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Thomas E. Halverson  
*President and Chief Executive Officer*

/s/ SEAN BURKE

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Sean Burke  
*Chief Financial Officer*

## CERTIFICATION

I, Thomas E. Halverson, President and Chief Executive Officer of CoBank, ACB (CoBank or the Bank), a federally chartered instrumentality under the Farm Credit Act of 1971, as amended, certify that:

- (1) I have reviewed this quarterly report of CoBank;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of CoBank as of, and for, the periods presented in this report;
- (4) CoBank's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for CoBank and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Bank's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the Bank's internal control over financial reporting that occurred during the Bank's most recent fiscal quarter (the Bank's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Bank's internal control over financial reporting; and
- (5) CoBank's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Bank's auditors and the audit committee of the Bank's Board of Directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Bank's ability to record, process, summarize, and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control over financial reporting.

/s/ THOMAS E. HALVERSON

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Thomas E. Halverson

*President and Chief Executive Officer*

Dated: November 8, 2024

## CERTIFICATION

I, Sean Burke, Chief Financial Officer of CoBank, ACB (CoBank or the Bank), a federally chartered instrumentality under the Farm Credit Act of 1971, as amended, certify that:

- (1) I have reviewed this quarterly report of CoBank;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of CoBank as of, and for, the periods presented in this report;
- (4) CoBank's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for CoBank and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Bank's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the Bank's internal control over financial reporting that occurred during the Bank's most recent fiscal quarter (the Bank's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Bank's internal control over financial reporting; and
- (5) CoBank's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Bank's auditors and the audit committee of the Bank's Board of Directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Bank's ability to record, process, summarize, and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control over financial reporting.

/s/ SEAN BURKE

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Sean Burke

*Chief Financial Officer*

Dated: November 8, 2024

## Office Locations

### CoBank, ACB

#### ***CoBank National Office***

6340 S. Fiddlers Green Circle  
Greenwood Village, CO 80111  
(303) 740-4000  
(800) 542-8072

#### ***Farm Credit Leasing Services Corporation***

1665 Utica Avenue South,  
Suite 400  
Minneapolis, MN 55416  
(952) 417-7800  
(800) 444-2929

#### ***Washington, D.C. Office***

50 F Street, N.W.,  
Suite 900  
Washington, DC 20001  
(202) 650-5860

### U.S. Regional Offices

#### ***Atlanta Banking Center \****

2300 Windy Ridge Parkway,  
Suite 370S  
Atlanta, GA 30339  
(770) 618-3200  
(800) 255-7429  
FCL: (770) 618-3226

#### ***Austin Banking Center***

4801 Plaza on the Lake Drive  
Austin, TX 78746  
(855) 738-6606

#### ***Enfield Banking Center \****

240B South Road  
Enfield, CT 06082-4451  
(860) 814-4043  
(800) 876-3227  
FCL: (860) 814-4049

#### ***Fargo Banking Center***

4143 26th Avenue South,  
Suite 101  
Fargo, ND 58104  
(701) 277-5007  
(866) 280-2892

#### ***Louisville Banking Center \****

2000 High Wickham Place,  
Suite 101  
Louisville, KY 40245  
(502) 423-5650  
(800) 262-6599  
FCL: (800) 942-3309

#### ***Lubbock Banking Center \****

5715 West 50th  
Lubbock, TX 79414  
(806) 788-3700  
FCL: (806) 788-3705

#### ***Minneapolis Banking Center \****

1665 Utica Avenue South, Suite 400  
Minneapolis, MN 55416  
(952) 417-7900  
(800) 282-4150  
FCL: (800) 444-2929

#### ***Omaha Banking Center \****

18205 Capitol Avenue, Suite 325  
Elkhorn, NE 68022  
(402) 492-2000  
(800) 346-5717

#### ***Sacramento Banking Center \****

3755 Atherton Road  
Rocklin, CA 95765  
(916) 380-3524  
(800) 457-0942  
FCL: (800) 289-7080

#### ***Spokane Banking Center***

601 W. Riverside Avenue, Suite 650  
Spokane, WA 99201  
(509) 363-8700  
(800) 378-5577

#### ***Sterling Banking Center***

229 South 3rd Street  
Sterling, CO 80751  
(970) 521-2774

#### ***St. Louis Banking Center \****

635 Maryville Centre Drive, Suite  
130 St. Louis, MO 63141  
(314) 835-4200  
(800) 806-4144  
FCL: (800) 853-5480

#### ***Wichita Banking Center \****

245 North Waco, Suite 130  
Wichita, KS 67202  
(316) 290-2000  
(800) 322-3654  
FCL: (800) 322-6558

### International

#### ***Singapore Representative Office***

350 Orchard Road  
#17-07 Shaw House  
Singapore 238868  
(65) 6534-5261

- *Farm Credit Leasing office  
within this CoBank location*