2024 Quarterly Report

March 31, 2024

Dear CoBank Customer-Owner:

We are pleased to report that CoBank delivered robust financial performance in the first quarter of 2024. The bank's earnings benefited during the period from a number of external factors, including a reduction in insurance fund premium expense and an improvement in the external macroeconomic forecasts used in the calculation of our allowance for credit losses resulting in a credit loss reversal. At the same time, our fundamental business performance measures were also strong, with growth in loan volume, increased net interest income and continuing solid credit quality.

Average loan volume increased 3 percent during the quarter to $149.8 billion, from $144.9 billion in the first quarter of 2023. We experienced strong volume growth in wholesale lending to affiliated Farm Credit associations and in our rural infrastructure business, which more than offset a decline in agribusiness lending. The decrease in agribusiness volume was driven primarily by lower agricultural commodity prices, lower levels of grain inventory ownership and other factors that reduced seasonal financing needs at farmer-owned grain elevators and other agribusiness customers we finance across the country.

Net income for the first quarter of 2024 increased 16 percent to $438 million, compared to $376 million in the first quarter of 2023. As noted above, a key driver of the increase was a $37 million credit loss reversal recorded during the quarter, compared to a provision for credit losses of $20 million for the same period in 2023. The reversal reflected improved macroeconomic forecasts and their impact on our credit loss modeling, as required under the Current Expected Credit Losses (CECL) accounting standard implemented last year. As discussed in previous reports, we expect our credit loss provisioning to be more volatile as a result of this accounting change, with a commensurate impact on earnings. Other significant drivers of the increase in net income were a $16 million reduction in insurance fund premium expense assessed from the Farm Credit System Insurance Corporation, as well as higher net interest income.

Net interest income for the first quarter of 2024 increased $14 million, or 3 percent, to $479 million, from $465 million in the same period last year. The increase in net interest income was primarily driven by higher earnings generated from balance sheet positioning strategies.

Loan quality remained strong during the period. At quarter end, over 96 percent of loans in our commercial portfolio were rated as acceptable, the highest category of loan quality. Nonaccrual loans were $123 million, or 0.08 percent of total loans at March 31, 2024, compared to $117 million or 0.08 percent of total loans at December 31, 2023.

CoBank's capital and liquidity levels remain strong and in excess of regulatory minimums. Our total shareholders' equity was $11.3 billion at March 31, 2024 and included $1.7 billion in unrealized losses on investment securities resulting from higher interest rates. While the unrealized losses on investment securities reduce shareholders' equity, they do not impact current period earnings or regulatory capital ratios. The Bank's total capital ratio was 13.58 percent at March 31, 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 March 31, 2024, the Bank held approximately $38.3 billion in cash, investments and overnight funds and had 178 days of liquidity, compared to the 90-day minimum liquidity requirement.

The table below contains key financial data for the quarters ended March 31, 2024 and 2023. Complete financial information is provided in Management's Discussion and Analysis and the financial statements and footnotes that follow this letter.

KEY FINANCIAL DATA

($ in millions)	Three Months Ended March 31,	
INCOME STATEMENT	**2024**	**2023**
Net interest income	$479	$465
(Credit loss reversal) provision for credit losses	(37)	20
Noninterest income	101	108
Operating expenses	129	141
Net income	438	376
BALANCE SHEET (period-end)	**March 31, 2024**	**December 31, 2023**
Total loans	$149,809	$148,015
Less: allowance for loan losses[1]	674	730
Net loans	149,135	147,285
Total assets	190,467	194,359
Total shareholders' equity	11,324	11,193

($ in millions)	Three Months Ended March 31,	
PROFITABILITY METRICS	**2024**	**2023**
Net interest margin	1.02%	1.02%
Return on average common equity	17.30%	16.01%
Return on average assets	0.92%	0.81%
Operating expense ratio (excluding insurance fund premiums)	20.41%	19.70%
Average total loans	$149,811	$144,903
Average earning assets	188,242	185,227
Average total assets	190,828	187,905

[1] Excludes our reserve for unfunded commitments of $72 million at March 31, 2024 and $84 million at December 31, 2023 which is classified in liabilities in our condensed consolidated balance sheets.

We are focused on remaining a reliable source of credit and other financial services to support our customer-owners and further the Farm Credit mission. 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

May 10, 2024

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

CoBank, ACB

Business Overview

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

CoBank's loans outstanding increased 1 percent to $149.8 billion as of March 31, 2024, compared to $148.0 billion at December 31, 2023. Our average loan volume increased 3 percent to $149.8 billion for the three months ended March 31, 2024 as compared to $144.9 billion for the same period in 2023. The increase in average loan volume 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 decreased 11 percent to $38.1 billion as of March 31, 2024, compared to $43.0 billion at December 31, 2023. Average investment securities, federal funds sold and other overnight funds decreased 5 percent to $38.4 billion during the three months ended March 31, 2024, as compared to $40.3 billion for the same period in 2023. While the decreases were primarily due to a lower level of federal funds sold and other overnight funds and reduced our days liquidity during the three months ended March 31, 2024, we remain well in excess of our days liquidity regulatory minimum.

Our net income increased 16 percent to $438 million for the three months ended March 31, 2024 as compared to $376 million for the same period in 2023, primarily from a credit loss reversal, higher net interest income and lower operating expenses, partially offset by lower noninterest income and higher income taxes.

Net Interest Income and Net Interest Margin						
For the Three Months Ended March 31,	**2024**			**2023**		
($ in Millions)	Average Balance	Average Rate	Interest Income/ Expense	Average Balance	Average Rate	Interest Income/ Expense
Interest-earning Assets[1]						
Total Loans	**$ 149,811**	**5.43 %**	**$ 2,035**	$ 144,903	4.72 %	$ 1,685
Investment Securities	**35,983**	**3.85**	**346**	33,422	3.29	271
Federal Funds Sold and Other Overnight Funds	**2,448**	**5.38**	**33**	6,902	4.52	77
Total Interest-earning Assets[1]	**188,242**	**5.13**	**2,414**	185,227	4.45	2,033
Total Interest-bearing Liabilities	**175,302**	**4.42**	**1,935**	173,253	3.67	1,568
Interest Rate Spread		**0.72**			0.78	
Impact of Equity Financing	**11,265**	**0.30**		10,574	0.24	
Net Interest Margin and Net Interest Income		**1.02 %**	**$ 479**		1.02 %	$ 465

[1] Interest-earning assets exclude cash and cash equivalents.

Net interest income increased $14 million, or 3 percent, to $479 million for the three months ended March 31, 2024 as compared to $465 million for the same period in 2023. The increase in net interest income was primarily driven by higher earnings generated from balance sheet positioning strategies which favorably impacted our Agribusiness and Rural Infrastructure operating segments. In addition, higher loan volume in our Rural Infrastructure operating segment also contributed to increased net interest income. 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 and storage patterns 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 more inventory than normal in anticipation of higher prices later this year. Net interest margin was flat at 1.02 percent for the three months ended March 31, 2024 and 2023.

We recorded a credit loss reversal of $37 million for the three months ended March 31, 2024, which included a $29 million reversal in our Agribusiness operating segment and an $8 million reversal in our Rural Infrastructure operating segment. The credit loss reversal for the three months ended March 31, 2024 primarily related to an improvement in macroeconomic forecasts and to a lesser extent regular model assumption updates that resulted in lower modeled credit losses in many of our lending portfolios. 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 three months ended March 31, 2023, we recorded a $20 million provision for credit losses, which included a $14 million provision in our Rural Infrastructure operating segment and a $6 million provision in our Agribusiness operating segment. The provision for credit losses for the three months ended March 31, 2023 related to increased lending activity and to a lesser extent higher specific reserves related to a small number of customers.

Special Mention loans decreased to 2.26 percent of total loans at March 31, 2024 compared to 2.34 percent of total loans at December 31, 2023 primarily due to an improvement in credit quality within certain sectors of our Rural Infrastructure operating segment. Adversely classified loans were 0.78 percent of total loans at March 31, 2024, compared to 0.74 percent of total loans at December 31, 2023. Total nonaccrual loans increased to $123 million, or 0.08 percent of total loans, at March 31, 2024 from $117 million, or 0.08 percent of total loans, at December 31, 2023, primarily due to a small number of rural energy and agribusiness customers that transferred to nonaccrual status during 2024. Gross charge-offs were $31 million for the three months ended March 31, 2024 as compared to $6 million for the same period in 2023. The 2024 charge-offs primarily relate to a small number of agribusiness customers. The 2023 charge-offs primarily related to a small number of agribusiness, leasing and communication customers. Charge-offs have historically resulted from a relatively small number of customers and may fluctuate significantly period to period. Gross recoveries were less than $1 million for the three months ended March 31, 2024 compared to $1 million for the same period in 2023.

Total noninterest income decreased 6 percent to $101 million for the three months ended March 31, 2024 from $108 million for the same period in 2023. Noninterest income is primarily composed of fee income, patronage income, loan prepayment income, gains and losses on derivatives, and other miscellaneous gains and losses. The decrease in noninterest income primarily related to decreased net fee income and lower other noninterest income, partially offset by higher patronage income. Our net fee income, which includes arrangement fees and unused commitment fees, among others, decreased to $52 million for the three months ended March 31, 2024 as compared to $57 million for the same period in 2023 primarily due to a lower level of transaction-related lending fees in our Agribusiness operating segment. Other noninterest income decreased to $1 million for the three months ended March 31, 2024 as compared to $8 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. Patronage income, which represents patronage received from loans we sold to other System institutions, increased to $43 million for the three months ended March 31, 2024 as compared to $37 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.

Total operating expenses decreased 9 percent to $129 million for the three months ended March 31, 2024 as compared to $141 million for same period in 2023. The lower level of operating expenses was primarily driven by decreases in Farm Credit Insurance Fund (Insurance Fund) premium expense, partially offset by an increase in employee compensation. Insurance Fund premium expense decreased to $21 million for the three months ended March 31, 2024, compared to $37 million in the same period of 2023 due to lower Insurance Fund premium rates. Premium rates are set by the Farm Credit System Insurance Corporation (Insurance Corporation) and were 10 basis points of average outstanding adjusted insured debt obligations for the three months ended March 31, 2024 compared to 18 basis points for the same period in 2023. In February 2024, the Insurance Corporation announced a premium rate of 10 basis points of average outstanding adjusted insured debt obligations for 2024. The Insurance Corporation will review premium rates again in July 2024. Employee compensation expense, which includes salaries, incentive compensation and employee benefits, increased to $67 million for the three months ended March 31, 2024 from $61 million for the same period in 2023 primarily due to an increase in the number of employees, as well as merit and other pay increases. As of March 31, 2024, we had 1,223 employees compared to 1,172 employees at March 31, 2023.

Our provision for income taxes increased to $50 million for the three months ended March 31, 2024 from $36 million for the same period in 2023, and the effective tax rate was 10.2 percent and 8.8 percent for the three months ended March 31, 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 resulting from the Bank's credit loss reversal during the three months ended March 31, 2024.

Our annualized return on average common shareholders' equity increased to 17.30 percent for the three months ended March 31, 2024 from 16.01 percent for the same period in 2023. Our annualized return on average assets increased to 0.92 percent for the three months ended March 31, 2024 from 0.81 percent for the same period in 2023. Both increases resulted from the higher level of earnings for the three months ended March 31, 2024.

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.

Loans outstanding and the allowance for loan losses by operating segment at March 31, 2024 and 2023 are reported in Notes 3 and 11 to the accompanying condensed consolidated financial statements. 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. Net income by operating segment is summarized in the following table and is more fully detailed in Note 11 to the accompanying condensed consolidated financial statements.

Net Income by Operating Segment ($ in Millions)

For the Three Months Ended March 31,	2024	2023
Agribusiness	**$ 213**	$ 192
Farm Credit Banking	**72**	69
Rural Infrastructure	**153**	115
Total Net Income	**$ 438**	$ 376

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, and is 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 $39.2 billion at March 31, 2024 compared to $37.8 billion at December 31, 2023. The increase in outstanding loan volume primarily resulted from growth in lending to large food and agribusiness customers. As of March 31, 2024, the Agricultural Export Finance Division (AEFD) had $6.9 billion in loans outstanding, 27 percent of which were guaranteed by the U.S. government under the GSM program, compared to $7.0 billion in loans outstanding as of December 31, 2023, 24 percent of which were guaranteed under the General Sales Manager (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 March 31, 2024 and December 31, 2023, FCL had $4.2 billion and $4.3 billion, respectively, in leases outstanding.

Agribusiness average loan volume decreased 11 percent to $39.9 billion for the three months ended March 31, 2024 as compared to $45.1 billion for the same period in 2023. The decrease in average loan volume 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 and storage patterns 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 more inventory than normal in anticipation of higher prices later this year.

Agribusiness net income totaled $213 million for the three months ended March 31, 2024, as compared to $192 million in net income for the same period in 2023, primarily driven by a credit loss reversal and lower operating expenses, partially offset by lower net interest income and noninterest income.

Agribusiness net interest income decreased to $232 million for the three months ended March 31, 2024 as compared to $244 million for the same period of 2023, primarily due to lower average loan volume driven by lower levels of grain inventory ownership at our cooperative customers, as described above, partially offset by higher earnings on balance sheet positioning.

Agribusiness recorded a $29 million credit loss reversal for the three months ended March 31, 2024, compared to a $6 million provision for credit losses for the same period in 2023. The 2024 credit loss reversal primarily relates to an improvement in macroeconomic forecasts and to a lesser extent regular model assumption updates that resulted in lower modeled credit losses in many of our lending portfolios. The 2023 provision for credit losses primarily related to higher specific reserves and increased charge-offs for a small number of customers. Agribusiness nonaccrual loans increased to $94 million at March 31, 2024 as compared to $90 million at December 31, 2023 primarily due to a limited number of grain and farm supply, food and agribusiness customers transferred to nonaccrual status during 2024. Gross charge-offs were $30 million for the three months ended March 31, 2024 as compared to $5 million for the same period in 2023. The 2024 charge-offs were related to 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 less than $1 million for the three months ended March 31, 2024 as compared to $1 million for the same period in 2023.

Agribusiness noninterest income decreased by $8 million to $52 million for the three months ended March 31, 2024 as compared to $60 million for the same period in 2023, primarily due to decreased net fee income from lower levels of transaction-related lending fees, partially offset by increased patronage income.

Agribusiness operating expenses decreased by $8 million to $78 million for the three months ended March 31, 2024 as compared to $86 million for the same period in 2023, primarily due to a decline in Insurance Fund premium expense, partially offset by increased employee compensation.

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 March 31, 2024, we had 16 affiliated Associations operating in 23 states serving the Northwest, West, Southwest, Rocky Mountains, Mid-Plains, and Northeast regions of the United States. The Farm Credit Banking loan portfolio totaled $77.1 billion as of March 31, 2024, compared to $77.7 billion at December 31, 2023. At March 31, 2024 and December 31, 2023, these loans included $71.2 billion and $71.8 billion, respectively, in wholesale loans to our affiliated Associations and $5.8 billion of participations in wholesale loans made by other System banks to certain of their affiliated Associations as of March 31, 2024 and December 31, 2023. Such participations included $4.4 billion in wholesale loans made by the Farm Credit Bank of Texas (FCBT) and $1.4 billion in wholesale loans made by AgFirst Farm Credit Bank as of March 31, 2024 and December 31, 2023. The Farm Credit Banking operating segment also included loans made to a limited number of other financing institutions totaling $0.1 billion as of March 31, 2024 and December 31, 2023.

Farm Credit Banking average loan volume increased 9 percent to $77.0 billion for the three months ended March 31, 2024 as compared to $70.8 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 $72 million for the three months ended March 31, 2024, as compared to $69 million for the same period in 2023, primarily due to higher noninterest income and lower operating expenses.

Farm Credit Banking net interest income decreased to $80 million for the three months ended March 31, 2024 as compared to $81 million for the same period in 2023 primarily due to lower earnings from balance sheet positioning, partially offset by higher net interest income from growth in average loan volume.

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 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 $3 million for the three months ended March 31, 2024 as compared to $1 million for the same period in 2023, primarily due to increased patronage income.

Farm Credit Banking operating expenses in the three months ended March 31, 2024 decreased to $11 million as compared to $13 million for the same period in 2023, primarily due to lower Insurance Fund premium expense. 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. Communications industry customers include companies providing local wireline broadband services, long-haul and middle-mile fiber transport, and data center and cloud-based products to rural communities. Our 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 $33.5 billion and $32.6 billion at March 31, 2024 and December 31, 2023, respectively.

Rural Infrastructure average loan volume increased 13 percent to $32.9 billion for the three months ended March 31, 2024 as compared to $29.0 billion for the same period in 2023. The increase in loan volume was primarily related to rural power, electric distribution and communication customers.

Rural Infrastructure net income increased to $153 million for the three months ended March 31, 2024 as compared to $115 million for the same period in 2023, primarily driven by an increase in net interest income, a credit loss reversal and lower operating expenses, partially offset by higher income taxes.

Rural Infrastructure net interest income increased to $167 million for the three months ended March 31, 2024 as compared to $140 million for the same period in 2023, primarily due to higher average loan volume and higher earnings on balance sheet positioning.

Rural Infrastructure recorded a credit loss reversal of $8 million for the three months ended March 31, 2024 compared to a provision for credit losses of $14 million for the same period in 2023. The 2024 credit loss reversal primarily related to an improvement in macroeconomic forecasts and to a lesser extent regular model assumption updates that resulted in lower modeled credit losses in many of our lending portfolios, partially offset by increased lending activity. The 2023 provision for credit losses primarily related to increased lending activity and to a lesser extent higher specific reserves for a small number of customers. Nonaccrual loans increased to $29 million at March 31, 2024 as compared to $27 million at December 31, 2023 primarily due to a limited number of rural energy customers that transferred to nonaccrual status. 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 $1 million for the three months ended March 31, 2024 and 2023 and related to a small number of rural energy and communication customers. There were no gross recoveries in the three months ended March 31, 2024 and less than $1 million for the three months ended 2023.

Rural Infrastructure noninterest income decreased slightly to $46 million for the three months ended March 31, 2024 as compared to $47 million for the same period in 2023, primarily driven by losses on investments in RBICs in 2024 compared to gains in the 2023 period largely offset by increased net fee income from higher levels of transaction-related lending fees.

Rural Infrastructure operating expenses decreased to $40 million for the three months ended March 31, 2024 as compared to $42 million for the same period in 2023, primarily due to 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.

Loan Quality Ratios

	March 31, 2024			December 31, 2023		
	Wholesale Loans(1)	Commercial Loans(2)	Total Bank	Wholesale Loans(1)	Commercial Loans(2)	Total Bank
Acceptable	**97.78 %**	**96.09 %**	**96.96 %**	97.80 %	95.94 %	96.92 %
Special Mention	**2.22**	**2.32**	**2.26**	2.20	2.51	2.34
Substandard	**—**	**1.59**	**0.78**	—	1.55	0.74
Doubtful	**—**	**—**	**—**	—	—	—
Loss	**—**	**—**	**—**	—	—	—
Total	**100.00 %**	**100.00 %**	**100.00 %**	100.00 %	100.00 %	100.00 %

(1) Represents loans in our Farm Credit Banking operating segment.

(2) Represents loans in our Agribusiness and Rural Infrastructure operating segments.

Our overall loan quality measures remain strong at March 31, 2024. Special Mention loans decreased to 2.26 percent of total loans at March 31, 2024 compared to 2.34 percent of total loans at December 31, 2023 due to an improvement in credit quality within certain sectors in our Rural Infrastructure operating segment. The level of adversely classified loans ("Substandard", "Doubtful" and "Loss") as a percent of total loans was 0.78 percent at March 31, 2024, compared to 0.74 percent at December 31, 2023.

We recorded a $37 million credit loss reversal, $31 million of gross charge-offs and less than $1 million of gross recoveries in the three months ended March 31, 2024. Nonaccrual loans increased $6 million to $123 million at March 31, 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 $11 million at March 31, 2024 from $8 million at December 31, 2023 primarily due to an increase in past due leasing customers. Our ACL on loans totaled $746 million at

March 31, 2024, or 0.50 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 1.05 percent and 1.18 percent at March 31, 2024 and December 31, 2023, respectively.

At March 31, 2024, Special Mention loans included a $1.7 billion wholesale loan to one of our 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 this Association, as a result of the collateralization and other mitigants described above we do not anticipate any losses related to this wholesale loan. As of March 31, 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 strong at March 31, 2024. We believe credit quality deterioration in the future is possible due to market factors impacting our customers, including an ongoing volatile agricultural commodity price environment, labor shortages, inflation, higher 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.

While we believe that sufficient resources are available to meet liquidity management objectives through our debt maturity structure, holdings of liquid assets and access to the capital markets, the volatility of our loan volume and customer cash flow requirements causes 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 investments generally discounted by 5 to 10 percent of market value) on a continuous basis and to establish an incremental liquidity reserve. At March 31, 2024 and December 31, 2023 our liquidity was 178 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 $1.9 billion and $5.6 billion as of March 31, 2024 and December 31, 2023, respectively. Our investment securities were $36.4 billion at March 31, 2024, compared to $38.3 billion at December 31, 2023.

The table below summarizes our investment securities and related unrealized losses by asset class.

Investment Securities	March 31, 2024			December 31, 2023		
($ in Millions)	Amortized Cost	Fair Value	Net Unrealized Losses	Amortized Cost	Fair Value	Net Unrealized Losses
U.S. Treasury Debt	$ 12,064	$ 11,553	$ (511)	$ 14,831	$ 14,361	$ (470)
U.S. Agency Debt	2,523	2,442	(81)	2,442	2,382	(60)
Residential Mortgage-Backed:						
Ginnie Mae	1,167	1,003	(164)	1,050	898	(152)
U.S. Agency	3,352	3,251	(101)	3,195	3,104	(91)
Commercial Mortgage-Backed:						
U.S. Agency	18,425	17,567	(858)	17,878	17,057	(821)
Corporate Bonds[(1)]	498	479	(19)	499	482	(17)
Asset-Backed and Other	79	76	(3)	62	59	(3)
Total	$ 38,108	$ 36,371	$ (1,737)	$ 39,957	$ 38,343	$ (1,614)

[(1)] Amortized cost and fair value include ACL on investments of $3 million at March 31, 2024 and December 31, 2023.

Credit risk in our investment portfolio primarily exists in the remaining 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 ABS and midstream energy corporate and communication bonds collectively total $555 million as of March 31, 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 $1.5 billion and $2.6 billion at March 31, 2024 and December 31, 2023, respectively. The remainder of our short-term investments include reverse repurchase agreements with the Federal Reserve totaling $205 million and $2.0 billion at March 31, 2024 and December 31, 2023, respectively, and have minimal credit risk.

As of March 31, 2024, our ACL on investment securities was $3 million and related to our corporate bonds of midstream energy and communication companies. We recorded no provision for credit losses or credit loss reversal for our investment securities in the three months ended March 31, 2024 and 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 March 31, 2024, $530 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.

As 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, unless losses are credit-related and related to securities not guaranteed by the U.S. government or U.S. agencies, in which case that portion of the loss is recorded as an ACL with an offsetting amount in earnings. We recorded net unrealized losses on our investment securities of $123 million for the three months ended March 31, 2024 as compared to net unrealized gains of $401 million for the same period in 2023. The unrealized losses for 2024 and unrealized gains in 2023 primarily reflect the impact of market interest rate changes on the fair value of fixed-rate securities.

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 $59 million and $424 million for the three months ended March 31, 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%. At March 31, 2024 and December 31, 2023, total collateral exceeded our collateralized obligations by $11.1 billion and $11.7 billion, respectively, and our Statutory Collateral Ratio was 106.29 percent and 106.48 percent, respectively. At March 31, 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 March 31, 2024 and December 31, 2023 was $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 March 31, 2024, we had $250 million, $375 million and $200 million outstanding on our Series D, Series E and Series F funding from RUS, respectively. The Series D, Series E and Series F facilities were fully drawn at March 31, 2024. In October 2023, we closed on an additional $450 million of Series G funding with RUS, which was undrawn at March 31, 2024 and allows us to access funding through July 2028.

Interest Rate Swaps and 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 $711 million at March 31, 2024 compared to $812 million at December 31, 2023. Interest rate swaps and other derivative liabilities totaled $869 million at March 31, 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 $2 million and $4 million for the three months ended March 31, 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 $4 million and $5 million for the three months ended March 31, 2024 and 2023, respectively. Net changes in the fair value of derivatives recorded as other comprehensive income (loss) totaled gains of $70 million for the three months ended March 31, 2024 and losses of $18 million for the same period in 2023, respectively.

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 $11.3 billion and $11.2 billion at March 31, 2024 and December 31, 2023, respectively. The $131 million increase in shareholders' equity at March 31, 2024 primarily resulted from current period earnings somewhat offset by patronage distributions, retirements of common stock and an increase in accumulated other comprehensive loss. Included in our shareholders' equity is $1.6 billion and $1.5 billion of accumulated other comprehensive loss at March 31, 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 March 31, 2024 and December 31, 2023, our capital and leverage ratios exceeded regulatory minimums, as shown in the following table.

Regulatory Capital Requirements and Ratios

		March 31, 2024		December 31, 2023		
	Regulatory Minimums	Actual	Actual Buffer	Actual	Actual Buffer	Required Buffer
Common Equity Tier 1 Capital Ratio	4.5 %	**11.15 %**	**6.65 %**	11.58 %	7.08 %	2.5 %
Tier 1 Capital Ratio	6.0	**12.77**	**6.77**	13.27	7.27	2.5
Total Capital Ratio	8.0	**13.58**	**5.58**	14.11	6.11	2.5
Tier 1 Leverage Ratio(1)	4.0	**6.69**	**2.69**	6.79	2.79	1.0
Permanent Capital Ratio	7.0	**12.87**	**n/a**	13.37	n/a	n/a
Unallocated Retained Earnings (URE) and URE Equivalents Leverage Ratio	1.5	**3.05**	**n/a**	3.23	n/a	n/a

(1) 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. The rule is effective January 1, 2025. 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

In spite of continued market volatility, geopolitical tensions, shifts in trade policies and other factors, the global economy is performing ahead of expectations in 2024. However, the wars in Ukraine and the Middle East continue to impact global trade, food supply and economic conditions including heightened transportation costs for goods due to shipping constraints in certain impacted regions. The U.S. economy experienced strong consumption and labor performance in the first quarter and expectations of a recession in 2024 have largely subsided. While the Federal Reserve had signaled that several interest rates cuts were likely by the end of 2024, economic growth continues to be strong and inflation remains high. Equity markets also experienced strong returns in the first quarter of 2024. Amidst this economic backdrop, Congress passed legislation to fund the U.S. government through the remainder of 2024. However, Congress continues to struggle with advancing other meaningful legislation, including the U.S. Farm Bill, which was temporarily extended through September 30, 2024 and requires a more permanent solution. With a shift in political focus to the presidential and other elections in late 2024, additional government policies and rulemaking are uncertain at this time.

Market conditions in many sectors of the agricultural and rural infrastructure industries we serve remain generally 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. However, challenges to farm income in certain sectors exist in 2024 due to higher current domestic supply, higher interest rates and the strong U.S. dollar which has unfavorably impacted global exports. Commodity prices, including grain and oilseed prices, continued the steady downward trend this quarter, consistent with the prior two years. These lower commodity prices generally favor agricultural processors due to lower input costs to their business, however, exert profitability and other pressures on farmers, growers and farm supply, grain and marketing businesses. The rural power and energy industries were impacted by lower natural gas prices and a warmer than normal winter in 2024 and continue to be impacted by 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, and is showing no signs of slowing down. 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 AI 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 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 business model enhancements that further strengthen the ability to fulfill 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

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 impacts on global trade for grain, fertilizer and other commodities, transportation availability and costs, economic conditions and global food supply;
- 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;
- 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;
- 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;
- 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;
- Changes to tax laws;
- Our ability to attract and retain high quality employees;
- Cybersecurity risks, including a failure or breach of our operational or security systems or infrastructure, that could adversely affect our business, financial performance and reputation;

- Disruptive 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)	March 31, 2024 (Unaudited)	December 31, 2023
Assets		
Total Loans	$ **149,809**	$ 148,015
Less: Allowance for Loan Losses	**674**	730
Net Loans	**149,135**	147,285
Cash and Cash Equivalents	**183**	1,013
Federal Funds Sold and Other Overnight Funds	**1,749**	4,615
Investment Securities (net of allowance of $3 million at March 31, 2024 and December 31, 2023)	**36,371**	38,343
Interest Rate Swaps and Other Derivatives	**711**	812
Accrued Interest Receivable and Other Assets	**2,318**	2,291
Total Assets	$ **190,467**	$ 194,359
Liabilities		
Bonds and Notes	$ **175,772**	$ 178,821
Interest Rate Swaps and Other Derivatives	**869**	833
Reserve for Unfunded Commitments	**72**	84
Patronage Payable	**196**	831
Accrued Interest Payable and Other Liabilities	**2,234**	2,597
Total Liabilities	**179,143**	183,166
Commitments and Contingent Liabilities (Note 10)		
Shareholders' Equity		
Preferred Stock	**1,625**	1,625
Common Stock	**4,063**	4,076
Unallocated Retained Earnings	**7,202**	7,016
Accumulated Other Comprehensive Loss	**(1,566)**	(1,524)
Total Shareholders' Equity	**11,324**	11,193
Total Liabilities and Shareholders' Equity	$ **190,467**	$ 194,359

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 March 31,	
	2024	**2023**
Interest Income		
Loans	**$ 2,035**	$ 1,685
Investment Securities	**346**	271
Federal Funds Sold and Other Overnight Funds	**33**	77
Total Interest Income	**2,414**	2,033
Interest Expense	**1,935**	1,568
Net Interest Income	**479**	465
(Credit Loss Reversal) Provision for Credit Losses	**(37)**	20
Net Interest Income After (Credit Loss Reversal) Provision for Credit Losses	**516**	445
Noninterest Income		
Net Fee Income	**52**	57
Patronage Income	**43**	37
Prepayment Income	**1**	1
Gains on Interest Rate Swaps and Other Derivatives	**4**	5
Other, Net	**1**	8
Total Noninterest Income	**101**	108
Operating Expenses		
Employee Compensation	**67**	61
Insurance Fund Premium	**21**	37
Information Services	**17**	17
General and Administrative	**7**	7
Occupancy and Equipment	**4**	4
Farm Credit System Related	**5**	5
Purchased Services	**4**	6
Other	**4**	4
Total Operating Expenses	**129**	141
Income Before Income Taxes	**488**	412
Provision for Income Taxes	**50**	36
Net Income	**$ 438**	$ 376

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 March 31,	
	2024	**2023**
Net Income	**$ 438**	$ 376
Other Comprehensive (Loss) Income, Net of Tax:		
Net Change in Unrealized (Losses) Gains on Investment Securities	**(107)**	354
Net Change in Unrealized Gains (Losses) on Interest Rate Swaps and Other Derivatives	**65**	(18)
Net Pension Adjustment	**—**	—
Other Comprehensive (Loss) Income	**(42)**	336
Comprehensive Income	**$ 396**	$ 712

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 Three Months Ended March 31,	2024	2023
Balance at December 31,	**$ 11,193**	$ 10,225
Cumulative effect of change in accounting principle[1]	**—**	51
Balance at January 1, as adjusted	**11,193**	10,276
Comprehensive Income	**396**	712
Preferred Stock:		
Dividends	**(24)**	(23)
Redemptions	**—**	(8)
Gain on Partial Redemptions of Series E Preferred Stock	**—**	1
Common Stock:		
Retirements	**(45)**	(191)
Cash Patronage Accrued	**(196)**	(183)
Balance at March 31,	**$ 11,324**	$ 10,584

[1] 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 Three Months Ended March 31,	**2024**	**2023**
Cash Flows Provided by Operating Activities		
Net Income	**$ 438**	$ 376
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
(Credit Loss Reversal) Provision for Credit Losses	**(37)**	20
Deferred Income Taxes	**—**	33
Depreciation and Amortization/Accretion, Net	**12**	10
Decrease in Accrued Interest Receivable and Other Assets	**36**	16
Decrease in Accrued Interest Payable and Other Liabilities	**(391)**	(27)
Net Losses on Interest Rate Swaps and Other Derivatives	**4**	–
Payments on Operating Lease Liabilities	**(2)**	(2)
Other, Net	**(1)**	(2)
Net Cash Provided by Operating Activities	**59**	424
Cash Flows Provided by (Used in) Investing Activities		
Net Increase in Loans	**(1,826)**	(3,103)
Net Decrease (Increase) in Investment Securities	**1,677**	(513)
Net Decrease in Federal Funds Sold and Other Overnight Funds	**2,866**	513
Other, Net	**146**	121
Net Cash Provided by (Used in) Investing Activities	**2,863**	(2,982)
Cash Flows (Used in) Provided by Financing Activities		
Net (Repayments) Issuances of Bonds and Notes	**(3,023)**	3,054
Preferred Stock Retired	**—**	(6)
Preferred Stock Dividends Paid	**(18)**	(20)
Net Retirements of Common Stock	**(45)**	(191)
Cash Patronage Distribution Paid	**(725)**	(706)
Special Cash Patronage Distribution Paid	**(106)**	(149)
Cash Collateral Received (Paid) from (to) Derivative Counterparties, Net	**31**	(112)
Variation Margin Received on Cleared Derivatives, Net	**134**	69
Net Cash (Used in) Provided by Financing Activities	**(3,752)**	1,939
Net Decrease in Cash and Cash Equivalents	**(830)**	(619)
Cash and Cash Equivalents at Beginning of Period	**1,013**	896
Cash and Cash Equivalents at End of Period	**$ 183**	$ 277

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 Three Months Ended March 31,	2024	2023
Schedule of Noncash Investing and Financing Activities		
Net Change in Accrued Securities Purchases	**$ (32)**	$ (166)
Net Change in Receivables from Investment Securities	**210**	(242)
Net Change in Unrealized (Losses) Gains on Investment Securities, Before Taxes	**(123)**	401
Net Change in Unrealized Gains (Losses) on Interest Rate Swaps and Other Derivatives and Hedged Items, Before Taxes	**70**	(18)
Patronage in Common Stock	**33**	34
Change in Cash Patronage Payable	**196**	183
Supplemental Noncash Information Related to Leases		
Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	**$ 2**	$ 2

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

Note 1 – Organization, Lending Authority and Significant Accounting Policies

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 (GAAP) 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. 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

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.

	March 31, 2024	December 31, 2023
Agribusiness	$ 39,198	$ 37,785
Farm Credit Banking	77,139	77,658
Rural Infrastructure	33,472	32,572
Total	$ 149,809	$ 148,015

Unamortized loan premiums and discounts, and unamortized deferred loan fees and costs totaled $222 million and $239 million as of March 31, 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(1)	Rural Infrastructure	Total
Allowance for Loan Losses				
Beginning Balance at December 31, 2023	$ 459	$ -	$ 271	$ 730
Charge-offs	(30)	-	(1)	(31)
Recoveries	-	-	-	-
Credit Loss Reversal	(29)	-	(8)	(37)
Transfers from Reserve for Unfunded Commitments(2)	12	-	-	12
Ending Balance at March 31, 2024	$ 412	$ -	$ 262	$ 674
Reserve for Unfunded Commitments				
Beginning Balance at December 31, 2023	$ 57	$ -	$ 27	$ 84
Transfers to Allowance for Loan Losses(2)	(12)	-	-	(12)
Ending Balance at March 31, 2024	$ 45	$ -	$ 27	$ 72
Allowance for Credit Losses on Loans	$ 457	$ -	$ 289	$ 746

(1) 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.

(2) These transfers generally occur as a result of advances on or repayments of seasonal lines of credit or other loans.

	Agribusiness	Farm Credit Banking[1]	Rural Infrastructure	Total
Allowance for Loan Losses				
Beginning Balance at December 31, 2022	$ 517	$ -	$ 165	$ 682
Change in Accounting Principle[2]	(67)	-	58	$ (9)
Charge-offs	(5)	-	(1)	(6)
Recoveries	1	-	-	1
Provision for Credit Losses	6	-	14	20
Transfers from Reserve for Unfunded Commitments[3]	5	-	-	5
Ending Balance at March 31, 2023	$ 457	$ -	$ 236	$ 693
Reserve for Unfunded Commitments				
Beginning Balance at December 31, 2022	$ 122	$ -	$ 21	$ 143
Change in Accounting Principle[2]	(68)	-	2	$ (66)
Transfers to Allowance for Loan Losses[3]	(5)	-	-	(5)
Ending Balance at March 31, 2023	$ 49	$ -	$ 23	$ 72
Allowance for Credit Losses on Loans	$ 506	$ -	$ 259	$ 765

(1) 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.

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

(3) 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 $746 million at March 31, 2024 and $814 million at December 31, 2023. The decrease in the ACL on loans related to a credit loss reversal on loans of $37 million and loan charge-offs of $31 million. The 2024 credit loss reversal on loans primarily related to an improvement in macroeconomic forecasts and to a lesser extent regular model assumption updates 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 March 31, 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				
Agribusiness Non-Guaranteed										
Acceptable	$ 1,957	$ 3,989	$ 3,892	$ 2,734	$ 2,224	$ 4,068	$ 18,864	$ 16,230	$ 166	$ 35,260
Special Mention	7	55	197	164	117	198	738	305	3	1,046
Substandard	3	67	131	80	122	173	576	442	-	1,018
Doubtful	-	-	-	4	-	-	4	3	-	7
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 1,967	$ 4,111	$ 4,220	$ 2,982	$ 2,463	$ 4,439	$ 20,182	$ 16,980	$ 169	$ 37,331
Gross Charge-offs(1)	$ -	$ -	$ 1	$ -	$ -	$ 29	$ 30	$ -	$ -	$ 30
Agribusiness Guaranteed										
Acceptable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,867	$ -	$ 1,867
Special Mention	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,867	$ -	$ 1,867
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Farm Credit Banking										
Acceptable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 75,430	$ -	$ 75,430
Special Mention	-	-	-	-	-	-	-	1,709	-	1,709
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 77,139	$ -	$ 77,139
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rural Infrastructure										
Acceptable	$ 1,571	$ 5,709	$ 5,142	$ 3,063	$ 3,025	$ 11,257	$ 29,767	$ 2,933	$ -	$ 32,700
Special Mention	10	33	193	81	136	149	602	36	-	638
Substandard	-	14	22	-	21	74	131	3	-	134
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 1,581	$ 5,756	$ 5,357	$ 3,144	$ 3,182	$ 11,480	$ 30,500	$ 2,972	$ -	$ 33,472
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ 1	$ 1	$ -	$ -	$ 1
Total										
Acceptable	$ 3,528	$ 9,698	$ 9,034	$ 5,797	$ 5,249	$ 15,325	$ 48,631	$ 96,460	$ 166	$ 145,257
Special Mention	17	88	390	245	253	347	1,340	2,050	3	3,393
Substandard	3	81	153	80	143	247	707	445	-	1,152
Doubtful	-	-	-	4	-	-	4	3	-	7
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 3,548	$ 9,867	$ 9,577	$ 6,126	$ 5,645	$ 15,919	$ 50,682	$ 98,958	$ 169	$ 149,809
Gross Charge-offs(1)	$ -	$ -	$ 1	$ -	$ -	$ 30	$ 31	$ -	$ -	$ 31

(1) As of and for the three months ended March 31, 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				
Agribusiness Non-Guaranteed										
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	-	-	-	-	-	-	-	-	-	-
Total	$ 4,250	$ 4,662	$ 3,336	$ 2,786	$ 1,424	$ 3,532	$ 19,990	$ 15,952	$ 169	$ 36,111
Gross Charge-offs(1)	$ -	$ 5	$ -	$ -	$ -	$ 3	$ 8	$ -	$ 3	$ 11
Agribusiness Guaranteed										
Acceptable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,674	$ -	$ 1,674
Special Mention	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,674	$ -	$ 1,674
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Farm Credit Banking										
Acceptable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 75,951	$ -	$ 75,951
Special Mention	-	-	-	-	-	-	-	1,707	-	1,707
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 77,658	$ -	$ 77,658
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rural Infrastructure										
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	-	-	-	-	-	-	-	-	-	-
Total	$ 5,397	$ 5,446	$ 3,298	$ 3,275	$ 1,930	$ 10,177	$ 29,523	$ 3,049	$ -	$ 32,572
Gross Charge-offs(1)	$ 4	$ -	$ -	$ 5	$ -	$ 1	$ 10	$ -	$ -	$ 10
Total										
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	-	-	-	-	-	-	-	-	-	-
Total	$ 9,647	$ 10,108	$ 6,634	$ 6,061	$ 3,354	$ 13,709	$ 49,513	$ 98,333	$ 169	$ 148,015
Gross Charge-offs(1)	$ 4	$ 5	$ -	$ 5	$ -	$ 4	$ 18	$ -	$ 3	$ 21

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

Aging Analysis

The following tables present an aging of past due loans.

March 31, 2024	Agribusiness Non-Guaranteed	Agribusiness Guaranteed	Farm Credit Banking	Rural Infrastructure	Total
30-89 Days Past Due	$ 70	$ -	$ -	$ -	$ 70
90 Days Past Due	37	-	-	-	37
Total Past Due	**$ 107**	**$ -**	**$ -**	**$ -**	**$ 107**
Current	37,224	1,867	77,139	33,472	149,702
Total	**$ 37,331**	**$ 1,867**	**$ 77,139**	**$ 33,472**	**$ 149,809**
Accruing Loans 90 Days or More Past Due	**$ 11**	**$ -**	**$ -**	**$ -**	**$ 11**
December 31, 2023					
30-89 Days Past Due	$ 36	$ -	$ -	$ -	$ 36
90 Days Past Due	39	-	-	-	39
Total Past Due	$ 75	$ -	$ -	$ -	$ 75
Current	36,036	1,674	77,658	32,572	147,940
Total	$ 36,111	$ 1,674	$ 77,658	$ 32,572	$ 148,015
Accruing Loans 90 Days or More Past Due	$ 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.

March 31, 2024	Agribusiness Non-Guaranteed	Agribusiness Guaranteed(1)	Farm Credit Banking(1)	Rural Infrastructure	Total
Nonaccrual Loans	$ 94	$ -	$ -	$ 29	$ 123
Accruing Loans 90 Days or More Past Due	11	-	-	-	11
Other Property Owed	-	-	-	-	-
Total Nonaccrual Loans and Other Nonperforming Assets	**$ 105**	**$ -**	**$ -**	**$ 29**	**$ 134**
December 31, 2023					
Nonaccrual Loans	$ 90	$ -	$ -	$ 27	$ 117
Accruing Loans 90 Days or More Past Due	8	-	-	-	8
Other Property Owed	-	-	-	-	-
Total Nonaccrual Loans and Other Nonperforming Assets	$ 98	$ -	$ -	$ 27	$ 125

(1) 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.

March 31, 2024	Agribusiness Non-Guaranteed	Agribusiness Guaranteed(1)	Farm Credit Banking(1)	Rural Infrastructure	Total
Nonperforming Assets With No Related Allowance for Loan Losses					
Carrying Amount	**$ 27**	**$ -**	**$ -**	**$ -**	**$ 27**
Unpaid Principal	**32**	**-**	**-**	**-**	**32**
Average Balance	**59**	**-**	**-**	**27**	**86**
Interest Income Recognized	**-**	**-**	**-**	**-**	**-**
Nonperforming Assets With Related Allowance for Loan Losses					
Carrying Amount	**78**	**-**	**-**	**29**	**107**
Unpaid Principal	**94**	**-**	**-**	**36**	**130**
Allowance for Loan Losses	**15**	**-**	**-**	**9**	**24**
Average Balance	**16**	**-**	**-**	**-**	**16**
Interest Income Recognized	**-**	**-**	**-**	**-**	**-**
Total Nonperforming Assets					
Carrying Amount	**105**	**-**	**-**	**29**	**134**
Unpaid Principal	**126**	**-**	**-**	**36**	**162**
Allowance for Loan Losses	**15**	**-**	**-**	**9**	**24**
Average Balance	**75**	**-**	**-**	**27**	**102**
Interest Income Recognized	**-**	**-**	**-**	**-**	**-**
December 31, 2023					
Nonperforming Assets With No Related Allowance for Loan Losses					
Carrying Amount	$ 22	$ -	$ -	$ -	$ 22
Unpaid Principal	26	-	-	-	26
Average Balance	30	-	-	2	32
Interest Income Recognized	11	-	-	-	11
Nonperforming Assets With Related Allowance for Loan Losses					
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	-	-	-	-	-
Total Nonperforming Assets					
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

(1) 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, disaggregated by operating segment and type of modification granted.

	Agribusiness Non-Guaranteed			Agribusiness Guaranteed			Farm Credit Banking			Rural Infrastructure			
		Modification Amount	Percent Total Class of Financing Receivable		Modification Amount	Percent Total Class of Financing Receivable		Modification Amount	Percent Total Class of Financing Receivable		Modification Amount	Percent Total Class of Financing Receivable	Total Modification Amount
Three Months Ended March 31, 2024													
Term Extension	$	17	-%[1]	$	-	-%	$	-	-%	$	-	-%	$ 17
Payment Extension		11	-%[1]		-	-%		-	-%		-	-%	11
Total	$	28	-%[1]	$	-	-%	$	-	-%	$	-	-%	$ 28
Three Months Ended March 31, 2023													
Term Extension	$	23	0.1%	$	-	-%	$	-	-%	$	-	-%	$ 23
Payment Extension		2	-%[1]		-	-%		-	-%		10	-%[1]	12
Interest Rate Reduction and Term Extension		25	0.1%		-	-%		-	-%		-	-%	25
Total	$	50	0.2%	$	-	-%	$	-	-%	$	10	-%	$ 60

[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 March 31, 2024.

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

Financial Effect of Modifications Granted	For the Three Months Ended March 31, 2024	2023
Agribusiness Non-Guaranteed		
Term Extension	Extended weighted average maturity by 7 months	Extended weighted average maturity by 21 months
Payment Extension	Extended weighted average payment terms by 9 months	Extended weighted average payment terms by 12 months
Interest Rate Reduction and Term Extension	None	Extended weighted average maturity by 9 months and reduced weighted average interest rate by 35 bps
Agribusiness Guaranteed	None	None
Farm Credit Banking	None	None
Rural Infrastructure		
Payment Extension	None	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 March 31, 2024.

The following table presents the payment status of loans modified within the last 12 months as of March 31, 2024.

	Payment Status of Loans Modified				
	Agribusiness Non-Guaranteed	Agribusiness Guaranteed	Farm Credit Banking	Rural Infrastructure	Total
March 31, 2024					
30-89 Days Past Due	$ -	$ -	$ -	$ -	$ -
90 Days Past Due	-	-	-	-	-
Total Past Due	$ -	$ -	$ -	$ -	$ -
Current	227	-	-	28	255
Total	$ 227	$ -	$ -	$ 28	$ 255

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified within the last 12 months as of March 31, 2024 were $156 million.

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:

March 31, 2024	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury Debt	**$ 12,064**	**$ 2**	**$ (513)**	**$ 11,553**
U.S. Agency Debt	**2,523**	**11**	**(92)**	**2,442**
Residential Mortgage-Backed Securities (MBS):				
Ginnie Mae	**1,167**	**-**	**(164)**	**1,003**
U.S. Agency	**3,352**	**7**	**(108)**	**3,251**
Commercial MBS:				
U.S. Agency	**18,425**	**19**	**(877)**	**17,567**
Corporate Bonds[(1)]	**498**	**-**	**(19)**	**479**
Asset-Backed and Other	**79**	**-**	**(3)**	**76**
Total	**$ 38,108**	**$ 39**	**$ (1,776)**	**$ 36,371**
December 31, 2023				
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[(1)]	499	1	(18)	482
Asset-Backed and Other	62	-	(3)	59
Total	$ 39,957	$ 62	$ (1,676)	$ 38,343

(1) Amortized cost and fair value include ACL on investments of $3 million at March 31, 2024 and December 31, 2023.

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 March 31, 2024 and December 31, 2023, our ACL on investment securities was $3 million.

A summary of the contractual maturity, amortized cost, fair value and weighted average yield of investment securities by investment category at March 31, 2024 is as follows:

	Contractual Maturity				
March 31, 2024	In One Year or Less	One to Five Years	Five to Ten Years	After Ten Years	Total
U.S. Treasury Debt Securities					
Amortized Cost	$ 3,473	$ 6,925	$ 1,666	$ -	$ 12,064
Fair Value	3,430	6,503	1,620	-	11,553
Weighted Average Yield	2.74 %	2.25 %	3.66 %	- %	2.59 %
U.S. Agency Debt Securities					
Amortized Cost	$ 68	$ 1,018	$ 1,400	$ 37	$ 2,523
Fair Value	67	971	1,372	32	2,442
Weighted Average Yield	2.89 %	2.67 %	3.96 %	3.03 %	3.39 %
Ginnie Mae Residential MBS					
Amortized Cost	$ -	$ 1	$ -	$ 1,166	$ 1,167
Fair Value	-	1	-	1,002	1,003
Weighted Average Yield	- %	3.29 %	- %	2.25 %	2.25 %
U.S. Agency Residential MBS					
Amortized Cost	$ -	$ 17	$ 2,383	$ 952	$ 3,352
Fair Value	-	17	2,315	919	3,251
Weighted Average Yield	- %	5.34 %	4.79 %	4.96 %	4.84 %
U.S. Agency Commercial MBS					
Amortized Cost	$ 351	$ 5,312	$ 12,643	$ 119	$ 18,425
Fair Value	346	5,047	12,063	111	17,567
Weighted Average Yield	2.60 %	3.35 %	4.50 %	4.38 %	4.13 %
Corporate Bonds					
Amortized Cost	$ 72	$ 377	$ 49	$ -	$ 498
Fair Value	71	362	46	-	479
Weighted Average Yield	3.71 %	4.07 %	4.34 %	- %	4.04 %
Asset-Backed and Other					
Amortized Cost	$ 4	$ 64	$ -	$ 11	$ 79
Fair Value	5	64	-	7	76
Weighted Average Yield	7.05 %	4.84 %	- %	4.54 %	4.93 %
Total					
Amortized Cost	$ 3,968	$ 13,714	$ 18,141	$ 2,285	$ 38,108
Fair Value	3,919	12,965	17,416	2,071	36,371
Weighted Average Yield	2.76 %	2.77 %	4.42 %	3.51 %	3.60 %

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 March 31, 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
March 31, 2024				
U.S. Treasury Debt	**$ 1,936**	**$ (26)**	**$ 8,513**	**$ (487)**
U.S. Agency Debt	**658**	**(7)**	**1,342**	**(85)**
Residential MBS:				
Ginnie Mae	**275**	**(2)**	**725**	**(162)**
U.S. Agency	**1,229**	**(13)**	**1,230**	**(95)**
Commercial MBS:				
U.S. Agency	**2,200**	**(17)**	**12,099**	**(860)**
Corporate Bonds	**17**	**-**	**435**	**(19)**
Asset-Backed and Other	**10**	**-**	**12**	**(3)**
Total	**$ 6,325**	**$ (65)**	**$ 24,356**	**$ (1,711)**
December 31, 2023				
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)
Total	$ 6,570	$ (42)	$ 24,063	$ (1,634)

As of March 31, 2024, we expect to collect all principal and interest payments on our investment securities, except for those included in our ACL on investments of $3 million as more fully described on page 33. 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 $1.5 billion and $2.6 billion of overnight bank deposits and federal funds sold instruments at March 31, 2024 and December 31, 2023, respectively. In addition, we held $205 million and $2.0 billion of reverse repurchase agreements at March 31, 2024 and December 31, 2023, respectively.

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.

($ in Millions)

	March 31, 2024	December 31, 2023
Bonds	$ **164,251**	$ 164,536
Medium-term Notes	**61**	61
Discount Notes	**9,066**	10,766
Total Systemwide Debt Securities	**173,378**	175,363
Cash Investment Services Payable	**1,242**	2,338
Rural Utilities Service Bonds	**825**	825
Cash Collateral Payable to Derivative Counterparties	**327**	295
Total Bonds and Notes	$ **175,772**	$ 178,821

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 March 31, 2024 are shown in the following table. Weighted average interest rates include the effect of related interest rate swaps and other derivatives.

($ in Millions)

Maturities and Rates of Systemwide Debt Securities

	Bonds		Medium-term Notes		Discount Notes		Total	
Year of Maturity	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Due in 1 year or less	$ 66,205	4.72 %	$ -	- %	$ 9,066	4.88 %	$ 75,271	4.74 %
Due after 1 year through 2 years	45,827	4.86	-	-	-	-	45,827	4.86
Due after 2 year through 3 years	12,362	3.54	-	-	-	-	12,362	3.54
Due after 3 year through 4 years	7,448	3.14	-	-	-	-	7,448	3.14
Due after 4 year through 5 years	9,541	3.63	61	5.75	-	-	9,602	3.64
Due after 5 years	22,868	2.89	-	-	-	-	22,868	2.89
Total	$ 164,251	4.28 %	$ 61	5.75 %	$ 9,066	4.88 %	$ 173,378	4.31 %

Note 6 – Changes in Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the three months ended March 31, 2024 and 2023 are presented in the following table.

Changes in Accumulated Other Comprehensive Income (Loss) by Component[1]

	Unrealized Gains (Losses) on Investment Securities	Unrealized Gains (Losses) on Interest Rate Swaps and Other Derivatives	Net Pension Adjustment	Total
Balance at December 31, 2023	**$ (1,466)**	**$ -**	**$ (58)**	**$ (1,524)**
Other comprehensive income (loss) before reclassifications	**(107)**	**63**	**-**	**(44)**
Amounts reclassified from accumulated other comprehensive income (loss) to net income	**-**	**2**	**-**	**2**
Net current-period other comprehensive income (loss)	**(107)**	**65**	**-**	**(42)**
Balance at March 31, 2024	**$ (1,573)**	**$ 65**	**$ (58)**	**$ (1,566)**
Balance at January 1, 2023	$ (1,928)	$ 64	$ (63)	$ (1,927)
Cumulative effect of change in accounting principle[2]	5	-	-	5
Balance at January 1, 2023, as adjusted	$ (1,923)	$ 64	$ (63)	$ (1,922)
Other comprehensive income (loss) before reclassifications	354	(20)	-	334
Amounts reclassified from accumulated other comprehensive income to net income	-	2	-	2
Net current-period other comprehensive income (loss)	354	(18)	-	336
Balance at March 31, 2023	$ (1,569)	$ 46	$ (63)	$ (1,586)

[1] 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.
[2] 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 three months ended March 31, 2024 and 2023.

Reclassifications from Accumulated Other Comprehensive Income (Loss) to Net Income

	Location of Gain (Loss) Recognized in Income Statement	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)	
For the Three Months Ended March 31,		**2024**	**2023**
Unrealized Gains (Losses) on Interest Rate Swaps and Other Derivatives:			
Interest Rate Contracts	Interest Expense	**$ (3)**	$ (3)
Foreign Exchange Contracts	Interest Income	**1**	1
Total Reclassifications		**$ (2)**	$ (2)

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 March 31, 2024 and 2023 and related activity for the three months ended March 31, 2024 and 2023 are shown in the following table.

Activity in the Notional Amounts of Derivatives

($ in Millions)	Swaps	Caps / Floors	Spots / Forwards	Total
December 31, 2023	**$ 73,575**	**$ 3,252**	**$ 47**	**$ 76,874**
Additions / Accretion	**32,599**	**43**	**344**	**32,986**
Maturities / Amortization	**(30,812)**	**(244)**	**(317)**	**(31,373)**
Terminations	**(693)**	**-**	**-**	**(693)**
March 31, 2024	**$ 74,669**	**$ 3,051**	**$ 74**	**$ 77,794**
December 31, 2022	$ 78,075	$ 3,825	$ 145	$ 82,045
Additions / Accretion	47,783	707	585	49,075
Maturities / Amortization	(45,280)	(365)	(627)	(46,272)
Terminations	(708)	-	-	(708)
March 31, 2023	$ 79,870	$ 4,167	$ 103	$ 84,140

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 March 31, 2024, we expect that $13 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 30 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 March 31, 2024 and December 31, 2023 the notional amount of derivatives with our customers totaled $14.9 billion and $14.4 billion, respectively.

CoBank is subject to certain 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 March 31, 2024 and December 31, 2023, the notional amount of our cleared derivatives was $49.5 billion and $51.8 billion respectively. Initial margin and settlement payments totaling $225 million and $157 million, respectively, were held by our CCP for our cleared derivatives as of March 31, 2024, $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 March 31, 2024 and December 31, 2023, the notional amount of derivatives with our non-customer counterparties, excluding cleared derivatives, totaled $13.4 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 March 31, 2024 and December 31, 2023 our non-customer counterparties posted $327 million and $295 million, respectively, in cash as collateral with us.

At March 31, 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 $693 million and $708 million during the three months ended March 31, 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 March 31, 2024 and December 31, 2023 is shown in the following tables.

Fair Value of Derivatives

	March 31, 2024		December 31, 2023	
Fair Value of Derivatives	**Derivative Assets**[1]	**Derivative Liabilities**[2]	**Derivative Assets**[1]	**Derivative Liabilities**[2]
Derivatives Designated as Hedging Instruments				
Interest Rate Contracts	**$ 133**	**$ 202**	$ 155	$ 221
Foreign Exchange Contracts	**-**	**-**	-	-
Total Derivatives Designated as Hedging Instruments	**$ 133**	**$ 202**	$ 155	$ 221
Derivatives Not Designated as Hedging Instruments				
Interest Rate Contracts	**$ 735**	**$ 667**	$ 680	$ 612
Foreign Exchange Contracts	**-**	**-**	-	-
Total Derivatives Not Designated as Hedging Instruments	**$ 735**	**$ 667**	$ 680	$ 612
Settlement Payments	**$ (157)**	**$ -**	$ (23)	$ -
Total Derivatives	**$ 711**	**$ 869**	$ 812	$ 833

[1] These assets make up the interest rate swaps and other derivatives in the condensed consolidated balance sheets.

[2] 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 three months ended March 31, 2024 and 2023 is shown in the following tables.

Effect of Fair Value and Cash Flow Hedge Accounting on the Condensed Consolidated Statement of Income

	Interest Income Loans	Interest Income Investments[1]	Total Interest Income	Interest Expense	Net Interest Income
Three Months Ended March 31, 2024					
Total Amount of Line Items Presented in Condensed Consolidated Statement of Income	**$ 2,035**	**$ 379**	**$ 2,414**	**$ (1,935)**	**$ 479**
Gain (Loss) on Fair Value Hedge Relationships:					
Interest Rate Contracts:					
Recognized on Derivatives	**$ -**	**$ -**	**$ -**	**$ (70)**	**$ (70)**
Recognized on Hedged Items	**-**	**-**	**-**	**70**	**70**
Net Income Recognized on Fair Value Hedges	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Gain (Loss) on Cash Flow Hedge Relationships:					
Interest Rate Contracts:					
Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss)	**$ -**	**$ -**	**$ -**	**$ (3)**	**$ (3)**
Foreign Exchange Contracts:					
Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss)[2]	**1**	**-**	**1**	**-**	**1**
Amount Excluded from Effectiveness Testing Recognized in Earnings Based on an Amortization Approach	**-**	**-**	**-**	**-**	**-**
Net Income (Expense) Recognized on Cash Flow Hedges	**$ 1**	**$ -**	**$ 1**	**$ (3)**	**$ (2)**
Net Income (Expense) Recognized on Fair Value and Cash Flow Hedges	**$ 1**	**$ -**	**$ 1**	**$ (3)**	**$ (2)**
Three Months Ended March 31, 2023					
Total Amount of Line Items Presented in Condensed Consolidated Statement of Income	$ 1,685	$ 348	$ 2,033	$ (1,568)	$ 465
Gain (Loss) on Fair Value Hedge Relationships:					
Interest Rate Contracts:					
Recognized on Derivatives	$ -	$ -	$ -	$ (193)	$ (193)
Recognized on Hedged Items	-	-	-	191	191
Net Income Recognized on Fair Value Hedges	$ -	$ -	$ -	$ (2)	$ (2)
Gain (Loss) on Cash Flow Hedge Relationships:					
Interest Rate Contracts:					
Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss)	$ 1	$ -	$ 1	$ (4)	$ (3)
Foreign Exchange Contracts:					
Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Income (Loss)[3]	1	-	1	-	1
Amount Excluded from Effectiveness Testing Recognized in Earnings Based on an Amortization Approach	-	-	-	-	-
Net Income (Expense) Recognized on Cash Flow Hedges	$ 2	$ -	$ 2	$ (4)	$ (2)
Net Income (Expense) Recognized on Fair Value and Cash Flow Hedges	$ 2	$ -	$ 2	$ (6)	$ (4)

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

(2) 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.

(3) 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.

Effect of Cash Flow Hedge Accounting on the Condensed Consolidated Balance Sheets		
	Amount of Gain (Loss) Recognized in Accumulated Other Comprehensive Income (Loss) on Derivatives	
Three Months Ended March 31,	**2024**	**2023**
Interest Rate Contracts	**$ 67**	$ (21)
Foreign Exchange Contracts	**-**	1
Total	**$ 67**	$ (20)

Effect of Derivatives not Designated as Hedging Relationships on the Condensed Consolidated Statements of Income		
	Net Amount of Gain or (Loss) Recognized	
Three Months Ended March 31,	**2024**	**2023**
Interest Rate Contracts[(1)]	**$ (1)**	$ -
Foreign Exchange Contracts	**-**	-
Total	**$ (1)**	$ -

[(1)] Includes a less than $1 million loss and a $1 million loss on short-term derivatives indexed to SOFR, recognized in interest expense for the three months ended March 31, 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 three months ended March 31, 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 March 31, 2024 and December 31, 2023 is shown in the following table.

Derivatives in Fair Value Hedging Relationships		
Bonds and Notes	**March 31, 2024**	**December 31, 2023**
Carrying Amount of Hedged Liabilities	**$ 27,344**	$ 28,954
Cumulative Basis Adjustment Included in Carrying Amount of Hedged Liabilities:		
Hedged Items Currently Designated	**(175)**	(106)
Hedged Items No Longer Designated	**(10)**	(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

		Amounts Not Offset In the Condensed Consolidated Balance Sheets		
As of March 31, 2024	**Gross Amounts of Assets/ Liabilities Presented in the Condensed Consolidated Balance Sheets**	**Cash Collateral Received/Pledged**[1]	**Investment Securities Received/Pledged as Collateral**[1]	**Net Amount**
Assets:				
Interest Rate Swaps and Other Derivatives:				
Dealer	**$ 387**	**$ (327)**	**$ (66)**	**$ -** [2]
Customer	**43**	**-**	**-**	**43**
Clearinghouse	**281**	**-**	**-**	**281**
Accrued Interest Receivable on Derivative Contracts	**35**	**-**	**-**	**35**
Liabilities:				
Interest Rate Swaps and Other Derivatives:				
Dealer	**13**	**-**	**-**	**13**
Customer	**631**	**-**	**-**	**631**
Clearinghouse	**225**	**-**	**(225)**	**-**
Accrued Interest Payable on Derivative Contracts	**93**	**-**	**-**	**93**
As of December 31, 2023				
Assets:				
Interest Rate Swaps and Other Derivatives:				
Dealer	$ 351	$ (295)	$ (71)	**$ -** [2]
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**

[1] Cash collateral received/pledged is recognized in the condensed consolidated balance sheets whereas investment securities received are not.

[2] Cash and investment securities received as collateral fully offset the related gross asset 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 March 31, 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 March 31, 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.

Information About Valuation Techniques and Inputs to Level 2 Fair Value Measurements

Level 2 Asset	Valuation Technique	Inputs
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 March 31, 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 March 31, 2024 also include $87 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 March 31, 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 March 31, 2024.

Quantitative Information About Valuation Techniques and Unobservable Inputs to Level 3 Fair Value Measurements

	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Assets				
Investment Securities:				
U.S. Agency MBS	$ 48	Third-Party Pricing Service	Prepayment Rate	*
			Lifetime Default Rate	*
			Loss Severity	*
Other (included in Asset-Backed)	13	Discounted Cash Flow	Prepayment Rate	0% (0%)
Nonperforming Loans	87	Appraisal / Discounted Cash Flow	Income/Expense Data	**
			Comparable Sales	**
			Replacement Cost	**
Liabilities				
Standby Letters of Credit	$ 17	Discounted Cash Flow	Mark-to-Market Spread	0.1-1.3% (0.9%)

* 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 March 31, 2024 and December 31, 2023 for each of the fair value hierarchy levels.

Assets and Liabilities Measured at Fair Value on a Recurring Basis								
	March 31, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Federal Funds Sold and Other Overnight Funds	$ -	$ 1,749	$ -	$ 1,749	$ -	$ 4,615	$ -	$ 4,615
Investment Securities:								
U.S. Treasury Debt	-	11,553		11,553	-	14,361	-	14,361
U.S. Agency Debt	-	2,442	-	2,442	-	2,382	-	2,382
Residential MBS:								
Ginnie Mae	-	1,003	-	1,003	-	898	-	898
U.S. Agency	-	3,203	48	3,251	-	3,055	49	3,104
Commercial MBS:								
U.S. Agency	-	17,567	-	17,567	-	17,057	-	17,057
Corporate Bonds	-	479	-	479	-	482	-	482
Asset-Backed and Other	-	63	13	76	-	41	18	59
Interest Rate Swaps and Other Derivatives	-	711	-	711	-	812	-	812
Assets Held in Trust (included in Other Assets)	131	-	-	131	121	-	-	121
Total Assets	$ 131	$ 38,770	$ 61	$ 38,962	$ 121	$ 43,703	$ 67	$ 43,891
Liabilities								
Interest Rate Swaps and Other Derivatives	$ -	$ 869	$ -	$ 869	$ -	$ 833	$ -	$ 833
Collateral Liabilities (included in Bonds and Notes)	-	327	-	327	-	295	-	295
Standby Letters of Credit (included in Other Liabilities)	-	-	17	17	-	-	16	16
Total Liabilities	$ -	$ 1,196	$ 17	$ 1,213	$ -	$ 1,128	$ 16	$ 1,144

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

Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis			
	U.S. Agency Residential MBS	Asset-Backed Securities and Other	Standby Letters of Credit
Balance at December 31, 2023	$ 49	$ 18	$ 16
Purchases	-	1	-
Issuances	-	-	5
Settlements	(1)	(6)	(4)
Balance at March 31, 2024	$ 48	$ 13	$ 17
Balance at December 31, 2022	$ 58	$ 25	$ 17
Purchases	-	5	-
Issuances	-	-	5
Settlements	(2)	-	(5)
Balance at March 31, 2023	$ 56	$ 30	$ 17

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 March 31, 2024 and December 31, 2023.

	March 31, 2024			December 31, 2023		
	Carrying Amount	Estimated Fair Value	Fair Value Hierarchy	Carrying Amount	Estimated Fair Value	Fair Value Hierarchy
Financial Assets:						
Net Loans	$ 149,135	$ 145,052	Level 3	$ 147,285	$ 143,546	Level 3
Financial Liabilities:						
Bonds and Notes	$ 175,772	$ 171,692	Level 3	$ 178,821	$ 175,023	Level 3
Off-Balance Sheet Financial Instruments:						
Commitments to Extend Credit	$ -	$ (161)	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.

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 less than $1 million to our funded qualified defined benefit pension plans during the three months ended March 31, 2024, and anticipate that we will contribute approximately $2 million more to such plans during 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 three months ended March 31, 2024. Our actual contributions could differ from the estimates noted above.

Note 10 – Commitments and Contingent Liabilities

At March 31, 2024, outstanding commitments to extend credit and commercial letters of credit were $49.9 billion and $84 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 $413.9 billion at March 31, 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 March 31, 2024, the aggregated assets of the Insurance Fund totaled $7.6 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 27 percent of these loans are guaranteed by the U.S. government.

For the three months ended March 31, 2024 and 2023, no commercial loan customer made up 10 percent or more of our gross or net interest income.

Segment Financial Information	Agribusiness	Farm Credit Banking	Rural Infrastructure	Total CoBank
For the Three Months Ended March 31, 2024				
Results of Operations				
Net Interest Income	$ 232	$ 80	$ 167	$ 479
Credit Loss Reversal	(29)	-	(8)	(37)
Noninterest Income	52	3	46	101
Operating Expenses	78	11	40	129
Provision for Income Taxes	22	-	28	50
Net Income	$ 213	$ 72	$ 153	$ 438
Selected Financial Information at March 31, 2024:				
Loans	$ 39,198	$ 77,139	$ 33,472	$ 149,809
Less: Allowance for Loan Losses	(412)	-	(262)	(674)
Net Loans	$ 38,786	$ 77,139	$ 33,210	$ 149,135
Accrued Interest Receivable and Other Assets	692	510	1,070	2,272
Total Segment Assets	$ 39,478	$ 77,649	$ 34,280	$ 151,407
Federal Funds Sold and Other Overnight Funds				1,749
Investment Securities				36,371
Other Assets				940
Total Assets	$ 39,478	$ 77,649	$ 34,280	$ 190,467
For the Three Months Ended March 31, 2023				
Results of Operations				
Net Interest Income	$ 244	$ 81	$ 140	$ 465
Provision for Credit Losses	6	-	14	20
Noninterest Income	60	1	47	108
Operating Expenses	86	13	42	141
Provision for Income Taxes	20	-	16	36
Net Income	$ 192	$ 69	$ 115	$ 376
Selected Financial Information at March 31, 2023:				
Loans	$ 43,024	$ 70,940	$ 29,146	$ 143,110
Less: Allowance for Loan Losses	(457)	-	(236)	(693)
Net Loans	$ 42,567	$ 70,940	$ 28,910	$ 142,417
Accrued Interest Receivable and Other Assets	700	423	958	2,081
Total Segment Assets	$ 43,267	$ 71,363	$ 29,868	$ 144,498
Federal Funds Sold and Other Overnight Funds				11,888
Investment Securities				34,421
Other Assets				753
Total Assets	$ 43,267	$ 71,363	$ 29,868	$ 191,560

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 March 31, 2024, we have 16 affiliated Associations serving 23 states across the Northwest, West, 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.

Note 13 – Subsequent Events

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.

On April 18, 2024, the Farm Credit System Insurance Corporation (Insurance Corporation) returned excess insurance funds to System institutions. 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. CoBank received $25 million in excess insurance funds which was recorded in the second quarter of 2024.

We have evaluated subsequent events through May 10, 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	Q1 2024 Quarterly Report Reference
Scope of Application	Corporate entity and consolidated subsidiaries	Page 52
Capital Structure	Regulatory capital components	Page 52
Capital Adequacy	Risk-weighted assets	Page 54
	Regulatory capital ratios	Page 14
Capital Buffers	Quantitative disclosures	Page 14, Page 53
Credit Risk	Summary of exposures	Page 54
	Geographic distribution	Page 56
	Industry distribution	Page 57
	Contractual maturity	Page 58
	Nonperforming loans and ACL	Page 57
Counterparty Credit Risk-Related Exposures	Counterparty exposures	Page 58
Credit Risk Mitigation	Exposures with reduced capital requirements	Page 58
Securitization	Securitization exposures	Page 59
Equities	General description	Page 60
Interest Rate Risk for Non-Trading Activities	Interest rate sensitivity	Page 60

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 (GAAP).

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.

Regulatory Capital Components		
Three Months Ended March 31, 2024		**Average Balance**
Common Equity Tier 1 Capital (CET1)		
Common Cooperative Equities:		
Statutory Minimum Purchased Borrower Stock	$	2
Other Required Member Purchased Stock		1,075
Allocated Equities:		
Qualified Allocated Equities Subject to Retirement		2,990
Nonqualified Allocated Equities Subject to Retirement		-
Nonqualified Allocated Equities Not Subject to Retirement		3,437
Unallocated Retained Earnings		3,709
Paid-In Capital		-
Regulatory Adjustments and Deductions Made to CET1		(90)
Total CET1	$	11,123
Tier 1 Capital		
Non-Cumulative Perpetual Preferred Stock	$	1,625
Regulatory Adjustments and Deductions Made to Tier 1 Capital		-
Total Additional Tier 1 Capital		1,625
Total Tier 1 Capital	$	12,748
Tier 2 Capital		
Common Cooperative Equities Not Included in CET1	$	-
Tier 2 Capital Elements:		
ACL on Loans		801
Regulatory Adjustments and Deductions Made to Tier 2 Capital		-
Total Tier 2 Capital	$	801
Total Capital	$	13,549

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.

Risk-Weighted Assets		
Three Months Ended March 31, 2024		**Average Balance**
On-Balance Sheet Assets:		
Exposures to Sovereign Entities	$	-
Exposures to Supranational Entities and Multilateral Development Banks		202
Exposures to Government-Sponsored Enterprises		19,614 [(1)]
Exposures to Depository Institutions, Foreign Banks, and Credit Unions		3,837 [(2)]
Exposures to Public Sector Entities		87
Corporate Exposures, including Borrower Loans and Leases		59,474
Residential Mortgage Exposures		-
Past Due and Nonaccrual Exposures		171
Securitization Exposures		34
Equity Investment Exposures		141
Other Assets		940
Off-Balance Sheet:		
Unfunded Loan Commitments		13,116
Equity Investment Commitments		180
Over-the-Counter Derivatives		156
Cleared Derivative Transactions		2
Letters of Credit		1,854
Reverse Repurchase Transactions		-
Unsettled Transactions		-
Total Risk-Weighted Assets Before Additions (Deductions)	$	99,808
Additions:		
Intra-System Equity Investments	$	140
Other Regulatory Adjustments and Additions		(59)
Deductions:		
Regulatory Adjustments and Deductions Made to CET1		(90)
Regulatory Adjustments and Deductions Made to Additional Tier 1 Capital		-
Regulatory Adjustments and Deductions Made to Tier 2 Capital		-
Total Risk-Weighted Assets	$	99,799 [(3)]

[(1)] Includes exposures to Farm Credit System entities.
[(2)] Also includes exposures to other financial institutions that are risk-weighted as exposures to U.S. depository institutions and credit unions.
[(3)] For purposes of calculating the permanent capital ratio, average risk-weighted assets for the three months ended March 31, 2024 was $99.1 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 March 31, 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 $732 million as of March 31, 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.

Major Credit Exposures - Lending and Investments Three Months Ended and As of March 31, 2024	Average Balance	End of Period
Loans Outstanding	$ 149,811	$ 149,809
Unfunded Loan Commitments	53,254	53,532
Investment Securities	35,983	36,371
Letters of Credit	2,190	2,170
Equity Investments Outstanding	133	136
Equity Investment Commitments	180	182
Reverse Repurchase Transactions	6	1

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.

Major Credit Exposures - Derivatives Three Months Ended and As of March 31, 2024	Average Balance		End of Period	
	Notional Amount	Gross Positive Fair Value	Notional Amount	Gross Positive Fair Value
Over-the-Counter Derivatives:				
Interest Rate Contracts	$ 27,122	$ 324	$ 28,258	$ 274
Foreign Exchange Contracts	64	-	73	-
Total Over-the-Counter Derivatives	$ 27,186	$ 324	$ 28,331	$ 274
Cleared Derivatives:				
Interest Rate Contracts	43,163	427	49,463	437
Total Derivatives	$ 70,349	$ 751	$ 77,794	$ 711

The following table illustrates the geographic distribution of our total loan commitments as of March 31, 2024.

Total Lending Portfolio - Geographic Distribution		
As of March 31, 2024	**Wholesale Loans[1]**	**Commercial Loans**
California	40 %	7 %
Washington	25	2
Connecticut	13	1
Texas	5 [2]	8
Kansas	6	3
Oklahoma	4	2
Colorado	3	3
Illinois	-	5
Latin America	-	4
Florida	-	4
Minnesota	-	4
New York	-	4
Asia	-	3
Ohio	-	3
Iowa	-	3
Pennsylvania	2 [2]	1
Georgia	-	3
Nebraska	-	3
Mississippi	- [2]	2
Arkansas	-	2
Missouri	-	2
Wisconsin	-	2
Indiana	-	2
Michigan	-	2
North Carolina	-	2
Europe, Middle East, and Africa	-	2
Massachusetts	-	2
Alabama	1 [2]	1
Arizona	-	2
Other	1	16
Total	100 %	100 %

(1) 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.

(2) Includes participation interests in loan commitments to nonaffiliated Associations.

The following table illustrates the geographic distribution of our nonperforming loans as of March 31, 2024.

Nonperforming Loans - Geographic Distribution	
As of March 31, 2024	**Share[1]**
California	31 %
Nebraska	31
Ohio	10
Kansas	5
Colorado	3
Kentucky	3
Arizona	2
Arkansas	2
Alabama	2
Other	11
Total	100 %

(1) 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 March 31, 2024.

Total Lending Portfolio - Distribution by Primary Business/Commodity	
As of March 31, 2024	**Share**
Affiliated Associations	48 %
Electric Distribution	7
Farm Supply, Grain and Marketing	5
Regulated Utilities	5
Agricultural Export Finance	5
Nonaffiliated Entities	4
Generation and Transmission	3
Lease Financing (through FCL)	3
Fruits, Nuts and Vegetables	3
Forest Products	2
Dairy	2
Water and Waste	2
Independent Power Producer	1
Livestock, Fish and Poultry	1
Local Exchange Carriers	1
Competitive Local Telephone Exchange Carriers	1
Cattle	1
Cable	1
Other	5
Total	100 %

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 March 31, 2024.

Contractual Maturity As of March 31, 2024	In One Year or Less	One to Five Years	After Five Years	Total
Loans Outstanding	$ 92,894	$ 46,280	$ 10,635	$ 149,809
Unfunded Loan Commitments	31,775	17,721	4,036	53,532
Investment Securities	3,919	12,965	19,487	36,371
Letters of Credit	240	1,213	717	2,170
Derivatives (Notional Amounts)	39,274	25,636	12,884	77,794
Equity Investments Outstanding	34	82	20	136
Equity Investment Commitments	45	109	28	182

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 $555 million of our total investment portfolio as of March 31, 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 $1.5 billion at March 31, 2024. The remainder of our short-term investments include reverse repurchase agreements with the Federal Reserve totaling $205 million at March 31, 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.

Loan and Investment Exposures

Three Months Ended March 31, 2024	Average Exposure	Risk Weighted Exposures
Guaranteed Loans	$ 1,958	$ -
Loans to Farm Credit System Entities	77,234	15,447
Investment Securities Issued or Guaranteed by U.S. Government	16,519	-
Investment Securities Issued or Guaranteed by a U.S. Agency	20,836	4,167
Total	$ 116,547	$ 19,614

Derivatives

As described in Note 10 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 March 31, 2024, we held financial collateral with dealers totaling $327 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 $156 million and $2 million, respectively, for the three-month period ended March 31, 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 March 31, 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 $34 million for the three-month period ended March 31, 2024.

Below is a summary of our securitization exposures held during the three months ended March 31, 2024 by exposure type and categorized by risk-weight band.

Securitization Exposures

Three Months Ended March 31, 2024	Average Exposure	Risk Weighted Asset (Gross Up Approach)
Asset-Backed Securities	$ 34	$ 34
Total	$ 34	$ 34

Securitization Risk-Weight Bands

Three Months Ended March 31, 2024	Average Exposure	Risk Weighted Asset (Gross Up Approach)
Gross-Up Risk-Weight Bands:		
100% - 125%	$ 34	$ 34
>125% and <1,250%	-	-
1,250%	-	-
Total	$ 34	$ 34

For the three-month period ended March 31, 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 11 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 (RBICs). 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. We also hold an equity investment as a result of the bankruptcy of a former customer which is accounted for at cost less any impairment as there is no readily determinable fair value. There have been no sales or liquidations of these investments during the three months ended March 31, 2024.

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.

Net Interest Income at Risk	
March 31, 2024	
Scenario:	
- 300 bp shock	n/a
- 200 bp shock	2.6
- 100 bp shock	1.2
+ 100 bp shock	0.1
+ 200 bp shock	0.1
+ 300 bp shock	—

Market Value of Equity at Risk	
March 31, 2024	
Scenario:	
- 300 bp shock	n/a
- 200 bp shock	9.5
- 100 bp shock	4.7
+ 100 bp shock	(4.4)
+ 200 bp shock	(8.5)
+ 300 bp shock	(12.3)

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 10th day of May, 2024.

/s/ KEVIN A. STILL

Kevin A. Still
Chair of the Board

/s/ THOMAS E. HALVERSON

Thomas E. Halverson
President and Chief Executive Officer

/s/ DAVID P. BURLAGE

David P. Burlage
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.

Tom Halverson

Thomas E. Halverson
President and Chief Executive Officer

Dated: May 10, 2024

CERTIFICATION

I, David P. Burlage, 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.

David P. Burlage
Chief Financial Officer

Dated: May 10, 2024

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- *Farm Credit Leasing office within this CoBank location*