CoBank Quarterly District Financial Information March 31, 2025

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

Introduction and District Overview

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

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

We are chartered by the FCA to serve the Associations that provide credit and related financial services to or for the benefit of eligible borrowers/shareholders for qualified purposes in specific geographic areas in the United States. We collectively refer to these entities as our affiliated Associations. The Associations are not authorized by the Farm Credit Act to participate directly in the issuance of Systemwide bonds, medium term notes and discount notes (collectively referred to as Systemwide Debt Securities). Therefore, we are the primary funding source for our affiliated Associations. As of March 31, 2025, we had 16 affiliated Associations serving customers in 23 states across the West, Northwest, Southwest, Rocky Mountains, Mid-Plains, and Northeast regions of the United States.

Our affiliated Associations are considered customers and thus operate independently and maintain an arms-length relationship with us, except to the extent that the Farm Credit Act requires us, as the funding bank, to monitor and approve certain activities of these Associations. As authorized by the FCA, the affiliated Associations' financial information is not included in the condensed consolidated quarterly financial statements presented in CoBank's March 31, 2025 Quarterly Report to Shareholders. However, the FCA authorizes CoBank to present combined Bank and Association quarterly financial information in a separate report. CoBank does not have the corporate or direct regulatory authority to compel its affiliated Associations to disclose information or to establish and maintain their disclosure controls and procedures or internal controls over financial reporting. Accordingly, CoBank's preparation of this District Report and the establishment of adequate controls relating to this District Report are dependent on our affiliated Associations themselves satisfying their regulatory obligations and complying with agreed upon disclosure policies and procedures. Failure by an affiliated Association to provide accurate or timely information for District financial reporting or to have adequate disclosure controls or procedures or internal controls over financial reporting, as required by regulation or as agreed to under the disclosure policies and procedures, could jeopardize the accuracy of certain information in this District Report or CoBank's ability to timely issue this District Report.

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

Financial Highlights

($ in Millions) (Unaudited)

	March 31, 2025	December 31, 2024
Total Loans	$ **174,410**	$ 171,392
Less: Allowance for Loan Losses	**1,205**	1,112
Net Loans	**173,205**	170,280
Total Assets	**226,877**	224,561
Total Shareholders' Equity	**27,336**	26,826

For the Three Months Ended March 31,	2025	2024
Net Interest Income	$ **1,175**	$ 1,102
Provision for Credit Losses	**132**	2
Loan-Related Fee Income	**73**	64
Net Income	**778**	786
Net Interest Margin	**2.11 %**	2.18 %
Net Charge-offs / Average Loans	**0.09**	0.14
Return on Average Assets	**1.37**	1.53
Return on Average Total Shareholders' Equity	**11.51**	12.75
Operating Expense / Net Interest Income and Noninterest Income	**31.30**	31.97
Average Loans	$ **175,308**	$ 162,100
Average Earning Assets	**223,023**	202,298
Average Assets	**226,495**	206,037

Discussion and Analysis of District Results of Operations and Financial Condition

District average loans increased 8 percent to $175.3 billion for the three months ended March 31, 2025 as compared to $162.1 billion for the same period in 2024. The increase in average loans primarily reflected growth in agribusiness and communication loans. These increases were partially offset by a decrease in production and intermediate-term loans.

Average investment securities, federal funds sold and other overnight funds increased 19 percent to $47.7 billion during the three months ended March 31, 2025 as compared to $40.2 billion for the same period in 2024. The increase in CoBank's average investment security balances compared to the prior period was primarily a result of the Bank carrying higher levels of liquidity in 2025 to maintain its liquidity reserve associated with higher lending and to take advantage of favorable investment spread opportunities in the marketplace.

District net income decreased 1 percent to $778 million for the three months ended March 31, 2025 as compared to $786 million for the same period in 2024. The decrease in current period earnings primarily resulted from a higher provision for credit losses and increased operating expenses, partially offset by higher net interest income and noninterest income and lower income taxes.

District net interest income increased 7 percent to $1.175 billion for the three months ended March 31, 2025 as compared to $1.102 billion for the same period in 2024. The increase in net interest income was largely driven by growth in average loans across the District. The District's overall net interest margin was 2.11 percent for the three months ended March 31, 2025 as compared to 2.18 percent for the same period in 2024. The decrease in net interest margin was driven by spread compression across certain Associations and lower returns on equity due to the impact of a lower interest rate environment in 2025.

The District recorded a provision for credit losses of $132 million for the three months ended March 31, 2025 as compared to $2 million for the same period in 2024. CoBank recorded a provision for credit losses of $77 million for the three months ended March 31, 2025 as compared to a credit loss reversal of $37 million for the same period in 2024. The 2025 provision for credit losses at CoBank primarily related to deterioration in credit quality and macroeconomic forecasts that resulted in higher modeled credit losses in many of its lending portfolios, as well as increased lending activity. The 2024 credit loss reversal at CoBank primarily related to an improvement in macroeconomic forecasts and to a lesser extent regular model assumption updates resulting in lower modeled credit losses in many of its lending portfolios. The Associations recorded a net combined provision for credit losses of $55 million for the three months ended March 31, 2025 as compared to $39 million for the same period in 2024. The net combined 2025 provision for credit losses at the Associations was primarily due to credit quality downgrades, higher specific reserves and increased lending activity across several Associations. The net combined 2024 provision for credit losses at the Associations was primarily due to higher specific reserves and increased lending activity across several Associations. As discussed in prior periods, the District allowance for credit losses under the CECL accounting standards utilize third-party macroeconomic forecasts as an input to determine the estimate, which has introduced a higher level of volatility in credit loss provisions.

District noninterest income increased to $207 million for the three months ended March 31, 2025 as compared to $132 million for the same period in 2024. Noninterest income is primarily composed of loan-related fee income, patronage income, financially-related services income, gains and losses on customer interest rate swaps and other derivatives and other miscellaneous gains and losses. The increase in noninterest income primarily related to the return of insurance funds from the Farm Credit Insurance Corporation (Insurance Corporation), gains from customer interest rate swaps and other derivatives, higher loan-related fee income and increased patronage income. Noninterest income for the three months ended March 31, 2025 included a return of excess insurance funds from the Insurance Corporation related to the Farm Credit Insurance Fund (Insurance Fund) of $31 million, of which $14 million was recognized by CoBank and $17 million by Associations in the District. No such income was recorded during the first quarter of 2024. As more fully explained in the CoBank 2024 Annual Report, when the Insurance Fund exceeds the statutory 2 percent secure base amounts (SBA), the Insurance Corporation may reduce premiums and return excess amounts. In 2025, the Insurance Fund commenced above the SBA. Consequently, the Insurance Corporation approved distribution of excess amounts for which

System Entities received appropriate refunds. Gains from customer interest rate swaps and other derivatives were $12 million for the three months ended March 31, 2025 as compared to losses of $13 million for the same period in 2024. Gains and losses on derivatives are driven by the impact of market interest rate changes for derivatives not designated as hedging instruments. Loan-related fee income increased $9 million for the three months ended March 31, 2025 as compared to the same period in 2024, primarily from a higher level of transaction-related fees at CoBank and several Associations. Patronage income increased $6 million for the three months ended March 31, 2025 as compared to the same period in 2024 from a higher level of District loans sold to other System institutions.

District operating expenses increased to $433 million for the three months ended March 31, 2025 as compared to $395 million for the same period in 2024 primarily driven by increases in employee compensation, information services, general and administrative and Insurance Fund premium expenses. Employee compensation expense, which includes salaries, incentive compensation and employee benefits, increased $22 million for the three months ended March 31, 2025 as compared to the same period in 2024, primarily due to an increase in salary expenses from a higher number of employees, as well as merit and other pay increases. Information services expense increased $9 million for the three months ended March 31, 2025 as compared to the same period in 2024 due to higher expenses relating to hardware, software, network infrastructure and the modernization of existing technology platforms. General and administrative expenses increased $4 million for the three months ended March 31, 2025 as compared to the same period in 2024 due to higher charitable contributions and administrative costs at several Associations. Insurance Fund premium expenses increased $3 million for the three months ended March 31, 2025 as compared to the same period in 2024 due to an increase in insured debt obligations. Premium rates are set by the Insurance Corporation and were 10 basis points of average outstanding adjusted insured debt obligations for the three months ended March 31, 2025 and 2024. In February 2025, the Insurance Corporation announced a premium rate of 10 basis points of average outstanding adjusted insured debt obligations for 2025. The Insurance Corporation will review premium rates again in July 2025.

District income tax expense decreased to $39 million for the three months ended March 31, 2025 as compared to $51 million for the same period in 2024 primarily due to a decrease in earnings attributable to taxable business activities at CoBank. The income tax expense at the District predominantly relates to CoBank, as a substantial majority of the business activities at Associations are exempt from federal income tax.

Loan Portfolio

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

District Loans by Loan Type		
($ in Millions)	March 31, 2025	December 31, 2024
Real Estate Mortgage	**$ 48,242**	$ 48,502
Nonaffiliated Associations	**5,924**	5,966
Production and Intermediate-term	**25,413**	27,200
Agribusiness:		
Loans to Cooperatives	**19,433**	16,382
Processing and Marketing	**18,499**	17,909
Farm Related Businesses	**3,360**	3,160
Communications	**8,962**	8,478
Rural Power	**28,571**	28,218
Water and Waste	**4,065**	3,972
Agricultural Export Finance	**7,021**	6,554
Rural Residential Real Estate	**347**	351
Lease Receivables	**4,406**	4,539
Other	**167**	161
Total	**$ 174,410**	$ 171,392

Overall District outstanding loans increased $3.0 billion to $174.4 billion at March 31, 2025, compared to $171.4 billion at December 31, 2024 primarily due to increases in agribusiness, communications, agricultural export finance and rural power loans, partially offset by decreases in production and intermediate-term and real estate mortgage loans.

Portfolio Diversification

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

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

Distribution by Primary Business / Commodity

	March 31, 2025	December 31, 2024
Fruits, Nuts and Vegetables	**16 %**	17 %
Farm Supply, Grain and Marketing	**11**	11
Dairy	**8**	8
Electric Distribution	**7**	7
Cattle	**7**	7
Forest Products	**5**	5
Regulated Utilities	**5**	5
Livestock, Fish and Poultry	**4**	5
Agricultural Export Finance	**4**	3
Field Crops Except Grains	**4**	4
Farm Related Business Services	**4**	4
Nonaffiliated Associations	**3**	3
Generation and Transmission	**3**	3
Lease Financing (through FCL)	**2**	2
Rural Home	**2**	2
Other	**15**	14
Total	**100 %**	100 %

Geographic Distribution

	March 31, 2025	December 31, 2024
California	**21 %**	21 %
Texas	**7**	7
Kansas	**5**	5
New York	**5**	5
Washington	**5**	5
Colorado	**4**	4
Idaho	**3**	3
Illinois	**3**	3
Oklahoma	**3**	3
Oregon	**2**	2
Iowa	**2**	2
Florida	**2**	2
Minnesota	**2**	2
Ohio	**2**	2
Nebraska	**2**	2
Pennsylvania	**2**	2
Georgia	**2**	2
Massachusetts	**2**	2
Other (less than 2 percent each for the current year)	**22**	22
Total States	**96 %**	96 %
Latin America	**2**	2
Asia	**1**	1
Europe, Middle East and Africa	**1**	1
Total International	**4 %**	4 %
Total	**100 %**	100 %

Loan Quality

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

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

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

District Loan Quality

	March 31, 2025	December 31, 2024
Acceptable	**93.34 %**	93.57 %
Special Mention	**3.41**	3.54
Substandard	**3.16**	2.79
Doubtful	**0.09**	0.10
Loss	**—**	—
Total	**100.00 %**	100.00 %

Notwithstanding some credit quality deterioration, overall loan quality within the District remains manageable. Acceptable loans were 93.34 percent of total loans at March 31, 2025, compared to 93.57 percent at December 31, 2024. Special Mention loans were 3.41 percent of total loans at March 31, 2025, compared to 3.54 percent at December 31, 2024. The level of adversely classified loans ("Substandard", "Doubtful" and "Loss") as a percent of total loans increased to 3.25 percent at March 31, 2025, compared to 2.89 percent at December 31, 2024 due primarily to credit quality deterioration related to agribusiness, real estate mortgage, and production and intermediate-term loans.

While overall credit quality of the District loan portfolio remains manageable, credit quality deterioration in the future is possible due to market factors impacting District customers, including trade, tariff and economic uncertainties, 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 the instability Middle East.

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

The following tables present the District's loans, classified by management pursuant to our regulator's Uniform Loan Classification System. As required under CECL, loan vintage information, including term loans, revolving loans and revolving loans converted to term loans, is also presented within the credit quality information for the periods ended March 31, 2025 and December 31, 2024.

Vintage by Credit Quality Indicator

As of March 31, 2025

	Term Loans by Origination Year									
($ in Millions)	2025	2024	2023	2022	2021	Prior	Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Real Estate Mortgage										
Acceptable	$ 1,204	$ 5,038	$ 3,602	$ 5,036	$ 6,494	$ 19,481	$ 40,855	$ 2,436	$ 436	$ 43,727
Special Mention	14	127	342	279	238	911	1,911	113	41	2,065
Substandard	7	98	197	397	258	1,280	2,237	106	53	2,396
Doubtful	-	-	2	5	2	45	54	-	-	54
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 1,225	$ 5,263	$ 4,143	$ 5,717	$ 6,992	$ 21,717	$ 45,057	$ 2,655	$ 530	$ 48,242
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ 2	$ 1	$ 3	$ 4	$ -	$ 7
Nonaffiliated Associations										
Acceptable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,924	$ -	$ 5,924
Special Mention	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,924	$ -	$ 5,924
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Production and Intermediate-Term										
Acceptable	$ 844	$ 3,034	$ 1,453	$ 1,520	$ 954	$ 1,904	$ 9,709	$ 12,672	$ 181	$ 22,562
Special Mention	44	259	90	110	28	40	571	1,004	12	1,587
Substandard	88	169	93	115	58	97	620	496	105	1,221
Doubtful	-	-	2	18	2	6	28	1	14	43
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 976	$ 3,462	$ 1,638	$ 1,763	$ 1,042	$ 2,047	$ 10,928	$ 14,173	$ 312	$ 25,413
Gross Charge-offs(1)	$ 7	$ 1	$ 3	$ 1	$ -	$ -	$ 12	$ 5	$ -	$ 17
Agribusiness										
Acceptable	$ 1,230	$ 4,487	$ 4,050	$ 3,652	$ 2,558	$ 4,549	$ 20,526	$ 17,435	$ 102	$ 38,063
Special Mention	13	235	154	245	126	177	950	582	8	1,540
Substandard	41	141	140	139	91	356	908	660	64	1,632
Doubtful	-	13	10	3	-	-	26	23	8	57
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 1,284	$ 4,876	$ 4,354	$ 4,039	$ 2,775	$ 5,082	$ 22,410	$ 18,700	$ 182	$ 41,292
Gross Charge-offs(1)	$ -	$ -	$ 3	$ -	$ -	$ -	$ 3	$ -	$ -	$ 3
Communications										
Acceptable	$ 407	$ 2,273	$ 2,210	$ 1,148	$ 943	$ 1,039	$ 8,020	$ 618	$ -	$ 8,638
Special Mention	4	12	8	-	72	100	196	18	-	214
Substandard	-	15	-	39	-	53	107	3	-	110
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 411	$ 2,300	$ 2,218	$ 1,187	$ 1,015	$ 1,192	$ 8,323	$ 639	$ -	$ 8,962
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ 12	$ 3	$ 15	$ -	$ -	$ 15
Rural Power										
Acceptable	$ 940	$ 3,622	$ 4,885	$ 3,464	$ 2,159	$ 10,833	$ 25,903	$ 2,194	$ 3	$ 28,100
Special Mention	-	5	30	89	87	204	415	-	-	415
Substandard	-	-	14	-	-	42	56	-	-	56
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 940	$ 3,627	$ 4,929	$ 3,553	$ 2,246	$ 11,079	$ 26,374	$ 2,194	$ 3	$ 28,571
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Water and Waste										
Acceptable	$ 11	$ 539	$ 733	$ 930	$ 267	$ 1,202	$ 3,682	$ 354	$ -	$ 4,036
Special Mention	-	-	-	-	-	3	3	-	-	3
Substandard	-	-	4	13	-	-	17	-	-	17
Doubtful	-	3	3	-	-	-	6	3	-	9
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 11	$ 542	$ 740	$ 943	$ 267	$ 1,205	$ 3,708	$ 357	$ -	$ 4,065
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(1) As of and for the three months ended March 31, 2025.

Vintage by Credit Quality Indicator (Continued)
As of March 31, 2025

($ in Millions)	Term Loans by Origination Year 2025	2024	2023	2022	2021	Prior	Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Agricultural Export Finance										
Acceptable	$ -	$ 51	$ 348	$ 67	$ 41	$ 35	$ 542	$ 6,460	$ 19	$ 7,021
Special Mention	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ 51	$ 348	$ 67	$ 41	$ 35	$ 542	$ 6,460	$ 19	$ 7,021
Gross Charge-offs[1]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rural Residential Real Estate										
Acceptable	$ 9	$ 34	$ 24	$ 22	$ 25	$ 223	$ 337	$ -	$ -	$ 337
Special Mention	-	2	-	-	-	3	5	-	-	5
Substandard	-	-	-	1	-	4	5	-	-	5
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 9	$ 36	$ 24	$ 23	$ 25	$ 230	$ 347	$ -	$ -	$ 347
Gross Charge-offs[1]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lease Receivables										
Acceptable	$ 217	$ 987	$ 897	$ 778	$ 431	$ 900	$ 4,210	$ -	$ -	$ 4,210
Special Mention	1	35	18	15	13	32	114	-	-	114
Substandard	2	12	11	9	16	32	82	-	-	82
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 220	$ 1,034	$ 926	$ 802	$ 460	$ 964	$ 4,406	$ -	$ -	$ 4,406
Gross Charge-offs[1]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other										
Acceptable	$ 2	$ -	$ 34	$ 1	$ -	$ 12	$ 49	$ 116	$ 1	$ 166
Special Mention	-	1	1	1	(1)	1	3	1	-	4
Substandard	1	(1)	(1)	(1)	(1)	(1)	(4)	1	-	(3)
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 3	$ -	$ 34	$ 1	$ (2)	$ 12	$ 48	$ 118	$ 1	$ 167
Gross Charge-offs[1]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Loans of CoBank District										
Acceptable	$ 4,864	$ 20,065	$ 18,236	$ 16,618	$ 13,872	$ 40,178	$ 113,833	$ 48,209	$ 742	$ 162,784
Special Mention	76	676	643	739	563	1,471	4,168	1,718	61	5,947
Substandard	139	434	458	712	422	1,863	4,028	1,266	222	5,516
Doubtful	-	16	17	26	4	51	114	27	22	163
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 5,079	$ 21,191	$ 19,354	$ 18,095	$ 14,861	$ 43,563	$ 122,143	$ 51,220	$ 1,047	$ 174,410
Gross Charge-offs[1]	$ 7	$ 1	$ 6	$ 1	$ 14	$ 4	$ 33	$ 9	$ -	$ 42

(1) As of and for the three months ended March 31, 2025.

Vintage by Credit Quality Indicator
As of December 31, 2024

($ in Millions)	Term Loans by Origination Year 2024	2023	2022	2021	2020	Prior	Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Real Estate Mortgage										
Acceptable	$ 5,124	$ 3,706	$ 5,279	$ 6,697	$ 5,460	$ 14,798	$ 41,064	$ 2,689	$ 401	$ 44,154
Special Mention	135	342	231	240	258	680	1,886	124	32	2,042
Substandard	83	149	395	218	402	829	2,076	132	44	2,252
Doubtful	-	2	5	2	4	41	54	-	-	54
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 5,342	$ 4,199	$ 5,910	$ 7,157	$ 6,124	$ 16,348	$ 45,080	$ 2,945	$ 477	$ 48,502
Gross Charge-offs(1)	$ -	$ -	$ 5	$ -	$ -	$ 7	$ 12	$ -	$ -	$ 12
Nonaffiliated Associations										
Acceptable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,966	$ -	$ 5,966
Special Mention	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,966	$ -	$ 5,966
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Production and Intermediate-Term										
Acceptable	$ 3,462	$ 1,703	$ 1,763	$ 954	$ 740	$ 1,339	$ 9,961	$ 14,355	$ 128	$ 24,444
Special Mention	300	89	145	33	37	17	621	1,104	11	1,736
Substandard	143	91	72	59	53	50	468	420	86	974
Doubtful	-	2	20	2	5	1	30	5	11	46
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 3,905	$ 1,885	$ 2,000	$ 1,048	$ 835	$ 1,407	$ 11,080	$ 15,884	$ 236	$ 27,200
Gross Charge-offs(1)	$ 4	$ 2	$ 5	$ 2	$ 1	$ 6	$ 20	$ 5	$ 3	$ 28
Agribusiness										
Acceptable	$ 4,994	$ 4,367	$ 3,682	$ 2,565	$ 1,477	$ 3,190	$ 20,275	$ 14,132	$ 115	$ 34,522
Special Mention	178	208	236	124	117	115	978	579	4	1,561
Substandard	88	100	117	110	187	135	737	528	40	1,305
Doubtful	13	10	6	-	-	-	29	26	8	63
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 5,273	$ 4,685	$ 4,041	$ 2,799	$ 1,781	$ 3,440	$ 22,019	$ 15,265	$ 167	$ 37,451
Gross Charge-offs(1)	$ 10	$ 18	$ 2	$ 4	$ 5	$ 33	$ 72	$ 4	$ 10	$ 86
Communications										
Acceptable	$ 2,115	$ 2,142	$ 1,184	$ 1,048	$ 383	$ 704	$ 7,576	$ 544	$ 6	$ 8,126
Special Mention	13	8	1	72	96	67	257	8	-	265
Substandard	33	-	39	12	-	-	84	3	-	87
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 2,161	$ 2,150	$ 1,224	$ 1,132	$ 479	$ 771	$ 7,917	$ 555	$ 6	$ 8,478
Gross Charge-offs(1)	$ 2	$ -	$ 1	$ -	$ 4	$ 1	$ 8	$ -	$ -	$ 8
Rural Power										
Acceptable	$ 3,630	$ 4,813	$ 3,415	$ 2,224	$ 2,187	$ 8,928	$ 25,197	$ 2,591	$ 2	$ 27,790
Special Mention	4	29	88	72	66	102	361	-	-	361
Substandard	-	14	-	-	25	28	67	-	-	67
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 3,634	$ 4,856	$ 3,503	$ 2,296	$ 2,278	$ 9,058	$ 25,625	$ 2,591	$ 2	$ 28,218
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ 3	$ 3	$ -	$ -	$ 3
Water and Waste										
Acceptable	$ 508	$ 740	$ 928	$ 277	$ 277	$ 919	$ 3,649	$ 293	$ -	$ 3,942
Special Mention	-	-	-	-	-	3	3	-	-	3
Substandard	-	4	13	-	1	-	18	-	-	18
Doubtful	3	3	-	-	-	-	6	3	-	9
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 511	$ 747	$ 941	$ 277	$ 278	$ 922	$ 3,676	$ 296	$ -	$ 3,972
Gross Charge-offs(1)	$ 2	$ 9	$ -	$ -	$ -	$ -	$ 11	$ 2	$ -	$ 13

(1) As of and for the year-ended December 31, 2024

Vintage by Credit Quality Indicator (Continued)
As of December 31, 2024

($ in Millions)	Term Loans by Origination Year 2024	2023	2022	2021	2020	Prior	Total Term Loans	Revolving Loans	Revolving Loans Converted to Term	Total Loans
Agricultural Export Finance										
Acceptable	$ 51	$ 357	$ 60	$ 41	$ -	$ 42	$ 551	$ 5,984	$ 19	$ 6,554
Special Mention	-	-	-	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 51	$ 357	$ 60	$ 41	$ -	$ 42	$ 551	$ 5,984	$ 19	$ 6,554
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Rural Residential Real Estate										
Acceptable	$ 33	$ 26	$ 23	$ 25	$ 20	$ 216	$ 343	$ -	$ -	$ 343
Special Mention	2	-	-	-	-	2	4	-	-	4
Substandard	-	-	-	-	-	4	4	-	-	4
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 35	$ 26	$ 23	$ 25	$ 20	$ 222	$ 351	$ -	$ -	$ 351
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lease Receivables										
Acceptable	$ 1,086	$ 947	$ 844	$ 487	$ 377	$ 620	$ 4,361	$ -	$ -	$ 4,361
Special Mention	16	20	20	16	6	23	101	-	-	101
Substandard	12	6	7	16	14	22	77	-	-	77
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 1,114	$ 973	$ 871	$ 519	$ 397	$ 665	$ 4,539	$ -	$ -	$ 4,539
Gross Charge-offs(1)	$ -	$ -	$ 1	$ 2	$ -	$ -	$ 3	$ -	$ -	$ 3
Other										
Acceptable	$ 2	$ 33	$ 1	$ 1	$ 1	$ 11	$ 49	$ 111	$ -	$ 160
Special Mention	-	-	-	-	-	1	1	-	-	1
Substandard	-	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 2	$ 33	$ 1	$ 1	$ 1	$ 12	$ 50	$ 111	$ -	$ 161
Gross Charge-offs(1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Loans of CoBank District										
Acceptable	$ 21,005	$ 18,834	$ 17,179	$ 14,319	$ 10,922	$ 30,767	$ 113,026	$ 46,665	$ 671	$ 160,362
Special Mention	648	696	721	557	580	1,010	4,212	1,815	47	6,074
Substandard	359	364	643	415	682	1,068	3,531	1,083	170	4,784
Doubtful	16	17	31	4	9	42	119	34	19	172
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 22,028	$ 19,911	$ 18,574	$ 15,295	$ 12,193	$ 32,887	$ 120,888	$ 49,597	$ 907	$ 171,392
Gross Charge-offs(1)	$ 18	$ 29	$ 14	$ 8	$ 10	$ 50	$ 129	$ 11	$ 13	$ 153

(1) As of and for the year-ended December 31, 2024.

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

Nonperforming Assets ($ in Millions)	March 31, 2025	December 31, 2024
Nonaccrual Loans:		
Real Estate Mortgage	$ 692	$ 649
Production and Intermediate-term	411	333
Agribusiness	537	402
Communications	42	41
Rural Power	14	15
Water and Waste	12	12
Rural Residential Real Estate	2	1
Lease Receivables	31	25
Total Nonaccrual Loans	1,741	1,478
Accruing Loans 90 Days or More Past Due:		
Real Estate Mortgage	130	29
Production and Intermediate-term	9	20
Agribusiness	2	—
Lease Receivables	3	5
Total Accruing Loans 90 Days or More Past Due	144	54
Total Nonperforming Loans	1,885	1,532
Other Property Owned	21	23
Total Nonperforming Assets	$ 1,906	$ 1,555
Nonaccrual Loans as a Percentage of Total Loans	1.00 %	0.86 %
Nonperforming Assets as a Percentage of Total Loans and Other Property Owned	1.09	0.91
Nonperforming Assets as a Percentage of Capital	6.97	5.80

Nonperforming assets (which consist of nonaccrual loans, accruing loans 90 days or more past due and other property owned) totaled $1.9 billion as of March 31, 2025, compared to $1.6 billion at December 31, 2024. District nonaccrual loans increased $263 million during the three months ended March 31, 2025. Nonaccrual loans at CoBank increased $77 million primarily due to agribusiness customers that transferred to nonaccrual. Nonaccrual loans at Associations increased $186 million primarily due to an increase in production and intermediate-term, agribusiness, and real estate mortgage customers transferred to nonaccrual. The increase in nonaccrual loans was mainly concentrated in Associations located in the Western regions of the United States, primarily in the farm related businesses services, poultry and egg, vegetables, agribusiness, tree and nursery sectors. Total accruing loans 90 days or more past due increased by $90 million during the three months ended March 31, 2025 primarily at the Associations driven by increases from real estate mortgage loans, partially offset by a decrease in production and intermediate-term loans. Other property owned decreased $2 million at March 31, 2025 as compared to December 31, 2024 primarily due to disposal of properties. Nonperforming assets represented 1.09 percent and 0.91 percent of total District loans and other property owned at March 31, 2025 and December 31, 2024, respectively. Nonaccrual loans, the largest component of nonperforming assets, represented 1.00 percent of total loans at March 31, 2025 compared to 0.86 percent at December 31, 2024.

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

Aging of Past Due Loans

($ in Millions)	30-90 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
March 31, 2025						
Real Estate Mortgage	**$ 304**	**$ 497**	**$ 801**	**$ 47,441**	**$ 48,242**	**$ 130**
Nonaffiliated Associations	**—**	**—**	**—**	**5,924**	**5,924**	**—**
Production and Intermediate-term	**232**	**171**	**403**	**25,010**	**25,413**	**9**
Agribusiness	**212**	**164**	**376**	**40,916**	**41,292**	**2**
Communications	**8**	**15**	**23**	**8,939**	**8,962**	**—**
Rural Power	**—**	**—**	**—**	**28,571**	**28,571**	**—**
Water and Waste	**—**	**6**	**6**	**4,059**	**4,065**	**—**
Agricultural Export Finance	**—**	**—**	**—**	**7,021**	**7,021**	**—**
Rural Residential Real Estate	**—**	**—**	**—**	**347**	**347**	**—**
Lease Receivables	**26**	**16**	**42**	**4,364**	**4,406**	**3**
Other	**—**	**1**	**1**	**166**	**167**	**—**
Total	**$ 782**	**$ 870**	**$ 1,652**	**$ 172,758**	**$ 174,410**	**$ 144**
December 31, 2024						
Real Estate Mortgage	$ 157	$ 318	$ 475	$ 48,027	$ 48,502	$ 29
Nonaffiliated Associations	—	—	—	5,966	5,966	—
Production and Intermediate-term	143	135	278	26,922	27,200	20
Agribusiness	94	78	172	37,279	37,451	—
Communications	—	—	—	8,478	8,478	—
Rural Power	—	—	—	28,218	28,218	—
Water and Waste	6	3	9	3,963	3,972	—
Agricultural Export Finance	—	—	—	6,554	6,554	—
Rural Residential Real Estate	2	1	3	348	351	—
Lease Receivables	31	16	47	4,492	4,539	5
Other	—	—	—	161	161	—
Total	$ 433	$ 551	$ 984	$ 170,408	$ 171,392	$ 54

District entities maintain an allowance for loan losses at a level consistent with the expected credit losses identified by management of each institution, considering such factors as reasonable and supportable forecasts of agricultural and economic conditions, loan loss experience, portfolio quality, and loan portfolio composition and concentrations. CoBank and certain Associations also maintain a reserve for unfunded commitments, which totaled $104 million at March 31, 2025.

Although aggregated in the District's combined financial statements, the allowance for loan losses for each District entity is particular to that institution and is not available to absorb losses realized by other District entities. The allowance for loan losses at March 31, 2025 totaled $1.2 billion, compared to $1.1 billion at December 31, 2024. Changes in the allowance included an overall provision for credit losses on loans of $132 million, loan charge-offs of $42 million, loan recoveries of $4 million and a $1 million net transfer to the reserve for unfunded commitments.

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

Changes in Allowance for Credit Losses on Loans

($ in Millions)	Real Estate Mortgage	Non-affiliated Associations	Production and Intermediate-term	Agri-business	Communi-cations	Rural Power	Water and Waste	Agricultural Export Finance	Rural Residential Real Estate	Lease Receivables and Other	Total
March 31, 2025											
Allowance for Loan Losses											
Beginning Balance	**$ 177**	**$ —**	**$ 175**	**$ 394**	**$ 118**	**$ 161**	**$ 31**	**$ 17**	**$ 1**	**$ 38**	**$ 1,112**
Charge-offs	**(7)**	**—**	**(17)**	**(3)**	**(15)**	**—**	**—**	**—**	**—**	**—**	**(42)**
Recoveries	**—**	**—**	**2**	**1**	**—**	**1**	**—**	**—**	**—**	**—**	**4**
Provision for Credit Losses/ (Credit Loss Reversal)	**31**	**—**	**29**	**55**	**14**	**(2)**	**2**	**2**	**—**	**1**	**132**
Transfers from (to) Reserve for Unfunded Commitments	**1**	**—**	**(3)**	**3**	**(1)**	**(2)**	**1**	**—**	**—**	**—**	**(1)**
Ending Balance	**$ 202**	**$ —**	**$ 186**	**$ 450**	**$ 116**	**$ 158**	**$ 34**	**$ 19**	**$ 1**	**$ 39**	**$ 1,205**
Reserve for Unfunded Commitments											
Beginning Balance	**$ 7**	**$ —**	**$ 22**	**$ 48**	**$ 10**	**$ 13**	**$ 2**	**$ 1**	**$ —**	**$ —**	**$ 103**
Transfers (to) from Allowance for Loan Losses	**(1)**	**—**	**3**	**(3)**	**1**	**2**	**(1)**	**—**	**—**	**—**	**1**
Ending Balance	**$ 6**	**$ —**	**$ 25**	**$ 45**	**$ 11**	**$ 15**	**$ 1**	**$ 1**	**$ —**	**$ —**	**$ 104**
Allowance for Credit Losses on Loans	**$ 208**	**$ —**	**$ 211**	**$ 495**	**$ 127**	**$ 173**	**$ 35**	**$ 20**	**$ 1**	**$ 39**	**$ 1,309**
March 31, 2024											
Allowance for Loan Losses											
Beginning Balance	$ 130	$ —	$ 133	$ 376	$ 106	$ 165	$ 27	$ 27	$ 2	$ 44	$ 1,010
Charge-offs	(5)	—	(7)	(47)	—	(1)	—	—	—	(1)	(61)
Recoveries	—	—	1	1	—	—	—	—	—	1	3
Provision for Credit Losses/ (Credit Loss Reversal)	14	—	6	—	(5)	(3)	—	(6)	(1)	(3)	2
Transfers (to) from Reserve for Unfunded Commitments	—	—	(1)	10	1	(1)	—	—	—	—	9
Ending Balance	$ 139	$ -	$ 132	$ 340	$ 102	$ 160	$ 27	$ 21	$ 1	$ 41	$ 963
Reserve for Unfunded Commitments											
Beginning Balance	$ 7	$ —	$ 29	$ 69	$ 11	$ 16	$ 2	$ 3	$ —	$ —	$ 137
Transfers from (to) Allowance for Loan Losses	—	—	1	(10)	(1)	1	—	—	—	—	(9)
Ending Balance	$ 7	$ —	$ 30	$ 59	$ 10	$ 17	$ 2	$ 3	$ —	$ —	$ 128
Allowance for Credit Losses on Loans	$ 146	$ —	$ 162	$ 399	$ 112	$ 177	$ 29	$ 24	$ 1	$ 41	$ 1,091

Investment Portfolio

As the funding bank for the District, CoBank is responsible for meeting the District’s funding and liquidity needs. While access to the unsecured debt capital markets remains the District’s primary source of liquidity, the District also maintains a secondary source of liquidity through a high credit quality investment portfolio and other short-term liquid assets which are primarily held at CoBank. All of CoBank’s investment securities are classified as “available for sale”. Refer to the CoBank 2024 Annual Report for additional description of the types of investments held by the Bank and related yield information and maturities. Associations have regulatory authority to enter into certain investments that carry an explicit government guarantee and certain other securities. Association investments included U.S. Treasury and Small Business Administration (SBA) debt securities classified as “available-for-sale” and mortgage backed securities issued by the Federal Agricultural Mortgage Corporation (Farmer Mac) classified as “held to maturity”.

Investment Information				
($ in Millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2025				
CoBank Investments[(1)]	**$ 46,322**	**$ 190**	**$ (1,124)**	**$ 45,388**
Association Investments	**2,136**	**7**	**(14)**	**2,129**
Total	**$ 48,458**	**$ 197**	**$ (1,138)**	**$ 47,517**
December 31, 2024				
CoBank Investments[(1)]	$ 44,883	$ 54	$ (1,530)	$ 43,407
Association Investments	1,958	—	(31)	1,927
Total	$ 46,841	$ 54	$ (1,561)	$ 45,334

[(1)] Amortized cost and fair value include allowance for credit losses of $1 million at March 31, 2025 and December 31, 2024.

Investment securities increased to $47.5 billion at March 31, 2025 from $45.3 billion at December 31, 2024. The increase in investments was primarily at CoBank to maintain its liquidity reserve associated with higher lending at March 31, 2025 as compared to December 31, 2024 and to take advantage of favorable investment spread opportunities in the marketplace.

Available-for-sale investment securities with unrealized losses are also evaluated for an allowance for credit losses (ACL) under ASU 326. Management excludes those investment securities with no risk of credit loss from the ACL evaluation because they carry a full faith and credit guarantee of the U.S. government or are issued by U.S. agencies with an implicit guarantee from the U.S. government. For non-guaranteed investment securities, an analysis is performed at the individual security level to determine whether any portion of the unrealized loss is a credit loss. As of March 31, 2025, CoBank's ACL on investment securities was $1 million. CoBank recorded no provision for credit losses or credit loss reversal for its investment securities during the three months ended March 31, 2025 and 2024. The Associations with investment securities recorded no allowance for credit losses or provision for credit losses for the three months ended March 31, 2025 and 2024.

Derivatives and Hedging Activities

CoBank, and to a much lesser extent certain Associations in the District, use derivatives as part of their market risk management activities. Derivatives (primarily interest rate swaps) are used by the Bank and Associations to manage liquidity and the market risk arising from maturity and repricing mismatches between assets and liabilities. Derivatives (interest rate caps and floors) are also used by the Bank to hedge cap and floor risk embedded within its floating-rate investments and loans. The Bank also enters into derivatives with its retail customers and Associations in the District as a service to enable them to transfer, modify or reduce their interest rate risk. Derivative transactions between CoBank and the Associations in the District and the assets/liabilities and income/expense related thereto, are eliminated in the District's combined balances sheets and statements of income. Derivative transactions between CoBank and its retail customers and to offset the interest rate risk in derivatives between the Bank and Associations in the District are not designated as hedging instruments and not eliminated, and therefore, changes in fair value related to these derivatives are recorded in current period earnings. Refer to the CoBank 2024 Annual Report for additional description and disclosure of the Bank's derivatives.

Derivatives are recorded at fair value as assets or liabilities in the District combined balance sheets. Derivative assets totaled $424 million at March 31, 2025 compared to $457 million at December 31, 2024. Derivative liabilities totaled $605 million at March 31, 2025 compared to $699 million at December 31, 2024.

Changes in the fair value of District derivatives are accounted for as gains or losses through current period earnings or as a component of accumulated other comprehensive income (loss), depending on the use of the derivatives and whether they qualify for hedge accounting treatment. Net changes in the fair value of derivatives recorded in noninterest income in the accompanying combined statements of income included net gains of $12 million for the three months ended March 31, 2025 as compared to net losses of $13 million for the same period in 2024. Changes in the fair value of derivatives recorded as other comprehensive income (loss) totaled net losses of $159 million for the three months ended March 31, 2025 as compared to net gains of $65 million for the same period in 2024.

District Capital Resources

Combined District shareholders' equity at March 31, 2025 increased to $27.3 billion as compared to $26.8 billion at December 31, 2024. The change primarily resulted from District net income and a decrease in accumulated other comprehensive loss, partially offset by preferred and common stock retirements at the Bank and accrued patronage.

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

Accumulated Other Comprehensive Loss[1]

($ in Millions)	March 31, 2025	December 31, 2024
Unrealized Losses on Investment Securities	**$ (857)**	$ (1,363)
Net Pension Adjustment	**(233)**	(237)
Unrealized Gains on Interest Rate Swaps and Other Derivatives	**1**	160
Accumulated Other Comprehensive Loss	**$ (1,089)**	$ (1,440)

[1] Amounts are presented net of tax.

The change in the District's total accumulated other comprehensive loss during the three months ended March 31, 2025 is largely due to lower unrealized losses on investment securities driven by the impact of market interest rate changes on the fair value of fixed rate securities.

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

On November 25, 2024, CoBank issued $300 million of Series M non-cumulative perpetual preferred stock. CoBank used the net proceeds from the Series M preferred stock issuance to redeem all issued and outstanding shares of Series H non-cumulative perpetual preferred stock on January 1, 2025. Dividends on the Series M preferred stock, if declared by the CoBank Board of Directors in its sole discretion, are non-cumulative and are payable quarterly in arrears beginning on April 1, 2025, and will accrue at a fixed annual rate of 7.125 percent from the date of issuance up to, but excluding January 1, 2030. 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 2.818 percent per annum. The preferred stock is redeemable at par value, in whole or in part, at CoBank's option quarterly beginning on or after January 1, 2030.

On January 1, 2025, CoBank redeemed all of its Series H non-cumulative perpetual preferred stock totaling $300 million. The dividend rate for Series H preferred stock was 6.20 percent through the date of redemption.

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

Regulatory Capital Requirements and Ratios

				March 31, 2025		December 31, 2024	
Ratio	Primary Components of Numerator	Regulatory Minimums	Minimum with Buffer*	CoBank	District Associations	CoBank	District Associations
Risk Adjusted:							
Common equity tier 1 (CET1) capital ratio	Unallocated retained earnings (URE), common cooperative equities (qualifying capital stock and allocated equity)(1)	4.5 %	7.0 %	**11.01 %**	**11.01-18.44%**	11.62 %	11.53-19.23%
Tier 1 capital ratio	CET1 Capital, non-cumulative perpetual preferred stock	6.0 %	8.5 %	**12.80 %**	**12.19-18.44%**	13.62 %	12.73-19.23%
Total capital ratio	Tier 1 Capital, allowance for loan losses(2), common cooperative equities(3) and term preferred stock and subordinated debt(4)	8.0 %	10.5 %	**13.55 %**	**13.13-18.70%**	14.39 %	13.66-19.49%
Permanent capital ratio	Retained earnings, common stock, non-cumulative perpetual preferred stock and subordinated debt, subject to certain limits	7.0 %	7.0 %	**12.90 %**	**13.12-18.48%**	13.73 %	13.65-19.27%
Non-risk adjusted:							
Tier 1 leverage ratio**	Tier 1 Capital	4.0 %	5.0 %	**6.56 %**	**13.93-19.94%**	6.90 %	14.56-20.49%
UREE leverage ratio	URE and URE Equivalents	1.5 %	1.5 %	**2.95 %**	**12.53-20.46%**	3.23 %	13.14-20.90%

* The capital conservation buffer is 2.5 percentage points in addition to certain risk-adjusted capital ratios stated in the Regulatory Minimums column.
** Must include the 1.5 percent regulatory minimum requirement for the URE and UREE Leverage ratio.
(1) Equities outstanding 7 or more years
(2) Capped at 1.25% of risk-adjusted assets
(3) Equities outstanding 5 or more years, but less than 7 years
(4) Debt and equities outstanding 5 or more years

As depicted in the table above, at March 31, 2025, CoBank and all affiliated Associations exceeded the FCA's regulatory minimum capital ratios and any required buffers. Although aggregated in the District's combined financial statements, capital for each District entity is particular to that institution. In addition, the provisions of joint and several liability for Systemwide Debt Securities are applicable only to System banks and do not include Associations. CoBank has no access to Association capital beyond their required investment in the Bank. There are no capital sharing agreements between CoBank and its affiliated Associations.

Other Matters

Other Regulatory Matters

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

Subsequent Events

We have evaluated subsequent events through May 9, 2025, which is the date District financial information was issued and determined that there were no other events requiring disclosure.

Combined Balance Sheets

(unaudited)

($ in Millions)

	March 31, 2025	December 31, 2024
Assets		
Total Loans	**$ 174,410**	$ 171,392
Less: Allowance for Loan Losses	**1,205**	1,112
Net Loans	**173,205**	170,280
Cash and Cash Equivalents	**410**	1,070
Federal Funds Sold and Other Overnight Funds	**1,675**	3,490
Investment Securities (net of allowance of $1 million at March 31, 2025 and December 31, 2024)	**47,517**	45,334
Interest Rate Swaps and Other Derivatives	**424**	457
Accrued Interest Receivable and Other Assets	**3,646**	3,930
Total Assets	**$ 226,877**	$ 224,561
Liabilities		
Bonds and Notes	**$ 195,672**	$ 192,486
Subordinated Debt	**198**	198
Interest Rate Swaps and Other Derivatives	**605**	699
Reserve for Unfunded Commitments	**104**	103
Patronage Payable	**370**	1,386
Accrued Interest Payable and Other Liabilities	**2,592**	2,863
Total Liabilities	**199,541**	197,735
Shareholders' Equity		
Preferred Stock Issued by Bank	**1,925**	2,225
Preferred Stock Issued by Associations	**326**	325
Common Stock	**1,978**	1,994
Paid In Capital	**3,852**	3,852
Unallocated Retained Earnings	**20,344**	19,870
Accumulated Other Comprehensive Loss	**(1,089)**	(1,440)
Total Shareholders' Equity	**27,336**	26,826
Total Liabilities and Shareholders' Equity	**$ 226,877**	$ 224,561

Combined Statements of Income

(unaudited)

($ in Millions)

	For the Three Months Ended March 31,	
	2025	**2024**
Interest Income		
Loans	**$ 2,679**	$ 2,682
Investment Securities	**436**	362
Federal Funds Sold and Other Overnight Funds	**19**	33
Total Interest Income	**3,134**	3,077
Interest Expense	**1,959**	1,975
Net Interest Income	**1,175**	1,102
Provision for Credit Losses	**132**	2
Net Interest Income After Provision for Credit Losses	**1,043**	1,100
Noninterest Income		
Loan-Related Fee Income	**73**	64
Patronage Income	**63**	57
Financially-Related Services Income	**18**	15
Prepayment Income	**—**	1
(Losses) Gains on Early Extinguishments of Debt	**(3)**	—
Gains (Losses) on Sales of Investment Securities	**3**	—
Customer Interest Rate Swaps and Other Derivatives Income (Expense)	**12**	(13)
Return of Excess Insurance Funds	**31**	—
Other, Net	**10**	8
Total Noninterest Income	**207**	132
Operating Expenses		
Employee Compensation	**248**	226
Insurance Fund Premium	**41**	38
Information Services	**55**	46
General and Administrative	**31**	27
Occupancy and Equipment	**15**	15
Farm Credit System Related	**11**	10
Purchased Services	**15**	13
Merger Related Costs	**—**	2
Other	**17**	18
Total Operating Expenses	**433**	395
Income Before Income Taxes	**817**	837
Provision for Income Taxes	**39**	51
Net Income	**$ 778**	$ 786

Select Information on District Associations

(unaudited)

($ in Millions)

As of March 31, 2025	Wholesale Loans	% of Wholesale Loans	Total Assets	Total Regulatory Capital	Total Regulatory Capital Ratio	Non-performing Loans as a % of Total Loans	Return on Average Assets
AgWest, ACA	$ 27,741	36.15 %	$ 34,724	$ 5,407	15.02 %	1.70 %	2.30 %
American AgCredit, ACA	18,205	23.73	22,702	3,344	13.13	2.45	1.67
Farm Credit East, ACA	10,862	14.16	13,429	2,246	15.70	0.60	2.68
Yosemite Farm Credit, ACA	3,900	5.09	4,919	746	14.28	2.46	2.46
Frontier Farm Credit, ACA	2,783	3.63	3,438	555	14.77	1.39	1.70
Golden State Farm Credit, ACA	2,088	2.72	2,658	424	14.67	2.58	2.24
Oklahoma AgCredit, ACA	1,866	2.43	2,305	343	14.66	0.85	1.60
High Plains Farm Credit, ACA	1,670	2.18	2,104	306	13.65	0.93	2.31
Farm Credit Western Oklahoma, ACA	1,687	2.20	2,069	315	16.26	0.15	1.89
Fresno-Madera Farm Credit, ACA	1,342	1.75	1,747	298	15.32	0.55	2.03
Farm Credit of Southern Colorado, ACA	1,304	1.70	1,684	285	16.44	0.51	1.29
Western AgCredit, ACA	1,117	1.46	1,510	303	18.67	1.30	2.31
Premier Farm Credit, ACA	831	1.08	1,093	213	17.87	0.11	1.92
Farm Credit Services of Colusa-Glenn, ACA	538	0.70	740	151	17.53	0.87	2.42
Farm Credit of Western Kansas, ACA	432	0.56	575	110	18.70	0.00	2.18
Idaho AgCredit, ACA	353	0.46	461	73	15.90	0.76	2.03

Association Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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