

FIRST QUARTER FINANCIAL RESULTS | 2025



KEY FINANCIAL DATA

(\$ in millions)	Three months ended March 31,	
	2025	2024
INCOME STATEMENT		
Net interest income	\$ 522	\$ 479
Provision for credit losses (credit loss reversal)	77	(37)
Noninterest income	131	101
Operating expenses	147	129
Provision for income taxes	39	50
Net income	390	438
BALANCE SHEET (period-end)		
	March 31, 2025	December 31, 2024
Total loans	\$ 161,478	\$ 158,859
Total assets	210,619	208,574
Shareholders' equity	12,975	12,862
PROFITABILITY METRICS		
	2025	2024
Net interest margin	1.02 %	1.02 %
Return on average common equity	13.43 %	17.30 %
Return on average assets	0.75 %	0.92 %
Operating expense ratio (excluding insurance fund premiums)	21.65 %	20.41 %

MANAGEMENT COMMENTARY

"CoBank delivered solid business performance during the first quarter of 2025 despite significant stress and uncertainty in the macroeconomic environment, with strong growth in loans and net interest income. We continue to operate from a position of financial strength and remain committed to serving the financing needs of our customers."

– **Thomas Halverson, CEO, CoBank**

"Though net income declined from the first quarter of 2024 primarily due to the bank's provision for credit losses, pre-tax and pre-provision earnings for the first quarter of 2025 increased 12 percent year-over-year. Despite some credit deterioration, our core operating performance and capital position remain robust."

– **Sean Burke, CFO, CoBank**

HIGHLIGHTS

- Average loans increased 8% in Q1, compared to the same period in 2024. Loans outstanding totaled \$161.5 billion at March 31, 2025
 - Increase in year-over-year Q1 average loans across all three operating segments
- Net income in Q1 decreased 11% in 2025 to \$390 million compared to \$438 million in Q1 2024.
 - Decrease was primarily due to the provision for credit losses incurred during Q1 as compared to a credit loss reversal in Q1 2024 and higher operating expenses, partially offset by higher net interest income and noninterest income, as well as lower income taxes
- Net interest income in Q1 increased 9% to \$522 million from \$479 million in Q1 2024 primarily driven by higher average loans
- Net interest margin was flat at 1.02% in Q1 2025, compared to the same period in 2024
- Provision for credit losses in Q1 was \$77 million compared to a credit loss reversal of \$37 million for the same period in 2024
 - The higher provision in Q1 2025 primarily reflected deteriorating macroeconomic conditions and credit quality that resulted in higher modeled credit losses in many of our lending portfolios as well as increased lending activity. The credit loss reversal in Q1 2024 primarily reflected improved macroeconomic forecasts and their impact on our credit loss modeling
- Noninterest income increased \$30 million in Q1 compared to the same period in 2024 primarily due to a \$14 million return of excess insurance funds from the Farm Credit System Insurance Corporation, higher patronage income and loan-related fee income
- Operating expenses increased \$18 million in Q1 compared to Q1 2024, primarily driven by higher employee compensation, information services and Farm Credit Insurance Fund premium expenses
- Capital and liquidity levels remain strong and were in excess of regulatory minimums as of March 31, 2025
 - Total capital increased to \$13.0 billion from year end, primarily from a decrease in accumulated other comprehensive loss and current period earnings, partially offset by retirements of preferred stock and common stock, as well as patronage distributions
 - Total capital ratio was 13.55%, compared with the 8.0% minimum
 - 188 days of liquidity, compared with the 90-day minimum

OPERATING SEGMENTS

(\$ in millions)	Agribusiness		Rural Infrastructure		Farm Credit Banking		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Three months ended March 31,								
Average loan volume	\$ 44,845	\$ 39,919	\$ 34,540	\$ 32,853	\$ 83,090	\$ 77,039	\$ 162,475	\$ 149,811
Net income	169	213	145	153	76	72	390	438
Period-end loan volume								
March 31, 2025 and December 31, 2024	\$ 43,618	\$ 40,463	\$ 35,088	\$ 34,337	\$ 82,772	\$ 84,059	\$ 161,478	\$ 158,859

NET INTEREST INCOME AND NET INTEREST MARGIN

Net interest income increased \$43 million, or 9%, to \$522 million for the three months ended March 31, 2025, compared to \$479 million for the same period in 2024. The increase in net interest income was primarily driven by higher average loans mostly attributable to our Agribusiness operating segment which experienced an increase in seasonal lending to grain and farm supply cooperatives. Net interest margin was flat at 1.02% for the three months ended March 31, 2025 and 2024.

Net Interest Margin and Net Interest Income

Three months ended	March 31, 2025			March 31, 2024		
	Average Balance	Average Rate	Interest Income/Expense	Average Balance	Average Rate	Interest Income/Expense
(\$ in millions)						
Interest earning assets						
Loans	\$ 162,475	5.03 %	\$ 2,016	\$ 149,811	5.43 %	\$ 2,035
Investments	43,901	3.84 %	416	35,983	3.85 %	346
Federal funds sold and other overnight funds	1,804	4.38 %	19	2,448	5.38 %	33
Total	208,180	4.77 %	2,451	188,242	5.13 %	2,414
Interest bearing liabilities	193,734	4.04 %	1,929	175,302	4.42 %	1,935
Interest rate spread		0.73 %			0.72 %	
Impact of equity financing	12,823	0.29 %		11,265	0.30 %	
Net interest margin & net interest income		1.02 %	\$ 522		1.02 %	\$ 479

CREDIT QUALITY

Notwithstanding some credit quality deterioration, our overall loan quality remains manageable at March 31, 2025. Special Mention loans were 1.26 percent of total loans at March 31, 2025 compared to 1.34 percent of total loans at December 31, 2024. The level of adversely classified loans ("Substandard", "Doubtful" and "Loss") as a percent of total loans increased to 1.04 percent at March 31, 2025 compared to 0.84 percent at December 31, 2024 primarily due to customers in our Agribusiness operating segment transferred to Substandard status. Nonaccrual loans, which are classified as Substandard and Doubtful loans, were 0.28 percent of total loans at March 31, 2025, compared to 0.24 percent at December 31, 2024. We believe credit quality deterioration in the future is possible due to market factors impacting our customers. Such factors include trade, tariff and economic uncertainty, an ongoing volatile agricultural commodity price environment, labor shortages, inflation, elevated level of interest rates, weather related events, as well as the war in Ukraine and instability in 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.

Loan Quality Ratios

	March 31, 2025			December 31, 2024		
	Wholesale Loans	Commercial Loans	Total	Wholesale Loans	Commercial Loans	Total
Acceptable	100.00 %	95.29 %	97.70 %	100.00 %	95.39 %	97.82 %
Special Mention	—	2.59 %	1.26 %	—	2.84 %	1.34 %
Substandard	—	2.06 %	1.01 %	—	1.71 %	0.81 %
Doubtful	—	0.06 %	0.03 %	—	0.06 %	0.03 %
Loss	—	—	—	—	—	—
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

BALANCE SHEET INFORMATION

(period-end)	March 31, 2025		December 31, 2024	
(\$ in millions)	(Unaudited)		(Unaudited)	
Loans	\$	161,478	\$	158,859
Less: Allowance for loan losses		796		733
Net loans		160,682		158,126
Cash and cash equivalents		309		823
Federal funds sold and other overnight funds		1,675		3,490
Investment Securities (net of allowance of \$1 million at March 31, 2025 and December 31, 2024)		45,388		43,407
Interest rate swaps and other derivatives		427		464
Accrued interest receivable and other assets		2,138		2,264
Total assets	\$	210,619	\$	208,574
Bonds and notes	\$	194,487	\$	191,621
Interest rate swaps and other derivatives		613		702
Reserve for unfunded commitments		57		59
Patronage payable		220		900
Accrued interest payable and other liabilities		2,267		2,430
Total liabilities		197,644		195,712
Shareholders' equity		12,975		12,862
Total liabilities and shareholders' equity	\$	210,619	\$	208,574

STATEMENT OF INCOME INFORMATION

	Three months ended March 31, 2025		Three months ended March 31, 2024	
(\$ in millions)	(Unaudited)		(Unaudited)	
Interest income	\$	2,451	\$	2,414
Interest expense		1,929		1,935
Net interest income		522		479
Provision for credit losses (credit loss reversal)		77		(37)
Net interest income after provision for credit losses (credit loss reversal)		445		516
Noninterest income		131		101
Operating expenses		147		129
Provision for income taxes		39		50
Net income	\$	390	\$	438

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 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 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.

ABOUT COBANK

CoBank is a 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 78,000 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 www.cobank.com.

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