



NEWS RELEASE

CoBank Announces Special All-Cash Patronage Distribution

Approximately \$96 Million Will Be Disbursed To Eligible Borrowers In September 2018

Board-Approved Payout Tied To Federal Tax Legislation Enacted Last Year

DENVER (August 9, 2018) — CoBank, a cooperative bank serving agribusinesses, rural infrastructure providers and Farm Credit associations throughout the United States, announced today that its board of directors has approved a special, one-time patronage distribution as part of a broader plan to share the benefits of federal tax reform legislation with eligible customer-owners, along with earnings from significant non-recurring items in 2018.

The all-cash distribution, totaling approximately \$96 million, will be made in September 2018 and is incremental to standard patronage payments the bank typically makes in March of each year. CoBank also plans to accelerate investments in its business and operating platform.

“As a financial cooperative, we’re delighted to be making this special patronage distribution to our member-borrowers,” said Kevin Riel, CoBank board chair. “Since tax reform was enacted in December 2017, we have been working with executive management to thoughtfully analyze how savings generated by the new law should be applied across our business. We believe the approach we’ve adopted will ensure that the benefits of the legislation flow first and foremost to our customer-owners, while also enhancing our capabilities and overall service delivery model.”

The Tax Cuts and Jobs Act of 2017 lowered the U.S. corporate income tax rate from 35 percent to 21 percent. CoBank, which pays federal and state taxes on income earned from lending to cooperatives and other direct borrowers, saw its effective tax rate reduced by approximately one-third. In addition to tax savings, CoBank is funding the one-time special patronage distribution with earnings on significant non-recurring items, which were recognized in the first half of this year.

Patronage payments to individual eligible customer-owners will be based on average daily loan balances in the first half of 2018. They will also vary by patronage pool, as detailed in the following table:

Type of borrower	Special patronage rate*
Agribusiness, communications & project finance	20 bps
Rural electric & water	15 bps
Affiliated Farm Credit associations	6 bps
Loan participations purchased from other Farm Credit institutions	20 bps
Non-affiliated Farm Credit and other financing institutions	4 bps

* On average daily balance of qualifying loan volume between 1/1/18 and 6/30/18.

“We have been careful to design this special patronage distribution so it aligns equitably with the economics of our various patronage pools, while still producing a meaningful benefit for all classes of eligible borrowers,” said Tom Halverson, CoBank’s president and chief executive officer.

Halverson added that savings from the tax law will also be used to fund new or accelerated investments in a number of important functional areas across the bank, including risk management, information technology, data management, digital business solutions and corporate social responsibility.

"In addition to the special patronage distribution, our customers will also benefit indirectly as we continuously improve our operating platform," Halverson said. "We're fortunate to be in a position to make these investments, and look forward to enhancing our ability to serve customers with excellence and strengthening our competitive position in the marketplace."

About CoBank

CoBank is a \$131 billion cooperative bank serving vital industries across rural America. The bank provides loans, leases, export financing and other financial services to agribusinesses and rural power, water and communications providers in all 50 states. The bank also provides wholesale loans and other financial services to affiliated Farm Credit associations serving more than 70,000 farmers, ranchers and other rural borrowers in 23 states around the country.

CoBank is a member of the Farm Credit System, a nationwide network of banks and retail lending associations chartered to support the borrowing needs of U.S. agriculture, rural infrastructure and rural communities. Headquartered outside Denver, Colorado, CoBank serves customers from regional banking centers across the U.S. and also maintains an international representative office in Singapore.

For more information about CoBank, visit the bank's website at cobank.com.

Forward-Looking Statements

Certain of the statements contained in this news release that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Our actual future business 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 subject to risks and uncertainties. We encourage you to read our Annual Report and Quarterly Reports located on the bank's website at www.cobank.com. We undertake no obligation to revise or publicly update our forward-looking statements for any reason.

Contact

Arthur Hodges
Senior Vice President, Corporate Communications
303-740-4061
ahodges@cobank.com

Jo Solonika
Vice President, Corporate Communications
720-583-9180
jsolonika@cobank.com