CoBank Quarterly District Financial Information September 30, 2024

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

Introduction and District Overview

CoBank, ACB (CoBank, the Bank, we, our, or us) is one of the four banks in the Farm Credit System (System) and provides loans, leases and other financial services to support agriculture, rural infrastructure and rural communities across the United States. The System is a federally chartered network of borrower-owned lending institutions composed of cooperatives and related service organizations. The System was established in 1916 by the U.S. Congress, and is a Government Sponsored Enterprise. CoBank is federally chartered under the Farm Credit Act of 1971, as amended (the Farm Credit Act), and is subject to supervision, examination, and safety and soundness regulation by an independent federal agency, the Farm Credit Administration (FCA).

We are cooperatively owned by our eligible U.S. customers. Our customers consist of agricultural cooperatives; other food and agribusiness companies; rural power, communications and water cooperatives and companies; rural community facilities; Agricultural Credit Associations (Associations), which are regulated, farmer-owned financial institutions and members of the System; and other businesses that serve agriculture and rural communities. The Associations originate and service long-term real estate mortgage loans as well as production and intermediate-term loans for agricultural and other purposes to full and part-time farmers. Associations may also make loans to, among others, processing and marketing entities, farm-related businesses, and rural residents for home purchase and improvements. The Associations may also purchase eligible loan participations from System entities and other lending institutions. Additionally, the Associations may serve as an intermediary in offering multi-peril crop insurance and credit life insurance, and providing additional financial services to borrowers.

We are chartered by the FCA to serve the Associations that provide credit and related financial services to or for the benefit of eligible borrowers/shareholders for qualified purposes in specific geographic areas in the United States. We collectively refer to these entities as our affiliated Associations. The Associations are not authorized by the Farm Credit Act to participate directly in the issuance of Systemwide bonds, medium term notes and discount notes (collectively referred to as Systemwide Debt Securities). Therefore, we are the primary funding source for our affiliated Associations. As of September 30, 2024, we had 16 affiliated Associations serving customers in 23 states across the West, Northwest, Southwest, Rocky Mountains, Mid-Plains, and Northeast regions of the United States.

Our affiliated Associations are considered customers and thus operate independently and maintain an arms-length relationship with us, except to the extent that the Farm Credit Act requires us, as the funding bank, to monitor and approve certain activities of these Associations. As authorized by the FCA, the affiliated Associations' financial information is not included in the condensed consolidated quarterly financial statements presented in CoBank's September 30, 2024 Quarterly Report to Shareholders. However, the FCA authorizes CoBank to present combined Bank and Association quarterly financial information in a separate report. CoBank does not have the corporate or direct regulatory authority to compel its affiliated Associations to disclose information or to establish and maintain their disclosure controls and procedures or internal controls over financial reporting. Accordingly, CoBank's preparation of this District Report and the establishment of adequate controls relating to this District Report are dependent on our affiliated Associations themselves satisfying their regulatory obligations and complying with agreed upon disclosure policies and procedures. Failure by an affiliated Association to provide accurate or timely information for District financial reporting or to have adequate disclosure controls or procedures or internal controls over financial reporting, as required by regulation or as agreed to under the disclosure policies and procedures, could jeopardize the accuracy of certain information in this District Report or CoBank's ability to timely issue this District Report.

The Financial Highlights, Discussion and Analysis, and the Condensed Combined Balance Sheets and Statements of Income included on the following pages present unaudited combined financial information and related analysis of CoBank and its affiliated Associations, which are collectively referred to as the "District." As part of the combining process, all significant transactions between CoBank and the Associations, including loans made by the Bank to the affiliated Associations and the interest income/interest expense related thereto, and investments of the affiliated Associations in the Bank and the earnings related thereto, have been eliminated.

Financial Highlights

($ in Millions) (Unaudited)

	September 30, 2024	December 31, 2023
Total Loans	**$ 164,807**	$ 160,022
Less: Allowance for Loan Losses	**1,056**	1,010
Net Loans	**163,751**	159,012
Total Assets	**215,033**	209,626
Total Shareholders' Equity	**26,834**	24,365

For the Nine Months Ended September 30,	2024	2023
Net Interest Income	**$ 3,335**	$ 3,184
Provision for Credit Losses	**119**	173
Net Fee Income	**224**	203
Net Income	**2,353**	2,102
Net Interest Margin	**2.17 %**	2.13 %
Net Charge-offs / Average Loans	**0.08**	0.03
Return on Average Assets	**1.51**	1.38
Return on Average Total Shareholders' Equity	**12.29**	11.97
Operating Expense / Net Interest Income and Noninterest Income	**33.03**	34.34
Average Loans	**$ 162,461**	$ 154,508
Average Earning Assets	**204,543**	199,412
Average Assets	**208,376**	203,158

Discussion and Analysis of District Results of Operations and Financial Condition

District average loans increased 5 percent to $162.5 billion for the nine months ended September 30, 2024 as compared to $154.5 billion for the same period in 2023. The increase in average loans primarily reflected growth in rural power, production and intermediate-term, communications, water and waste disposal and real estate mortgage loans. These increases were partially offset by a decrease in agricultural export finance loans.

Average investment securities, federal funds sold and other overnight funds decreased 6 percent to $42.1 billion during the nine months ended September 30, 2024 as compared to $44.9 billion for the same period in 2023. The decrease in CoBank's 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.

District net income increased 12 percent to $2.353 billion for the nine months ended September 30, 2024 as compared to $2.102 billion for the same period in 2023. The increase in current period earnings primarily resulted from higher net interest income and noninterest income and a lower provision for credit losses, partially offset by higher operating expenses and income taxes.

District net interest income increased 5 percent to $3.335 billion for the nine months ended September 30, 2024 as compared to $3.184 billion for the same period in 2023. The increase in net interest income was largely driven by growth in average loans across the District and an increase in non-interest bearing funding sources (principally capital). The District's overall net interest margin was 2.17 percent for the nine months ended September 30, 2024 as compared to 2.13 percent for the same period in 2023.

The District recorded a provision for credit losses of $119 million for the nine months ended September 30, 2024 as compared to $173 million for the same period in 2023. CoBank recorded a provision for credit losses of $6 million for the nine months ended September 30, 2024 as compared to $70 million for the same period in 2023. The 2024 provision for credit losses at CoBank primarily related to deterioration in credit quality and increased lending activity. This was somewhat offset by an improvement in macroeconomic forecasts that resulted in lower modeled credit losses in many of its lending portfolios. The 2023 provision for credit losses at CoBank primarily related to higher reserves resulting from credit quality deterioration within certain sectors of its Rural Infrastructure operating segment and forecasts of deteriorating macroeconomic conditions impacting many of its lending portfolios. The Associations recorded a net combined provision for credit losses of $113 million for the nine months ended September 30, 2024 as compared to $103 million for the same period in 2023. The net combined 2024 provision for credit losses at the Associations was primarily due to credit quality downgrades, higher specific reserves and increased lending activity across several Associations. The net combined 2023 provision for credit losses at the Associations was primarily due to an increased provision for two Associations that merged in 2023 and reflected the impact of an accounting change for credit losses, deterioration in credit quality, and higher loan volume at several Associations.

District noninterest income increased to $534 million for the nine months ended September 30, 2024 as compared to $431 million for the same period in 2023. Noninterest income is primarily composed of fee income, patronage income, financially-related services income, gains and losses on derivatives and other miscellaneous gains and losses. The increase in noninterest income primarily related to the return of excess insurance funds from the Farm Credit System Insurance Corporation (Insurance Corporation), gains from derivatives, increased patronage income, higher 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 $50 million, of which $25 million was recognized by CoBank and $25 million by the Associations in the District. No such income was recorded for 2023. As more fully explained in the CoBank 2023 Annual Report, when the Insurance Fund exceeds the statutory 2 percent secure base amount (SBA), the Insurance Corporation may reduce premiums and return excess amounts. In 2024, the Insurance Fund began the year above the SBA. In the second quarter of 2024, the Insurance Corporation approved the distribution of the excess amounts and such amounts were distributed to System entities. Gains from derivatives were $11 million for the nine months ended

September 30, 2024 as compared to losses of $14 million for the same period in 2023. Gains and losses on derivatives are driven by the impact of market interest rate changes for derivatives not designated as hedging instruments. Patronage income increased $22 million for the nine months ended September 30, 2024 as compared to the same period in 2023 from a higher level of District loans sold to other System institutions. Net fee income increased $21 million for the nine months ended September 30, 2024 as compared to the same period in 2023, primarily at CoBank from a higher volume of transaction-related lending fees. Sales of investment securities by CoBank 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 $17 million for the nine months ended September 30, 2024 as compared to the same period in 2023 primarily at CoBank due to losses on investments in Rural Business Investment Companies (RBICs) in 2024 as compared to gains in the 2023 period and from lower mineral income from the Associations.

District operating expenses increased to $1.277 billion for the nine months ended September 30, 2024 as compared to $1.241 billion for the same period in 2023 primarily driven by increases in employee compensation, information services and other operating expenses, partially offset by decreases in Insurance Fund premium expense. Employee compensation expense, which includes salaries, incentive compensation and employee benefits, increased $66 million for the nine months ended September 30, 2024 as compared to the same period in 2023, primarily due to an increase in salary expenses from a higher number of employees, merit and other pay, higher accrued incentive compensation and a one-time expense at CoBank from severance payments made to a limited number of employees in connection with CoBank's digital transformation initiative. Information services expense increased $16 million for the nine months ended September 30, 2024 as compared to the same period in 2023 due to higher expenses relating to hardware, software, network infrastructure and the modernization of existing technology platforms. Other operating expenses increased $26 million for the nine months ended September 30, 2024 as compared to the same period in 2023. The increase was primarily due to higher pension non-service costs across the District, which included a one-time pension plan termination expense at CoBank of $12 million to write-off actuarial losses previously deferred in accumulated other comprehensive loss for one of its employer-funded, qualified defined benefit pension plans. Insurance Fund premium expenses decreased $78 million for the nine months ended September 30, 2024 as compared to the same period of 2023 due to lower Insurance Fund premium rates, partially offset by an increase in insured debt obligations. Premium rates are set by the Insurance Corporation and were 10 basis points of average outstanding adjusted insured debt obligations for the 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.

District income tax expense increased to $120 million for the nine months ended September 30, 2024 as compared to $99 million for the same period in 2023 primarily due to an increase in earnings attributable to taxable business activities at CoBank. The income tax expense at the District predominantly relates to CoBank, as a substantial majority of the business activities at Associations are exempt from federal income tax.

Loan Portfolio

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

District Loans by Loan Type

($ in Millions)	September 30, 2024	December 31, 2023
Real Estate Mortgage	**$ 47,636**	$ 46,719
Nonaffiliated Associations	**5,912**	5,785
Production and Intermediate-term	**24,780**	24,291
Agribusiness:		
Loans to Cooperatives	**13,374**	13,860
Processing and Marketing	**17,505**	15,821
Farm Related Businesses	**3,263**	2,674
Communications	**8,480**	7,733
Rural Power	**27,591**	26,346
Water and Waste	**3,956**	4,047
Agricultural Export Finance	**7,308**	7,603
Rural Residential Real Estate	**353**	363
Lease Receivables	**4,528**	4,594
Other	**121**	186
Total	**$ 164,807**	$ 160,022

Overall District outstanding loans increased $4.8 billion to $164.8 billion at September 30, 2024, compared to $160.0 billion at December 31, 2023. The increase was due to increases in processing and marketing, rural power, real estate mortgage, communications, farm related businesses, and production and intermediate-term. These increases were partially offset by decreases in loans to cooperatives and agricultural export finance loans.

Portfolio Diversification

Loan concentrations exist when there are amounts loaned to multiple borrowers engaged in similar activities, or within close proximity, which could cause them to be similarly impacted by economic or other conditions. Credit risk in the District's loan portfolio is spread broadly among customers, industries and geographic territory. The District serves a diversified spectrum of borrowers up and down the agricultural value chain. Association retail loans in the District loan portfolio are concentrated in the West, Northwest, Southwest, Rocky Mountains, Mid-Plains, and Northeast regions of the United States. CoBank's retail loan portfolio extends across the United States, with moderate levels of concentration in the Midwest region of the country and in the farm supply, grain and marketing, dairy and electric distribution sectors.

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

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

Geographic Distribution	September 30, 2024	December 31, 2023
California	**22 %**	22 %
Texas	**7**	5
Kansas	**5**	5
Washington	**5**	5
New York	**5**	5
Colorado	**4**	4
Idaho	**3**	3
Oklahoma	**3**	3
Illinois	**2**	3
Oregon	**2**	2
Florida	**2**	2
Minnesota	**2**	2
Pennsylvania	**2**	1
Georgia	**2**	2
Ohio	**2**	2
Massachusetts	**2**	2
Iowa	**2**	2
Indiana	**1**	2
Other (less than 2 percent each for the current year)	**23**	23
Total States	**96 %**	95 %
Latin America	**2**	2
Asia	**1**	2
Europe, Middle East and Africa	**1**	1
Total International	**4 %**	5 %
Total	**100 %**	100 %

Loan Quality

One credit quality indicator utilized by the Bank and Associations is the FCA Uniform Loan Classification System that categorizes loans into five categories. The categories are defined as follows:

- Acceptable – assets are expected to be fully collectible and represent the highest quality,
- Special Mention – assets are currently collectible but exhibit some potential weakness,
- Substandard – assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan,
- Doubtful – assets exhibit similar weaknesses to substandard assets; however, doubtful assets have additional weaknesses in existing factors, conditions and values that make collection in full highly questionable, and
- Loss – assets are considered uncollectible.

The following table presents loans, classified by management at the various District entities pursuant to the FCA's Uniform Loan Classification System, as a percent of total loans.

District Loan Quality

	September 30, 2024	December 31, 2023
Acceptable	**93.98 %**	94.75 %
Special Mention	**3.01**	3.00
Substandard	**2.95**	2.24
Doubtful	**0.06**	0.01
Loss	**—**	—
Total	**100.00 %**	100.00 %

Notwithstanding some credit quality deterioration, overall loan quality within the District remains manageable. Acceptable loans were 93.98 percent of total loans at September 30, 2024, compared to 94.75 percent at December 31, 2023. Special Mention loans were 3.01 percent of total loans at September 30, 2024, compared to 3.00 percent at December 31, 2023. The level of adversely classified loans ("Substandard", "Doubtful" and "Loss") as a percent of total loans increased to 3.01 percent at September 30, 2024, compared to 2.25 percent at December 31, 2023 due primarily to credit quality deterioration related to real estate mortgage, production and intermediate-term, agribusiness, and rural power loans.

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

Vintage by Credit Quality Indicator

As of September 30, 2024

($ in Millions)	Term Loans by Origination Year 2024	2023	2022	2021	2020	Prior	Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Real Estate Mortgage										
Acceptable	$ 3,538	$ 3,863	$ 5,452	$ 6,833	$ 5,592	$ 15,453	$ 40,731	$ 2,436	$ 409	$ 43,576
Special Mention	99	264	184	233	232	621	1,633	98	34	1,765
Substandard	61	130	401	221	390	859	2,062	138	53	2,253
Doubtful	-	2	5	-	4	31	42	-	-	42
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 3,698	$ 4,259	$ 6,042	$ 7,287	$ 6,218	$ 16,964	$ 44,468	$ 2,672	$ 496	$ 47,636
Gross Charge-offs(1)	$ -	$ -	$ 5	$ -	$ -	$ 7	$ 12	$ -	$ -	$ 12

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

($ in Millions)	2024	2023	2022	2021	2020	Prior	Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Nonaffiliated Associations										
Acceptable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,797	$ -	$ 5,797
Special Mention	-	-	-	-	-	-	-	115	-	115
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,912	$ -	$ 5,912
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Production and Intermediate-Term										
Acceptable	$ 2,402	$ 1,948	$ 1,960	$ 994	$ 806	$ 1,443	$ 9,553	$ 12,782	$ 150	$ 22,485
Special Mention	141	113	81	48	37	37	457	829	17	1,303
Substandard	138	90	90	60	59	37	474	403	93	970
Doubtful	-	3	7	-	4	1	15	1	6	22
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 2,681	$ 2,154	$ 2,138	$ 1,102	$ 906	$ 1,518	$ 10,499	$ 14,015	$ 266	$ 24,780
Gross Charge-offs(1)	$ -	$ 2	$ 4	$ 1	$ 1	$ 5	$ 13	$ 4	$ 1	$ 18
Agribusiness										
Acceptable	$ 3,094	$ 4,478	$ 4,263	$ 2,910	$ 1,661	$ 3,398	$ 19,804	$ 11,812	$ 99	$ 31,715
Special Mention	36	127	133	135	79	104	614	441	4	1,059
Substandard	97	100	177	72	187	129	762	562	21	1,345
Doubtful	-	6	7	1	-	-	14	7	2	23
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 3,227	$ 4,711	$ 4,580	$ 3,118	$ 1,927	$ 3,631	$ 21,194	$ 12,822	$ 126	$ 34,142
Gross Charge-offs(1)	$ 2	$ 11	$ -	$ 1	$ 5	$ 26	$ 45	$ -	$ 9	$ 54
Communications										
Acceptable	$ 1,816	$ 2,091	$ 1,289	$ 1,115	$ 400	$ 819	$ 7,530	$ 544	$ 5	$ 8,079
Special Mention	12	7	21	72	174	18	304	29	-	333
Substandard	-	-	25	41	-	-	66	2	-	68
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 1,828	$ 2,098	$ 1,335	$ 1,228	$ 574	$ 837	$ 7,900	$ 575	$ 5	$ 8,480
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rural Power										
Acceptable	$ 2,690	$ 5,023	$ 3,544	$ 2,247	$ 2,229	$ 9,137	$ 24,870	$ 2,305	$ 1	$ 27,176
Special Mention	-	20	70	62	74	51	277	-	-	277
Substandard	-	22	-	-	20	94	136	1	-	137
Doubtful	-	1	-	-	-	-	1	-	-	1
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 2,690	$ 5,066	$ 3,614	$ 2,309	$ 2,323	$ 9,282	$ 25,284	$ 2,306	$ 1	$ 27,591
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ 3	$ 3	$ -	$ -	$ 3
Water and Waste										
Acceptable	$ 421	$ 724	$ 969	$ 286	$ 297	$ 926	$ 3,623	$ 319	$ -	$ 3,942
Special Mention	-	-	-	-	1	1	2	-	-	2
Substandard	-	4	-	-	-	-	4	1	-	5
Doubtful	-	4	-	-	-	-	4	3	-	7
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 421	$ 732	$ 969	$ 286	$ 298	$ 927	$ 3,633	$ 323	$ -	$ 3,956

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CoBank, ACB and Affiliated Associations

Vintage by Credit Quality Indicator (Continued)

As of September 30, 2024

($ in Millions)	Term Loans by Origination Year 2024	2023	2022	2021	2020	Prior	Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Gross Charge-offs[(1)]	$ 2	$ 9	$ -	$ -	$ -	$ -	$ 11	$ 2	$ -	$ 13
Agricultural Export Finance										
Acceptable	$ 20	$ 357	$ 60	$ 41	$ -	$ 42	$ 520	$ 6,769	$ 19	$ 7,308
Special Mention	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 20	$ 357	$ 60	$ 41	$ -	$ 42	$ 520	$ 6,769	$ 19	$ 7,308
Gross Charge-offs[(1)]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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

($ in Millions)	2024	2023	2022	2021	2020	Prior	Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Rural Residential Real Estate										
Acceptable	$ 24	$ 26	$ 23	$ 26	$ 20	$ 226	$ 345	$ -	$ -	$ 345
Special Mention	1	-	-	-	1	2	4	-	-	4
Substandard	-	-	-	-	-	4	4	-	-	4
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 25	$ 26	$ 23	$ 26	$ 21	$ 232	$ 353	$ -	$ -	$ 353
Gross Charge-offs[(1)]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lease Receivables										
Acceptable	$ 767	$ 1,016	$ 891	$ 561	$ 422	$ 694	$ 4,351	$ -	$ -	$ 4,351
Special Mention	13	15	25	15	6	22	96	-	-	96
Substandard	8	4	6	20	14	29	81	-	-	81
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 788	$ 1,035	$ 922	$ 596	$ 442	$ 745	$ 4,528	$ -	$ -	$ 4,528
Gross Charge-offs[(1)]	$ -	$ -	$ 1	$ 1	$ -	$ -	$ 2	$ -	$ -	$ 2
Other										
Acceptable	$ 2	$ 32	$ 1	$ 2	$ 2	$ 11	$ 50	$ 67	$ -	$ 117
Special Mention	1	-	-	-	(1)	2	2	1	-	3
Substandard	1	(1)	1	-	-	-	1	-	-	1
Doubtful	-	-	-	-	(1)	-	(1)	1	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 4	$ 31	$ 2	$ 2	$ -	$ 13	$ 52	$ 69	$ -	$ 121
Gross Charge-offs[(1)]	$ -	$ -	$ -	$ -	$ -	$ 1	$ 1	$ -	$ -	$ 1
Total Loans of CoBank District										
Acceptable	$ 14,774	$ 19,558	$ 18,452	$ 15,015	$ 11,429	$ 32,149	$ 111,377	$ 42,831	$ 683	$ 154,891
Special Mention	303	546	514	565	603	858	3,389	1,513	55	4,957
Substandard	305	349	700	414	670	1,152	3,590	1,107	167	4,864
Doubtful	-	16	19	1	7	32	75	12	8	95
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 15,382	$ 20,469	$ 19,685	$ 15,995	$ 12,709	$ 34,191	$ 118,431	$ 45,463	$ 913	$ 164,807
Gross Charge-offs[(1)]	$ 4	$ 22	$ 10	$ 3	$ 6	$ 42	$ 87	$ 6	$ 10	$ 103

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

Vintage by Credit Quality Indicator
As of December 31, 2023

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

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

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

Vintage by Credit Quality Indicator (Continued)
As of December 31, 2023

($ in Millions)	Term Loans by Origination Year 2023	2022	2021	2020	2019	Prior	Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Gross Charge-offs[(1)]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rural Residential Real Estate										
Acceptable	$ 24	$ 27	$ 29	$ 23	$ 13	$ 240	$ 356	$ -	$ -	$ 356
Special Mention	-	-	-	-	-	3	3	-	-	3
Substandard	-	-	-	-	-	4	4	-	-	4
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 24	$ 27	$ 29	$ 23	$ 13	$ 247	$ 363	$ -	$ -	$ 363
Gross Charge-offs[(1)]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
[(1)] As of and for the year-ended December 31, 2023.										
Lease Receivables										
Acceptable	$ 1,211	$ 1,046	$ 722	$ 547	$ 326	$ 592	$ 4,444	$ -	$ -	$ 4,444
Special Mention	12	17	13	5	6	22	75	-	-	75
Substandard	3	8	19	14	10	21	75	-	-	75
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 1,226	$ 1,071	$ 754	$ 566	$ 342	$ 635	$ 4,594	$ -	$ -	$ 4,594
Gross Charge-offs[(1)]	$ -	$ -	$ -	$ -	$ -	$ 3	$ 3	$ -	$ -	$ 3
Other										
Acceptable	$ 33	$ 1	$ 1	$ 1	$ -	$ 12	$ 48	$ 136	$ -	$ 184
Special Mention	-	-	-	-	-	1	1	-	-	1
Substandard	-	-	-	-	-	1	1	-	-	1
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 33	$ 1	$ 1	$ 1	$ -	$ 14	$ 50	$ 136	$ -	$ 186
Gross Charge-offs[(1)]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Loans of CoBank District										
Acceptable	$ 20,416	$ 20,579	$ 16,900	$ 13,199	$ 7,964	$ 28,588	$ 107,646	$ 43,210	$ 765	$ 151,621
Special Mention	326	760	447	787	262	1,118	3,700	1,045	56	4,801
Substandard	293	501	292	482	307	720	2,595	879	110	3,584
Doubtful	5	4	-	2	1	2	14	2	-	16
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 21,040	$ 21,844	$ 17,639	$ 14,470	$ 8,534	$ 30,428	$ 113,955	$ 45,136	$ 931	$ 160,022
Gross Charge-offs[(1)]	$ 12	$ 8	$ 2	$ 7	$ 14	$ 10	$ 53	$ 7	$ 1	$ 61
[(1)] As of and for the year-ended December 31, 2023.										

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

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

Nonperforming Assets		
($ in Millions)	**September 30, 2024**	**December 31, 2023**
Nonaccrual Loans:		
Real Estate Mortgage	**$ 567**	$ 278
Production and Intermediate-term	**266**	189
Agribusiness	**313**	104
Communications	**12**	12
Rural Power	**16**	17
Water and Waste	**10**	—
Rural Residential Real Estate	**2**	2
Lease Receivables	**21**	19
Total Nonaccrual Loans	**1,207**	621
Accruing Loans 90 Days or More Past Due:		
Real Estate Mortgage	**50**	6
Production and Intermediate-term	**29**	7
Agribusiness	**4**	1
Water and Waste	**3**	—
Lease Receivables	**6**	9
Total Accruing Loans 90 Days or More Past Due	**92**	23
Total Nonperforming Loans	**1,299**	644
Other Property Owned	**20**	14
Total Nonperforming Assets	**$ 1,319**	$ 658
Nonaccrual Loans as a Percentage of Total Loans	**0.73 %**	0.39 %
Nonperforming Assets as a Percentage of Total Loans and Other Property Owned	**0.80**	0.41
Nonperforming Assets as a Percentage of Capital	**4.92**	2.70

Nonperforming assets (which consist of nonaccrual loans, accruing loans 90 days or more past due and other property owned) totaled $1.3 billion as of September 30, 2024, compared to $658 million at December 31, 2023. District nonaccrual loans increased $586 million during the nine months ended September 30, 2024. Nonaccrual loans at CoBank increased $141 million primarily due to a large agribusiness customer that transferred to nonaccrual during the third quarter of 2024, as well as a small number of agribusiness and rural infrastructure customers that transferred to nonaccrual. Nonaccrual loans at Associations increased $445 million primarily due to an increase in real estate mortgage, agribusiness, and production and intermediate-term customers transferred to nonaccrual. The increase in nonaccrual loans was mainly concentrated in Associations located in the Western regions of the United States, primarily in the poultry, fruits, nuts and vegetables, beverages and farm related business services sectors. Total accruing loans 90 days or more past due increased by $69 million during the nine months ended September 30, 2024 primarily at the Associations driven by increases from real estate mortgage and production and intermediate-term loans. Other property owned increased $6 million at September 30, 2024 as compared to December 31, 2023 primarily due to gross amounts transferred in of $31 million for a limited number of agribusiness customers at the Associations, partially offset by property disposals of $20 million and fair value write-downs of $5 million. Nonperforming assets represented 0.80 percent and 0.41 percent of total District loans and other property owned at September 30, 2024 and December 31, 2023, respectively. Nonaccrual loans, the largest component of nonperforming assets, represented 0.73 percent of total loans at September 30, 2024 compared to 0.39 percent at December 31, 2023.

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

Aging of Past Due Loans

($ in Millions)	30-90 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
September 30, 2024						
Real Estate Mortgage	$ 180	$ 335	$ 515	$ 47,121	$ 47,636	$ 50
Nonaffiliated Associations	—	—	—	5,912	5,912	—
Production and Intermediate-term	115	125	240	24,540	24,780	29
Agribusiness	85	69	154	33,988	34,142	4
Communications	—	—	—	8,480	8,480	—
Rural Power	—	—	—	27,591	27,591	—
Water and Waste	—	3	3	3,953	3,956	3
Agricultural Export Finance	—	—	—	7,308	7,308	—
Rural Residential Real Estate	1	1	2	351	353	—
Lease Receivables	28	17	45	4,483	4,528	6
Other	—	—	—	121	121	—
Total	$ 409	$ 550	$ 959	$ 163,848	$ 164,807	$ 92

($ in Millions)	30-90 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
December 31, 2023						
Real Estate Mortgage	$ 122	$ 86	$ 208	$ 46,511	$ 46,719	$ 6
Nonaffiliated Associations	—	—	—	5,785	5,785	—
Production and Intermediate-term	145	62	207	24,084	24,291	7
Agribusiness	39	58	97	32,258	32,355	1
Communications	—	—	—	7,733	7,733	—
Rural Power	—	—	—	26,346	26,346	—
Water and Waste	—	—	—	4,047	4,047	—
Agricultural Export Finance	—	—	—	7,603	7,603	—
Rural Residential Real Estate	1	—	1	362	363	—
Lease Receivables	35	16	51	4,543	4,594	9
Other	—	—	—	186	186	—
Total	$ 342	$ 222	$ 564	$ 159,458	$ 160,022	$ 23

District entities maintain an allowance for loan losses at a level consistent with the expected credit losses identified by management of each institution, considering such factors as reasonable and supportable forecasts of agricultural and economic conditions, loan loss experience, portfolio quality, and loan portfolio composition and concentrations. CoBank and certain Associations also maintain a reserve for unfunded commitments, which totaled $117 million at September 30, 2024.

Although aggregated in the District's condensed combined financial statements, the allowance for loan losses for each District entity is particular to that institution and is not available to absorb losses realized by other District entities. The allowance for loan losses at September 30, 2024 totaled $1.1 billion, compared to $1.0 billion at December 31, 2023. Changes in the allowance included an overall provision for credit losses on loans of $120 million, loan charge-offs of $103 million, loan recoveries of $9 million and a $20 million net transfer from the reserve for unfunded commitments.

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

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

Changes in Allowance for Credit Losses on Loans

($ in Millions)	Real Estate Mortgage	Non-affiliated Associations	Production and Intermediate-term	Agri-business	Communi-cations	Rural Power	Water and Waste	Agricultural Export Finance	Rural Residential Real Estate	Lease Receivables and Other	Total
September 30, 2024											
Allowance for Loan Losses											
Beginning Balance	**$ 130**	**$ —**	**$ 133**	**$ 376**	**$ 106**	**$ 165**	**$ 27**	**$ 27**	**$ 2**	**$ 44**	**$ 1,010**
Charge-offs	**(12)**	**—**	**(18)**	**(55)**	**—**	**(3)**	**(13)**	**—**	**—**	**(2)**	**(103)**
Recoveries	**—**	**—**	**4**	**4**	**—**	**—**	**—**	**—**	**—**	**1**	**9**
Provision for Credit Losses/ (Credit Loss Reversal)[1]	**46**	**—**	**20**	**40**	**15**	**(3)**	**16**	**(10)**	**(1)**	**(3)**	**120**
Transfers from Reserve for Unfunded Commitments	**1**	**—**	**4**	**12**	**—**	**2**	**—**	**1**	**—**	**—**	**20**
Ending Balance	**$ 165**	**$ —**	**$ 143**	**$ 377**	**$ 121**	**$ 161**	**$ 30**	**$ 18**	**$ 1**	**$ 40**	**$ 1,056**
Reserve for Unfunded Commitments											
Beginning Balance	**$ 7**	**$ —**	**$ 29**	**$ 69**	**$ 11**	**$ 16**	**$ 2**	**$ 3**	**$ —**	**$ —**	**$ 137**
Transfers to Allowance for Loan Losses	**(1)**	**—**	**(4)**	**(12)**	**—**	**(2)**	**—**	**(1)**	**—**	**—**	**(20)**
Ending Balance	**$ 6**	**$ —**	**$ 25**	**$ 57**	**$ 11**	**$ 14**	**$ 2**	**$ 2**	**$ —**	**$ —**	**$ 117**
Allowance for Credit Losses on Loans	**$ 171**	**$ —**	**$ 168**	**$ 434**	**$ 132**	**$ 175**	**$ 32**	**$ 20**	**$ 1**	**$ 40**	**$ 1,173**
September 30, 2023											
Allowance for Loan Losses											
Beginning Balance	$ 127	$ —	$ 197	$ 411	$ 52	$ 108	$ 14	$ 30	$ 1	$ 48	$ 988
Change in Accounting Principle[2]	(10)	—	(68)	(39)	39	15	10	8	1	(6)	(50)
Charge-offs	(1)	—	(20)	(14)	(1)	(4)	—	—	—	(1)	(41)
Recoveries	—	—	5	6	—	—	—	1	—	—	12
Provision for Credit Losses/ (Credit Loss Reversal)[1]	21	—	49	40	20	41	2	(6)	—	8	175
Transfers (from) from Reserve for Unfunded Commitments	(1)	—	(8)	(19)	(2)	1	(1)	—	—	—	(30)
Association Merger Impact, Net	(4)	—	(33)	(16)	—	(1)	—	—	—	(5)	(59)
Ending Balance	$ 132	$ -	$ 122	$ 369	$ 108	$ 160	$ 25	$ 33	$ 2	$ 44	$ 995
Reserve for Unfunded Commitments											
Beginning Balance	$ 5	$ —	$ 27	$ 101	$ 16	$ 30	$ 2	$ 1	$ —	$ —	$ 182
Change in Accounting Principle[2]	(1)	—	(10)	(41)	(8)	(13)	(1)	—	—	—	(74)
Transfers from (to) Allowance for Loan Losses	1	—	8	19	2	(1)	1	—	—	—	30
Ending Balance	$ 5	$ —	$ 25	$ 79	$ 10	$ 16	$ 2	$ 1	$ —	$ —	$ 138
Allowance for Credit Losses on Loans	$ 137	$ —	$ 147	$ 448	$ 118	$ 176	$ 27	$ 34	$ 2	$ 44	$ 1,133

[1] Excludes credit loss reversal of $1 million on investment securities for the nine months ended September 30, 2024 and $2 million for the nine months ended September 30, 2023.

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

Investment Portfolio

As the funding bank for the District, CoBank is responsible for meeting the District's funding and liquidity needs. While access to the unsecured debt capital markets remains the District's primary source of liquidity, the District also maintains a secondary source of liquidity through a high credit quality investment portfolio and other short-term liquid assets which are primarily held at CoBank. All of CoBank's investment securities are classified as "available for sale". Refer to the CoBank 2023 Annual Report for additional description of the types of investments held by the Bank and related yield information and maturities. Associations have regulatory authority to enter into certain investments that carry an explicit government guarantee and certain other securities. Association investments included U.S. Treasury and Small Business Administration (SBA) debt securities classified as "available-for-sale" and mortgage backed securities issued by the Federal Agricultural Mortgage Corporation (Farmer Mac) classified as "held to maturity".

Investment Information

($ in Millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 2024				
CoBank Investments[1]	**$ 41,911**	**$ 305**	**$ (1,099)**	**$ 41,117**
Association Investments	**1,917**	**15**	**(13)**	**1,919**
Total	**$ 43,828**	**$ 320**	**$ (1,112)**	**$ 43,036**
December 31, 2023				
CoBank Investments[1]	$ 39,957	$ 62	$ (1,676)	$ 38,343
Association Investments	1,799	6	(26)	1,779
Total	$ 41,756	$ 68	$ (1,702)	$ 40,122

[1] Amortized cost and fair value include allowance for credit losses of $2 million at September 30, 2024 and $3 million at December 31, 2023.

Investment securities increased to $43.0 billion at September 30, 2024 from $40.1 billion at December 31, 2023. The increase in investments was primarily at CoBank to maintain its liquidity reserve associated with higher outstanding loans at September 30, 2024 as compared to December 31, 2023.

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

Derivatives and Hedging Activities

CoBank, and to a much lesser extent certain Associations in the District, use derivatives as part of their market risk management activities. Derivatives (primarily interest rate swaps) are used by the Bank and Associations to manage liquidity and the market risk arising from maturity and repricing mismatches between assets and liabilities. Derivatives (interest rate caps and floors) are also used by the Bank to hedge cap and floor risk embedded within its floating-rate investments and loans. The Bank also enters into derivatives with its retail customers and Associations in the District as a service to enable them to transfer, modify or reduce their interest rate risk. Derivative transactions between CoBank and the Associations in the District and the assets/liabilities and income/expense related thereto, are eliminated in the District's condensed combined balances sheets and statements of income. Derivative transactions between CoBank and its retail customers and to offset the interest rate risk in derivatives between the Bank and Associations in the District are not designated as hedging instruments and not eliminated, and therefore, changes in fair value related to these derivatives are recorded in current period earnings. Refer to the CoBank Annual Report for additional description and disclosure of the Bank's derivatives.

Derivatives are recorded at fair value as assets or liabilities in the District condensed combined balance sheets. Derivative assets totaled $744 million at September 30, 2024 compared to $791 million at December 31, 2023. Derivative liabilities totaled $715 million at September 30, 2024 compared to $827 million at December 31, 2023.

Changes in the fair value of District derivatives are accounted for as gains or losses through current period earnings or as a component of accumulated other comprehensive income (loss), depending on the use of the derivatives and whether they qualify for hedge accounting treatment. Net changes in the fair value of derivatives recorded in noninterest income in the accompanying condensed combined statements of income included net gains of $11 million for the nine months ended September 30, 2024 as compared to net losses of $14 million for the same period in 2023. Changes in the fair value of derivatives recorded as other comprehensive income (loss) totaled net losses of $166 million for the nine months ended September 30, 2024 as compared to net gains of $69 million for the same period in 2023.

District Capital Resources

Combined District shareholders' equity at September 30, 2024 increased to $26.8 billion as compared to $24.4 billion at December 31, 2023. The change primarily resulted from District net income, a decrease in accumulated other comprehensive loss and a preferred stock issuance at the Bank, partially offset by accrued patronage.

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

Accumulated Other Comprehensive Loss[1]

($ in Millions)	September 30, 2024	December 31, 2023
Unrealized Losses on Investment Securities	**$ (719)**	$ (1,489)
Net Pension Adjustment	**(261)**	(285)
Unrealized Losses on Interest Rate Swaps and Other Derivatives	**(166)**	—
Accumulated Other Comprehensive Loss	**$ (1,146)**	$ (1,774)

[1] Amounts are presented net of tax.

The change in the District's total accumulated other comprehensive loss during the nine months ended September 30, 2024 is largely due to lower unrealized losses on investment securities driven by the impact of market interest rate changes on the fair value of fixed rate securities.

On April 11, 2024, CoBank issued $300 million of Series L non-cumulative perpetual preferred stock. CoBank used the net proceeds from the Series L preferred stock issuance to increase its regulatory capital pursuant to FCA regulations and for general corporate purposes. Dividends on the Series L preferred stock, if declared by the CoBank Board of Directors in its sole discretion, are non-cumulative and are payable quarterly in arrears beginning on July 1, 2024, and will accrue at a fixed annual rate of 7.25 percent from the date of issuance up to, but excluding July 1, 2029. Thereafter, dividends will accrue at the five-year U.S. Treasury rate as of the most recent reset dividend determination date plus a spread of 2.88 percent per annum. The preferred stock is redeemable at par value, in whole or in part, at CoBank's option quarterly beginning on or after July 1, 2029.

The following table presents regulatory capital and leverage ratios for CoBank and the range of ratios at the affiliated Associations.

Regulatory Capital Requirements and Ratios

				September 30, 2024		December 31, 2023	
Ratio	Primary Components of Numerator	Regulatory Minimums	Minimum with Buffer*	CoBank	District Associations	CoBank	District Associations
Risk Adjusted:							
Common equity tier 1 (CET1) capital ratio	Unallocated retained earnings (URE), common cooperative equities (qualifying capital stock and allocated equity)(1)	4.5 %	7.0 %	**11.85 %**	**11.43-19.43%**	11.58 %	11.14-21.06%
Tier 1 capital ratio	CET1 Capital, non-cumulative perpetual preferred stock	6.0 %	8.5 %	**13.80 %**	**12.65-19.43%**	13.27 %	12.41-21.06%
Total capital ratio	Tier 1 Capital, allowance for loan losses(2), common cooperative equities(3) and term preferred stock and subordinated debt(4)	8.0 %	10.5 %	**14.57 %**	**13.55-19.70%**	14.11 %	13.37-21.32%
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0 %	7.0 %	**13.90 %**	**13.63-19.47%**	13.37 %	13.44-21.11%
Non-risk adjusted:							
Tier 1 leverage ratio**	Tier 1 Capital	4.0 %	5.0 %	**6.99 %**	**14.46-20.60%**	6.79 %	14.15-22.01%
UREE leverage ratio	URE and URE Equivalents	1.5 %	1.5 %	**3.30 %**	**13.01-20.68%**	3.23 %	12.64-21.86%

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

** Must include the 1.5 percent regulatory minimum requirement for the URE and UREE Leverage ratio.

(1) Equities outstanding 7 or more years

(2) Capped at 1.25% of risk-adjusted assets

(3) Equities outstanding 5 or more years, but less than 7 years

(4) Debt and equities outstanding 5 or more years

As depicted in the table above, at September 30, 2024, CoBank and all affiliated Associations exceeded the FCA's regulatory minimum capital ratios and any required buffers. Although aggregated in the District's condensed combined financial statements, capital for each District entity is particular to that institution. In addition, the provisions of joint and several liability for Systemwide Debt Securities are applicable only to System banks and do not include Associations. CoBank has no access to Association capital beyond their required investment in the Bank. There are no capital sharing agreements between CoBank and its affiliated Associations.

Employee Benefit Plans

As more fully described in the 2023 year-end District financial report, CoBank and each of its affiliated Associations have employer-funded qualified defined benefit pension plans, all of which are closed to new participants. 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. 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 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.

Other Matters

Other Regulatory Matters

On April 10, 2024, the FCA issued a final rule that would amend the Tier 1/Tier 2 capital framework to define and establish a risk weight for high-volatility commercial real estate exposures by assigning a 150 percent risk-weighting to such exposures, instead of the current 100 percent risk-weighting. The final rule includes changes that are comparable with the capital rules of other federal banking regulatory agencies and recognizes the increased risk posed by high-volatility commercial real estate exposures. The final rule defines high-volatility commercial real estate exposures as acquisition, development or construction exposures that meet certain criteria and subject to certain exclusions. On October 16, 2024, the FCA extended the implementation date of this final rule from January 1, 2025 to January 1, 2026. CoBank and its affiliated Associations are currently evaluating the final rule to determine if any loans meet the definitions in the final rule and the related impact, if any, on their regulatory capital ratios.

Subsequent Events

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.

Condensed Combined Balance Sheets

(unaudited)

($ in Millions)

	September 30, 2024	December 31, 2023
Assets		
Total Loans	**$ 164,807**	$ 160,022
Less: Allowance for Loan Losses	**1,056**	1,010
Net Loans	**163,751**	159,012
Cash and Cash Equivalents	**474**	1,306
Federal Funds Sold and Other Overnight Funds	**3,025**	4,615
Investment Securities (net of allowance of $2 at September 30, 2024 and $3 at December 31, 2023)	**43,036**	40,122
Interest Rate Swaps and Other Derivatives	**744**	791
Accrued Interest Receivable and Other Assets	**4,003**	3,780
Total Assets	**$ 215,033**	$ 209,626
Liabilities		
Bonds and Notes	**$ 183,648**	$ 179,770
Subordinated Debt	**198**	198
Interest Rate Swaps and Other Derivatives	**715**	827
Reserve for Unfunded Commitments	**117**	137
Patronage Payable	**695**	1,300
Accrued Interest Payable and Other Liabilities	**2,826**	3,029
Total Liabilities	**188,199**	185,261
Shareholders' Equity		
Preferred Stock Issued by Bank	**1,925**	1,625
Preferred Stock Issued by Associations	**323**	319
Common Stock	**1,963**	1,928
Paid In Capital	**3,852**	3,855
Unallocated Retained Earnings	**19,917**	18,412
Accumulated Other Comprehensive Loss	**(1,146)**	(1,774)
Total Shareholders' Equity	**26,834**	24,365
Total Liabilities and Shareholders' Equity	**$ 215,033**	$ 209,626

Condensed Combined Statements of Income

(unaudited)

($ in Millions)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Interest Income				
Loans	**$ 2,741**	$ 2,485	**$ 8,119**	$ 7,197
Investment Securities	**416**	348	**1,163**	951
Federal Funds Sold and Other Overnight Funds	**33**	110	**102**	333
Total Interest Income	**3,190**	2,943	**9,384**	8,481
Interest Expense	**2,062**	1,872	**6,049**	5,297
Net Interest Income	**1,128**	1,071	**3,335**	3,184
Provision for Credit Losses	**77**	18	**119**	173
Net Interest Income After Provision for Credit Losses	**1,051**	1,053	**3,216**	3,011
Noninterest Income				
Net Fee Income	**70**	67	**224**	203
Patronage Income	**52**	46	**170**	148
Financially-Related Services Income	**20**	19	**52**	53
Prepayment Income	**1**	1	**3**	3
(Losses) Gains on Early Extinguishments of Debt	**(1)**	3	**(3)**	2
Gains (Losses) on Sales of Investment Securities	**—**	—	**1**	(7)
Gains (Losses) on Interest Rate Swaps and Other Derivatives	**30**	(6)	**11**	(14)
Return of Excess Insurance Funds	**—**	—	**50**	—
Other, Net	**10**	13	**26**	43
Total Noninterest Income	**182**	143	**534**	431
Operating Expenses				
Employee Compensation	**240**	219	**709**	643
Insurance Fund Premium	**38**	63	**113**	191
Information Services	**54**	47	**148**	132
General and Administrative	**27**	25	**78**	74
Occupancy and Equipment	**16**	15	**46**	46
Farm Credit System Related	**10**	10	**29**	29
Purchased Services	**19**	17	**50**	46
Merger Related Costs	**4**	5	**10**	12
Other	**38**	23	**94**	68
Total Operating Expenses	**446**	424	**1,277**	1,241
Income Before Income Taxes	**787**	772	**2,473**	2,201
Provision for Income Taxes	**25**	34	**120**	99
Net Income	**$ 762**	$ 738	**$ 2,353**	$ 2,102

Select Information on District Associations
(unaudited)

($ in Millions)

As of September 30, 2024	Wholesale Loans	% of Wholesale Loans	Total Assets	Total Regulatory Capital	Total Regulatory Capital Ratio	Non-performing Loans as a % of Total Loans	Return on Average Assets
AgWest, ACA	$ 27,241	36.29 %	$ 34,283	$ 5,380	15.40 %	0.94 %	2.29 %
American AgCredit, ACA	17,973	23.95	22,366	3,340	13.55	2.18	1.88
Farm Credit East, ACA	10,267	13.68	12,842	2,212	16.52	0.44	2.66
Yosemite Farm Credit, ACA	3,899	5.21	4,864	720	14.39	1.93	2.27
Frontier Farm Credit, ACA	2,654	3.54	3,292	549	15.36	0.84	1.78
Golden State Farm Credit, ACA	2,080	2.77	2,620	404	14.65	2.28	1.78
Oklahoma AgCredit, ACA	1,742	2.32	2,158	339	15.24	1.01	1.60
Farm Credit Western Oklahoma, ACA	1,601	2.13	1,977	309	16.33	0.41	1.51
High Plains Farm Credit, ACA	1,624	2.16	2,039	302	14.03	0.72	2.13
Fresno-Madera Farm Credit, ACA	1,355	1.81	1,757	297	15.61	0.42	1.70
Farm Credit of Southern Colorado, ACA	1,306	1.74	1,676	283	16.46	0.32	1.39
Western AgCredit, ACA	1,113	1.48	1,490	297	18.92	0.60	2.61
Premier Farm Credit, ACA	815	1.09	1,077	209	17.76	0.35	2.14
Farm Credit Services of Colusa-Glenn, ACA	630	0.84	818	149	16.22	0.77	2.01
Farm Credit of Western Kansas, ACA	407	0.54	549	110	19.70	—	2.21
Idaho AgCredit, ACA	344	0.46	450	73	16.67	0.73	2.03

Association Information

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

American AgCredit, ACA
4845 Old Redwood Hwy
Santa Rosa, CA 95403
707-545-1200
www.agloan.com

Farm Credit East, ACA
240 South Road
Enfield, CT 06082
860-741-4380
www.farmcrediteast.com

Farm Credit of Southern Colorado, ACA
5110 Edison Avenue
Colorado Springs, CO 80915
719-570-1087
www.aglending.com

Farm Credit of Western Kansas, ACA
1190 South Range Avenue
Colby, KS 67701-3503
785-462-6714
www.fcwk.com

Farm Credit of Western Oklahoma, ACA
3302 Williams Avenue
Woodward, OK 73801
580-256-3465
www.fcwestok.com

Farm Credit Services of Colusa-Glenn, ACA
2970 Davison Court
Colusa, CA 95932
530-458-2163
www.fcscolusaglenn.com

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

Frontier Farm Credit, ACA
2009 Vanesta Place
Manhattan, KS 66503
785-776-6931
www.frontierfarmcredit.com

Golden State Farm Credit, ACA
3013 Ceres Avenue
Chico, CA 95973
530-895-8698
www.goldenstatefarmcredit.com

High Plains Farm Credit, ACA
605 Main
Larned, KS 67550-0067
620-285-6978
www.highplainsfarmcredit.com

Idaho AgCredit, ACA
188 West Judicial Street
Blackfoot, ID 83221-0985
208-785-1510
www.idahoagcredit.com

Oklahoma AgCredit, ACA
3033 Progressive Drive
Edmond, OK 73034
918-251-8596
www.okagcredit.com

Premier Farm Credit, ACA
202 Poplar Street
Sterling, CO 80751-1785
970-522-2330
www.premieraca.com

Western AgCredit, ACA
10980 South Jordan Gateway
Gateway South Jordan, UT 84095-0850
801-571-9200
www.westernagcredit.com

Yosemite Farm Credit, ACA
806 West Monte Vista Avenue
Turlock, CA 95382
209-667-2366
www.yosemitefarmcredit.com