



# CoBank Investor Presentation

December 31, 2023



Proud Member of the Farm Credit System 

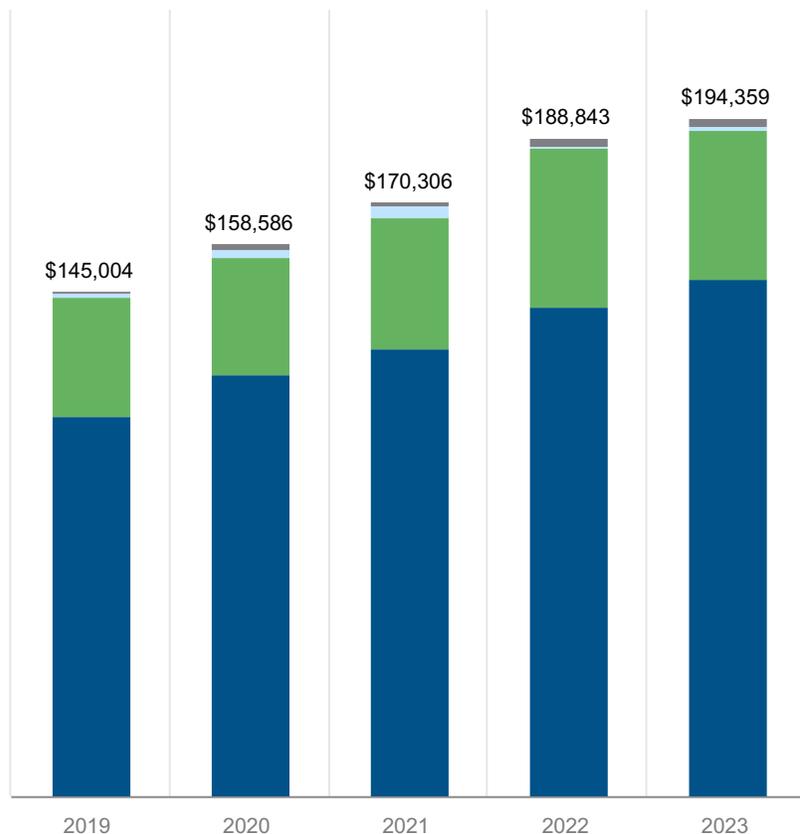
# Summary Financial Results

(\$ in millions)	For the Year Ended December 31,		
	2022	2023	YoY%
Interest income	\$ 4,748	\$ 8,933	88 %
Interest expense	2,864	7,086	(147)%
<i>Net interest income</i>	1,884	1,847	(2)%
Provision for credit losses	111	76	32 %
<i>Net interest income after provision for credit losses</i>	1,773	1,771	— %
Noninterest income	366	459	25 %
Operating expenses	580	595	(3)%
<i>Income before income taxes</i>	1,559	1,635	5 %
Provision for income taxes	110	128	(16)%
<i>Net income</i>	\$ 1,449	\$ 1,507	4 %
Return on average common equity	14.59 %	15.78 %	8 %
Net interest margin	1.06 %	0.99 %	(7)%
Return on average assets	0.80 %	0.80 %	— %
Operating expense ratio*	21.00 %	21.82 %	(4)%

\* Excludes Insurance Fund premiums

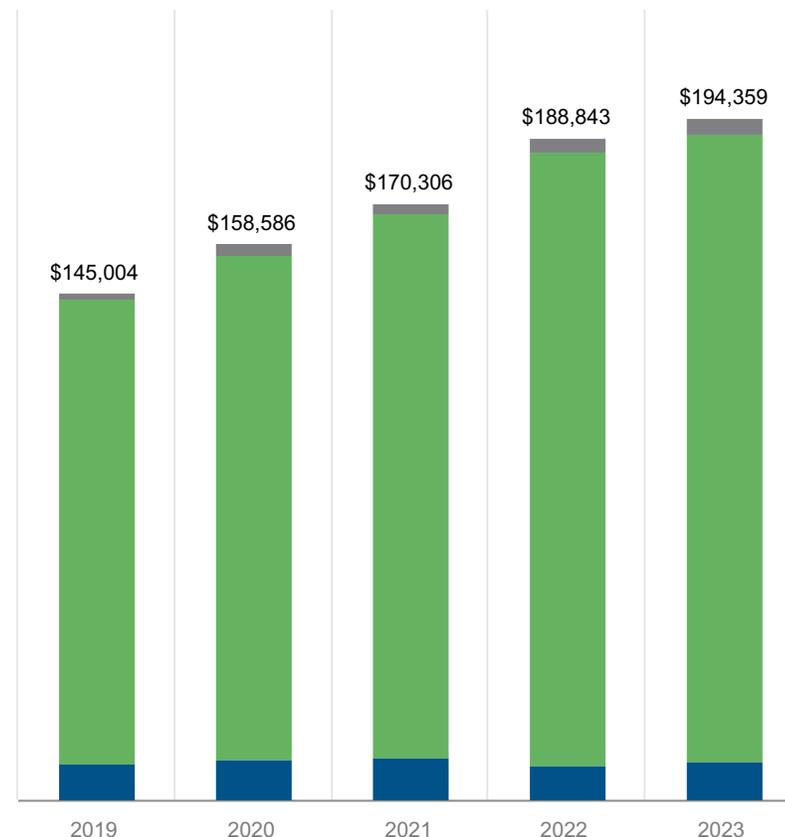
# Balance Sheet Trends

## Assets (\$ in Millions)



	2019	2020	2021	2022	2023
Other	\$ 965	\$ 1,735	\$ 1,238	\$ 2,360	\$ 2,373
Cash*	\$ 949	\$ 2,335	\$ 3,197	\$ 896	\$ 1,013
Investments**	\$ 34,236	\$ 33,660	\$ 37,342	\$ 45,498	\$ 42,958
Gross Loans	\$ 108,854	\$ 120,856	\$ 128,529	\$ 140,089	\$ 148,015

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



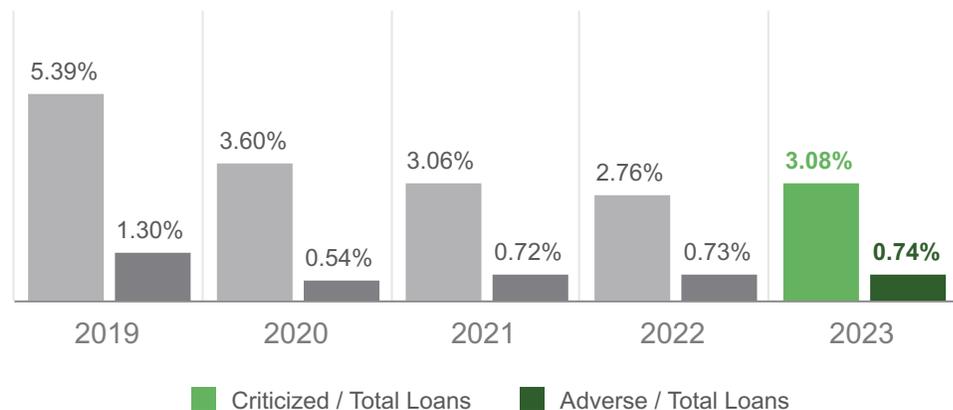
	2019	2020	2021	2022	2023
Other	\$ 2,207	\$ 3,292	\$ 3,122	\$ 3,995	\$ 4,345
Bonds & Notes	\$ 132,230	\$ 143,384	\$ 154,950	\$ 174,623	\$ 178,821
Shareholders' Equity	\$ 10,567	\$ 11,910	\$ 12,234	\$ 10,225	\$ 11,193

\* Represents cash and cash equivalents

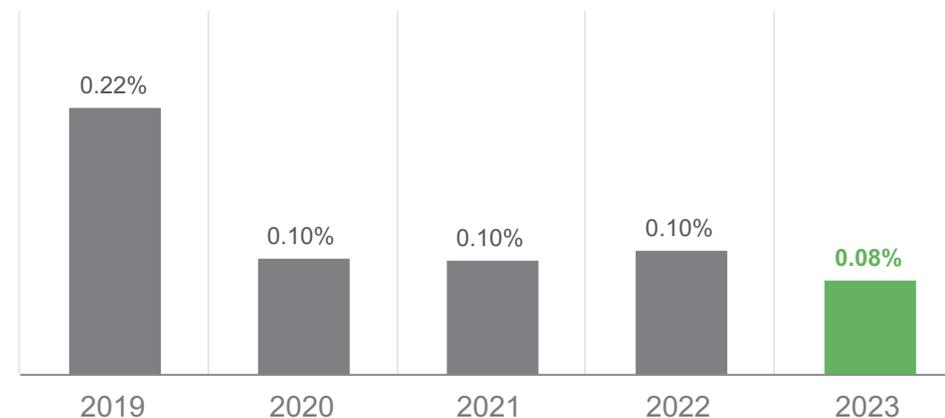
\*\* Includes Investment Securities, Federal Funds Sold and Other Overnight Funds

# Loan Quality

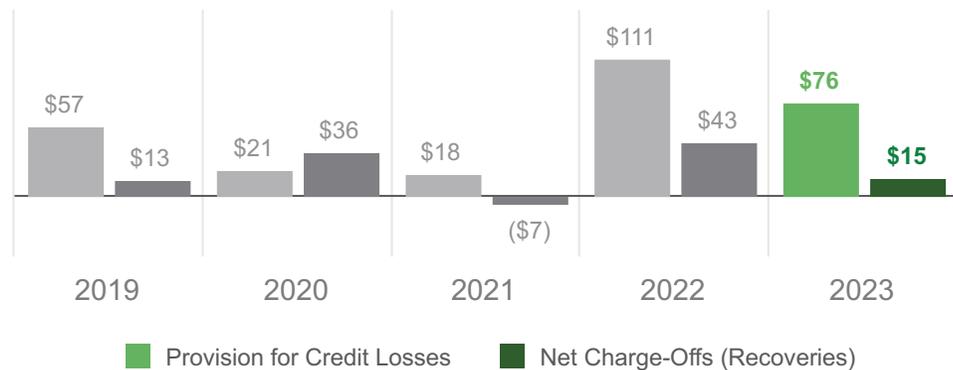
## Criticized / Total Loans & Adverse / Total Loans



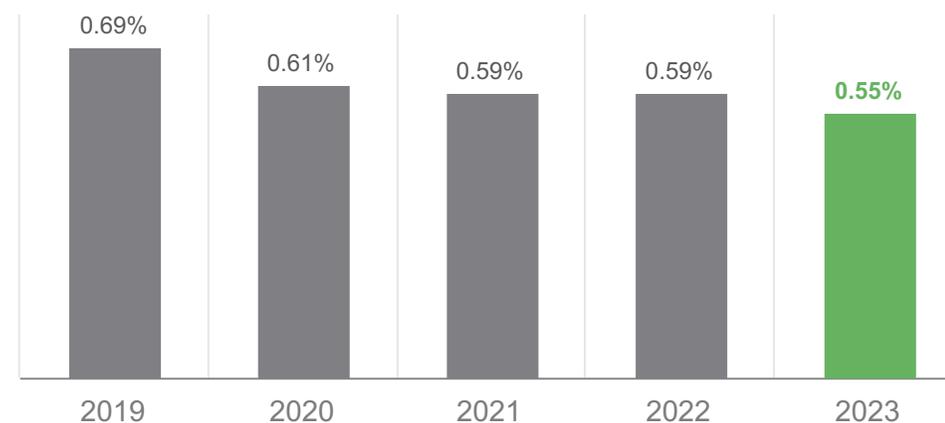
## Nonaccrual Loans / Total Loans



## Provision for Credit Losses & Net Charge-Offs (Recoveries) (\$ in Millions)



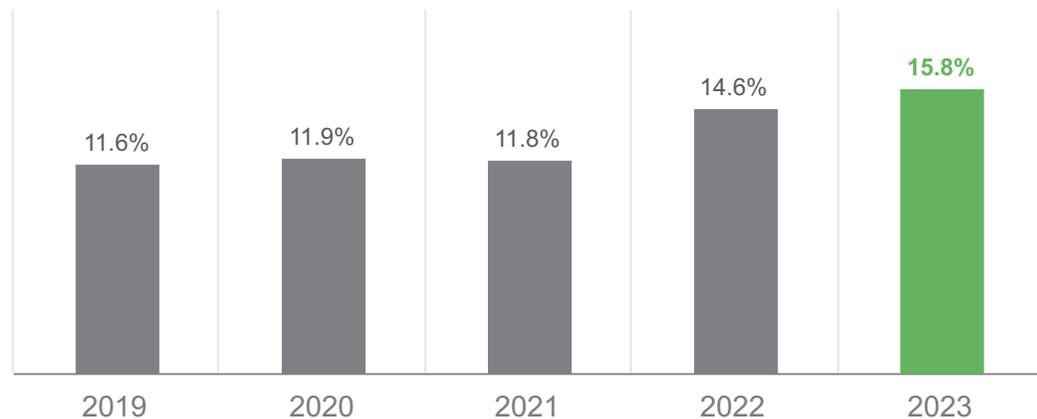
## Allowance for Credit Losses\* / Total Loans



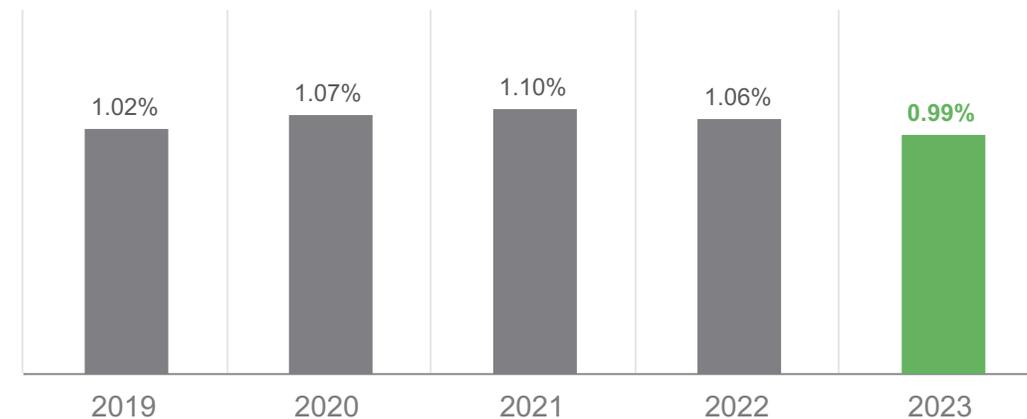
\*Effective January 1, 2023, CoBank adopted the CECL accounting standard which resulted in a \$75 million decrease in our allowance for credit losses on loans.

# Profitability and Efficiency

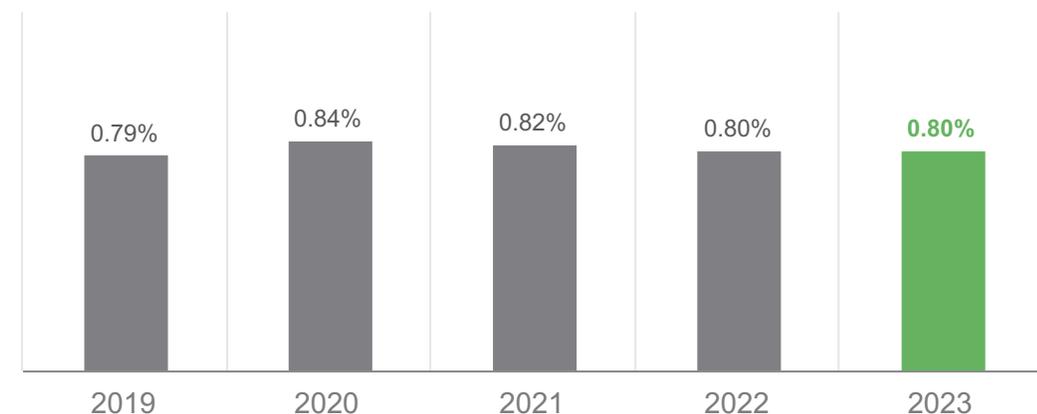
## Return on Average Common Equity



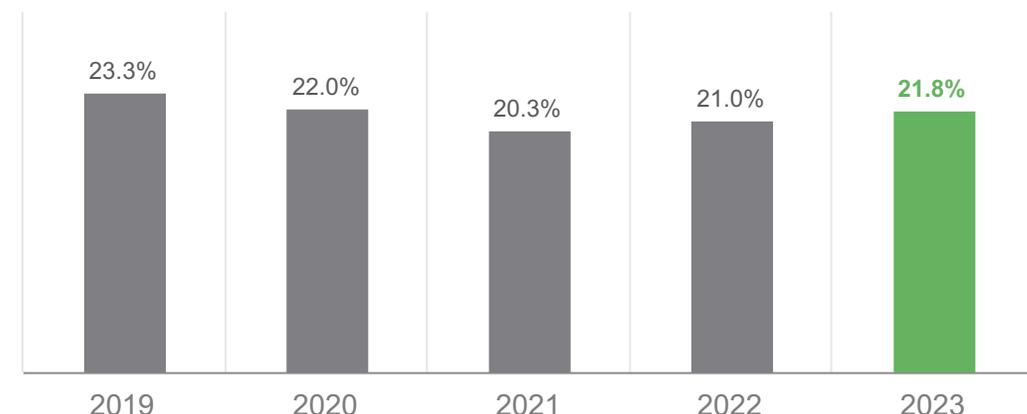
## Net Interest Margin



## Return on Average Assets



## Operating Expense Ratio Excluding Insurance Fund Premiums

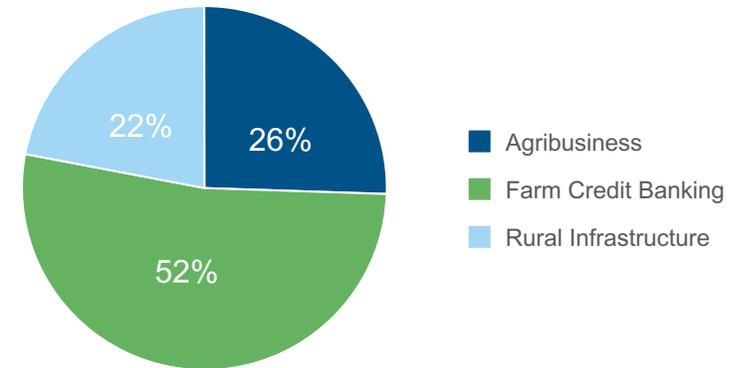


# Operating Segments

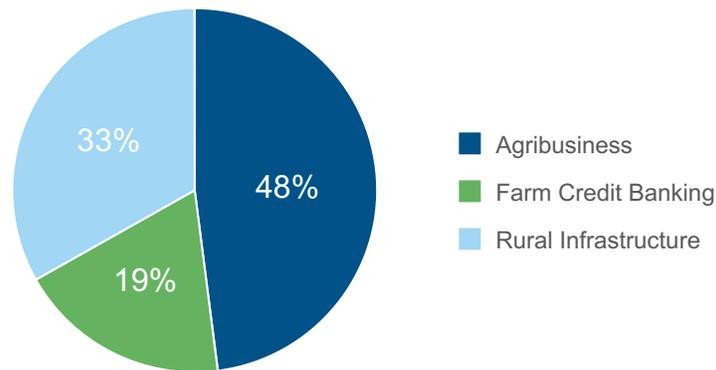
## Summary

- Three operating segments (Agribusiness, Farm Credit Banking and Rural Infrastructure)
- Approximately \$148.0 billion in total loan volume
- Lower net income in Farm Credit Banking operating segment relative to its share of the bank's loan volume reflects narrower margins and lower risk profile from wholesale loans

## Loan Volume - \$148.0 Billion at December 31, 2023



## Net Income - \$1.507 Billion



## Average Loan Volume (\$ in Millions)



# Agribusiness Portfolio

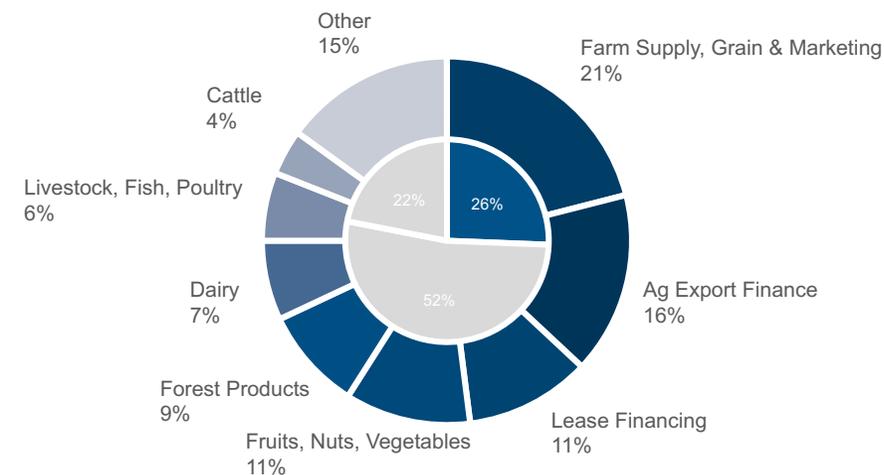
## Portfolio Highlights

- \$37.8 billion retail loan portfolio at December 31, 2023
- Grain handling and marketing, farm supply, fruits, nuts, vegetables, forest products, dairy, livestock, biofuels and food processing
- Integrated production agriculture in forest products, fruits, nuts, vegetables and dairy
- Portfolio diversification enhanced by loan participations and syndications
- Includes \$7.0 billion in agricultural export finance loans; 24% are U.S. government-guaranteed
- Includes \$4.3 billion leasing portfolio

## Financial Summary

(\$ in millions)	2023	2022	2021	2020
Period-End Loans	\$ 37,785	\$ 40,098	\$ 38,094	\$ 36,103
Average Loans	\$ 40,044	\$ 43,323	\$ 37,656	\$ 33,292
Net Income	\$ 731	\$ 774	\$ 677	\$ 608
Nonaccrual Loans	\$ 90	\$ 137	\$ 74	\$ 98

## Portfolio Sectors



## Loan Quality

	2023	2022	2021	2020
Acceptable	94.63%	95.17%	94.27%	93.61%
Special Mention	2.70	2.51	3.62	4.81
Substandard	2.67	2.32	2.11	1.56
Doubtful	-	0.00 <sup>(1)</sup>	0.00 <sup>(1)</sup>	0.02
Loss	-	-	-	-

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

# Farm Credit Banking Portfolio

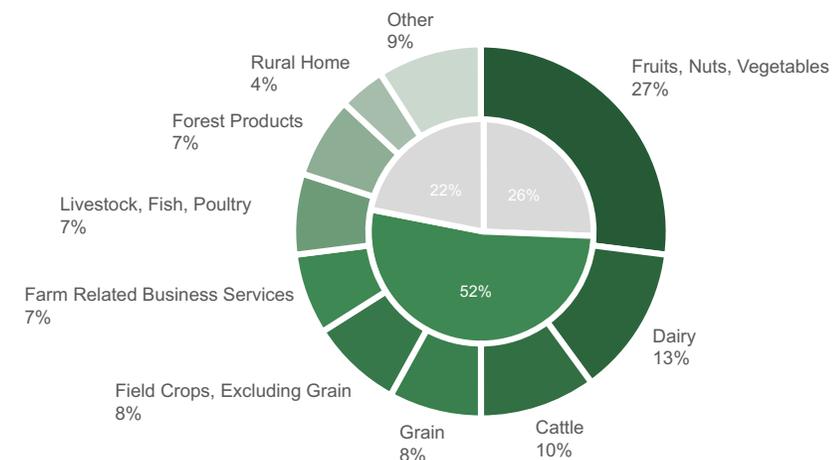
## Portfolio Highlights

- \$77.7 billion wholesale loan portfolio at December 31, 2023
- Lending to 16 affiliated Farm Credit associations serving a diversified agricultural customer base in the Northwest, West, Southwest, Rocky Mountain, Mid-Plains, and Northeast regions of the United States
- Affiliates serve over 77,000 farmers, ranchers and other rural borrowers
- Includes \$5.8 billion of participations in other Farm Credit Banks' wholesale loans to their affiliated associations, primarily with Farm Credit Bank of Texas

## Financial Summary

(\$ in millions)	2023	2022	2021	2020
Period-End Loans	\$ 77,658	\$ 71,529	\$ 65,632	\$ 60,516
Average Loans	\$ 72,816	\$ 67,855	\$ 61,304	\$ 56,423
Net Income	\$ 281	\$ 251	\$ 245	\$ 257
Nonaccrual Loans	\$ -	\$ -	\$ -	\$ -

## Portfolio Sectors



## Loan Quality

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

# Rural Infrastructure Portfolio

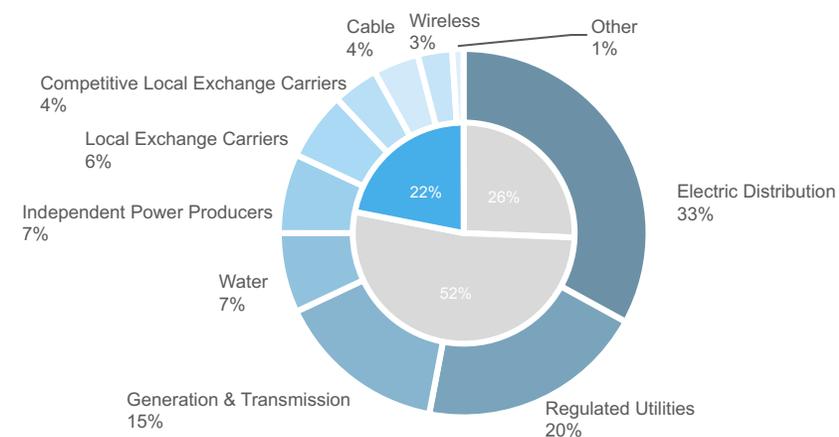
## Portfolio Highlights

- \$32.6 billion retail loan portfolio at December 31, 2023
- Broad geographic dispersion of rural infrastructure customers
- Customers provide vital rural services and include: electric distribution cooperatives, electric generation and transmission cooperatives, power supply companies, midstream energy and gas pipeline providers, project finance companies, communications companies, water companies and community facilities

## Financial Summary

(\$ in millions)	2023	2022	2021	2020
Period-End Loans	\$ 32,572	\$ 28,462	\$ 24,803	\$ 24,237
Average Loans	\$ 30,215	\$ 25,734	\$ 24,379	\$ 22,919
Net Income	\$ 495	\$ 424	\$ 392	\$ 398
Nonaccrual Loans	\$ 27	\$ 8	\$ 49	\$ 19

## Portfolio Sectors



## Loan Quality

	2023	2022	2021	2020
Acceptable	97.45%	98.87%	99.13%	98.89%
Special Mention	2.29	0.81	0.41	0.79
Substandard	0.26	0.32	0.46	0.30
Doubtful	-	-	-	0.02
Loss	-	-	-	-

# Capital Position

## Summary

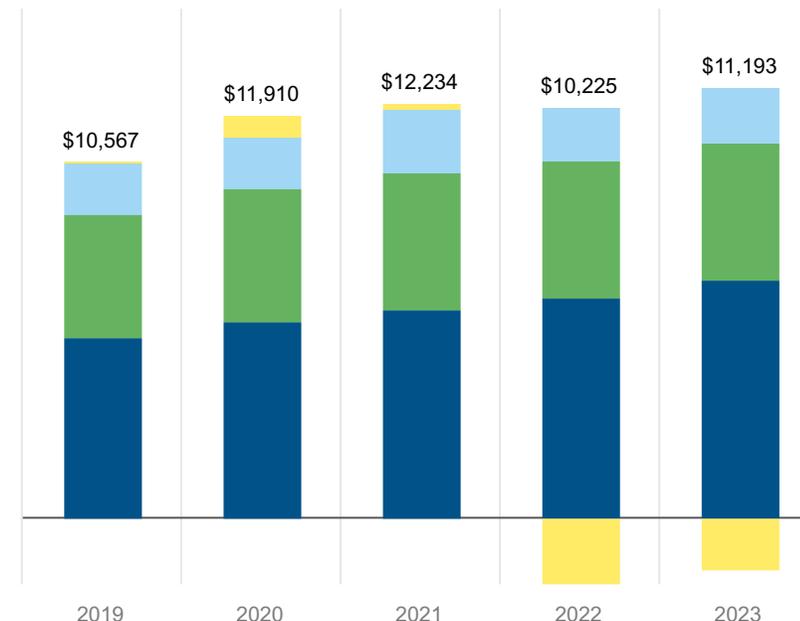
- Capital ratios exceed required regulatory minimums
- Assures continued viability and capacity to meet our customers' borrowing needs
- Preferred stock provides additional layer of risk-bearing capacity
- Total capital increased to \$11.2 billion at December 31, 2023 primarily due to earnings and a decrease in other comprehensive loss driven by unrealized gains on investment securities, somewhat offset by accrued patronage and stock retirements

## Capital Ratios

	December 31, 2023			
	Regulatory Minimum	Actual	Actual Buffer	Required Buffer
Common Equity Tier 1 (CET1) Capital Ratio	4.50 %	11.58 %	7.08 %	2.50 %
Tier 1 Capital Ratio	6.00	13.27	7.27	2.50
Total Capital Ratio	8.00	14.11	6.11	2.50
Tier 1 Leverage Ratio <sup>(1)</sup>	4.00	6.79	2.79	1.00
Permanent Capital Ratio	7.00	13.37	n/a	n/a
Unallocated Retained Earnings (URE) and URE Equivalents Leverage Ratio	1.50	3.23	n/a	n/a

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

## Shareholders' Equity (\$ in Millions)



Preferred Stock	\$ 1,500	\$ 1,500	\$ 1,902	\$ 1,633	\$ 1,625
Common Stock	\$ 3,622	\$ 3,918	\$ 4,013	\$ 4,000	\$ 4,076
Retained Earnings	\$ 5,351	\$ 5,804	\$ 6,164	\$ 6,519	\$ 7,016
Other Comprehensive (Loss) Income	\$ 94	\$ 688	\$ 155	\$ (1,927)	\$ (1,524)

# Patronage

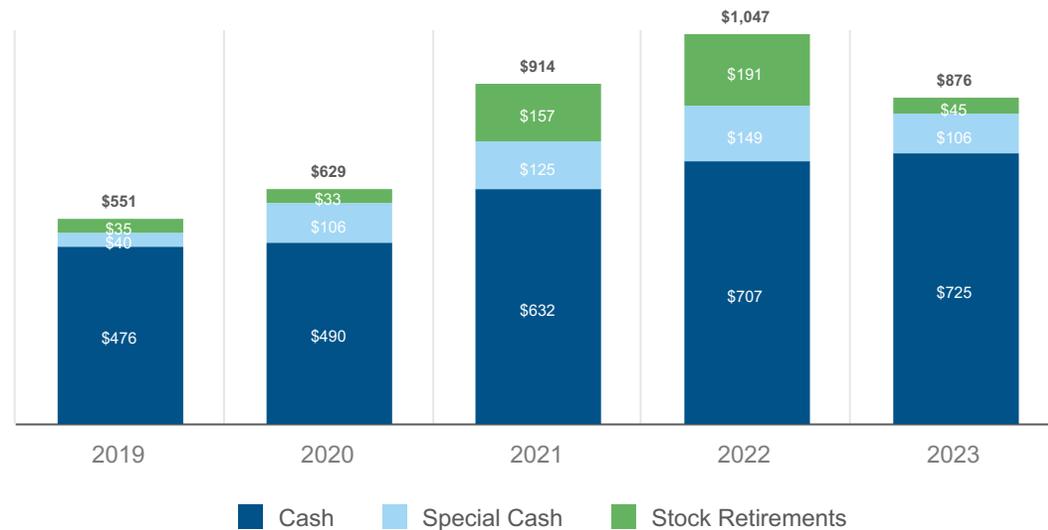
## Summary

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

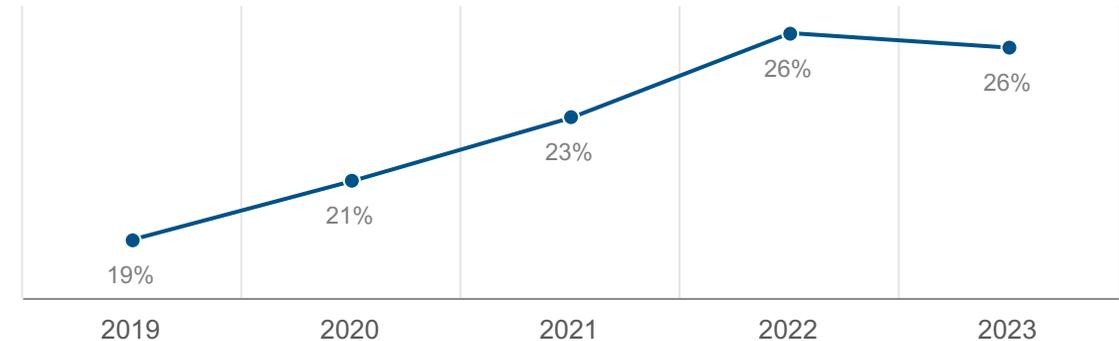
## Patronage<sup>(1)</sup> (\$ in Millions)



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



## Average Return on Active Patron Investment



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

# Funding

## Summary

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

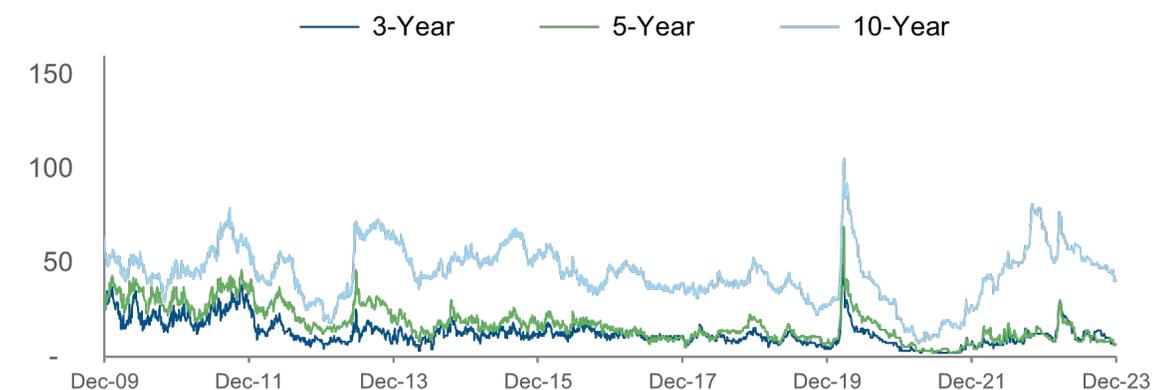
## Equity (\$ in Millions) <sup>(1)</sup>

Type	Amount	% of Equity
Preferred Stock		
Series E	\$125	1.1 %
Series H	300	2.7 %
Series I	375	3.3 %
Series J	425	3.8 %
Series K	400	3.6 %
Common Stock	4,076	36.4 %
Unallocated Retained Earnings	7,016	62.7 %
Accumulated Other Comprehensive Loss	(1,524)	(13.6)%
	<b>\$11,193</b>	<b>100.0 %</b>

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

Type	Amount	% of Debt	Avg. Maturity (in years)	Weighted Avg. Rate <sup>(2)</sup>
Discount Notes	\$ 10,766	6.0%	0.2	5.05%
Bonds - Noncallable	126,536	70.8%	2.5	4.27%
Bonds - Callable	38,886	21.7%	3.1	3.89%
S/T Customer Investments and Other	2,633	1.5%	0.1	4.72%
	<b>\$ 178,821</b>	<b>100.0%</b>	<b>2.5</b>	<b>4.17%</b>

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



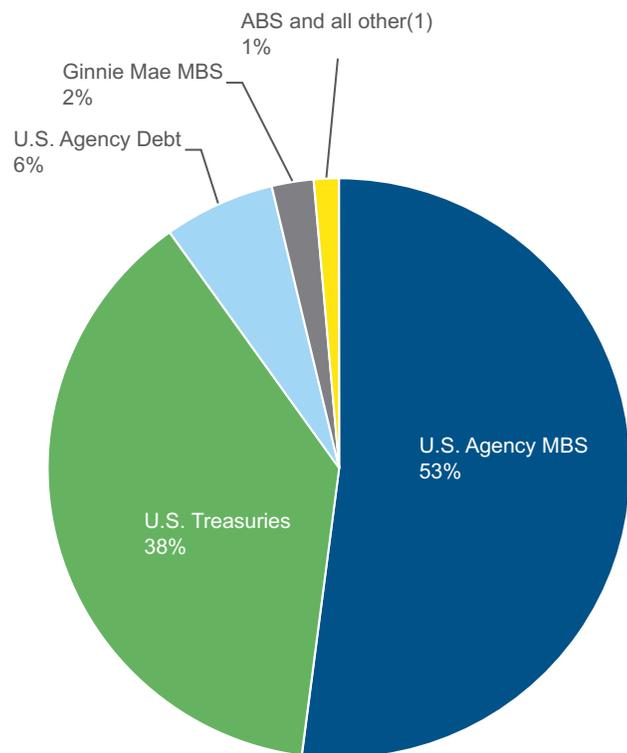
<sup>(1)</sup> As of December 31, 2023

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

# Investment Portfolio

## Total Investment Securities of \$38.3 Billion

(as of December 31, 2023)



## Summary

- \$38.3 billion market-diversified portfolio plus \$1.0 billion of cash and cash equivalents and \$4.6 billion in federal funds sold and other overnight funds as of December 31, 2023
- Largely composed of securities issued or guaranteed by GSEs or U.S. government
- Cash flow average life of 3.1 years and duration of 1.7 years
- Liquidity position = days into the future we could meet maturing debt obligations by using cash and eligible investments
  - Bank-established minimum is 150 days
  - Actual liquidity was 199 days at December 31, 2023
  - CoBank's long-term debt to loans was approximately 68% as of December 31, 2023

(\$ in Millions)

Type	Fair Value
U.S. Agency MBS	\$20,161
U.S. Treasuries	14,361
U.S. Agency Debt	2,382
Ginnie Mae MBS	898
ABS and all other <sup>(1)</sup>	541
<b>Total</b>	<b>\$38,343</b>

<sup>(1)</sup> All other includes an allowance for credit losses on investments of \$3 million at December 31, 2023