

# SECOND QUARTER FINANCIAL RESULTS | 2025



## KEY FINANCIAL DATA

(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>INCOME STATEMENT</b>				
Net interest income	\$ 513	\$ 474	\$ 1,035	\$ 953
Provision for credit losses (credit loss reversal)	22	14	99	(23)
Noninterest income	123	150	254	251
Operating expenses	157	150	304	279
Provision for income taxes	36	42	75	92
Net income	421	418	811	856
<b>BALANCE SHEET (period-end)</b>				
	June 30, 2025		December 31, 2024	
Total loans	\$ 159,225		\$ 158,859	
Total assets	210,791		208,574	
Shareholders' equity	13,290		12,862	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>PROFITABILITY METRICS</b>				
Net interest margin	0.98 %	1.00 %	1.00 %	1.01 %
Return on average common equity	14.05 %	15.99 %	13.75 %	16.64 %
Return on average assets	0.80 %	0.87 %	0.78 %	0.90 %
Operating expense ratio (excluding insurance fund premiums)	23.59 %	23.78 %	22.59 %	22.12 %

## HIGHLIGHTS

- Average loans increased 7% year-over-year in Q2 and 8% YTD. Loans outstanding totaled \$159.2 billion at June 30, 2025
  - Growth in year-over-year Q2 and YTD average loans across all three operating segments
- Net income for Q2 was \$421 million compared to \$418 million in Q2 2024 and YTD was \$811 million compared to \$856 million in the prior year period
  - Q2 modest increase in net income resulted from higher net interest income, partially offset by lower noninterest income, a higher provision for credit losses and higher operating expenses
  - YTD decrease in net income was primarily due to the provision for credit losses incurred during 2025 as compared to a credit loss reversal during 2024 as well as higher operating expenses, partially offset by higher net interest income
- Net interest income for Q2 increased 8% to \$513 million from \$474 million and YTD increased 9% to \$1.035 billion from \$953 million primarily driven by higher average loans
  - Net interest margin YTD was 1.00%, compared to 1.01% in the same period in 2024
- Provision for credit losses in Q2 was \$22 million compared to \$14 million in Q2 2024 and YTD was \$99 million compared to a credit loss reversal of \$23 million in the prior year period
  - Higher provision in Q2 and YTD primarily resulted from deterioration in credit quality, worsening macroeconomic conditions that resulted in higher modeled credit losses and increased lending activity
  - YTD 2024 credit loss reversal primarily reflected improved macroeconomic forecasts and their impact on our credit loss modeling
- Noninterest income decreased \$27 million in Q2, however, increased \$3 million YTD compared to the same 2024 periods
  - Q2 decrease driven by lower return of excess insurance funds from Farm Credit System Insurance Fund and loan-related fee income
  - YTD increase due to higher patronage and customer derivative income offset by decreased loan-related fee income
- Operating expenses increased \$7 million in Q2 compared to Q2 2024 and \$25 million YTD compared to the same period in 2024
  - Q2 increase due to higher Insurance Fund premium expense, general and administrative expenses
  - YTD increase due to higher employee compensation, Insurance Fund premium expense, and general and administrative expenses
- Capital and liquidity levels remain strong and were in excess of regulatory minimums as of June 30, 2025
  - Total capital increased to \$13.3 billion from year end, primarily from current period earnings and a decrease in accumulated other comprehensive loss, partially offset by retirements of preferred stock
  - Total capital ratio was 14.05%, compared with the 8.0% minimum
  - 191 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
<b>Three Months Ended June 30,</b>								
Average loan volume	\$ 42,023	\$ 38,619	\$ 34,981	\$ 33,133	\$ 83,595	\$ 78,185	\$ 160,599	\$ 149,937
Net income	179	185	164	159	78	74	421	418
<b>Six Months Ended June 30,</b>								
Average loan volume	\$ 43,426	\$ 39,268	\$ 34,762	\$ 32,994	\$ 83,344	\$ 77,612	\$ 161,532	\$ 149,874
Net income	349	397	309	313	153	146	811	856
<b>Period-end loan volume</b>								
June 30, 2025 and December 31, 2024	\$ 39,629	\$ 40,463	\$ 35,352	\$ 34,337	\$ 84,244	\$ 84,059	\$ 159,225	\$ 158,859

## MANAGEMENT COMMENTARY

"CoBank delivered solid business performance during the second quarter of 2025 despite a significant level of federal policy uncertainty impacting agriculture and other industries we finance. The fundamentals of our business remained strong, with increased lending in all three operating segments which drove robust growth in net interest income. Overall, we remain pleased with the financial position of the bank and our ability to fulfill our mission to rural America,"

– **Thomas Halverson, CEO, CoBank**

"Loan growth was strong during the second quarter, though net income growth was more modest due to lower noninterest income, primarily reflecting the timing of the return of excess insurance funds from the Farm Credit System Insurance Fund. Despite some credit softening, our capital position remains robust."

– **Sean Burke, CFO, CoBank**

## NET INTEREST INCOME AND NET INTEREST MARGIN

Net interest income increased \$82 million, or 9 percent, to \$1.035 billion for the six months ended June 30, 2025 as compared to \$953 million for the same period in 2024. The increase in net interest income was primarily driven by higher average loans which resulted in greater net interest income across all three operating segments. Net interest margin was 1.00 percent for the six months ended June 30, 2025 compared to 1.01 percent for the same period in 2024.

### Net Interest Margin and Net Interest Income

Six months ended	June 30, 2025			June 30, 2024		
	Average Balance	Average Rate	Interest Income/Expense	Average Balance	Average Rate	Interest Income/Expense
(\$ in millions)						
<b>Interest earning assets</b>						
Loans	\$ 161,532	5.01 %	\$ 4,012	\$ 149,874	5.45 %	\$ 4,082
Investments	45,125	3.85 %	863	36,649	3.89 %	713
Federal funds sold and other overnight funds	1,872	4.37 %	40	2,556	5.38 %	69
<b>Total</b>	<b>208,529</b>	<b>4.75 %</b>	<b>4,915</b>	<b>189,079</b>	<b>5.15 %</b>	<b>4,864</b>
<b>Interest bearing liabilities</b>	<b>194,240</b>	<b>4.03 %</b>	<b>3,880</b>	<b>176,141</b>	<b>4.44 %</b>	<b>3,911</b>
<b>Interest rate spread</b>		<b>0.72 %</b>			<b>0.71 %</b>	
Impact of equity financing	12,961	0.28 %		11,476	0.30 %	
<b>Net interest margin &amp; net interest income</b>		<b>1.00 %</b>	<b>\$ 1,035</b>		<b>1.01 %</b>	<b>\$ 953</b>

## CREDIT QUALITY

Notwithstanding some credit quality deterioration, our overall loan quality remains manageable at June 30, 2025. Special Mention loans were 1.15 percent of total loans at June 30, 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 1.09 percent at June 30, 2025 compared to 0.84 percent at December 31, 2024 primarily due to customers in our Agribusiness operating segment that transferred to Substandard status. Nonaccrual loans, which are classified as Substandard and Doubtful loans, were 0.27 percent of total loans at June 30, 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

	June 30, 2025			December 31, 2024		
	Wholesale Loans	Commercial Loans	Total	Wholesale Loans	Commercial Loans	Total
Acceptable	100.00 %	95.25 %	97.76 %	100.00 %	95.39 %	97.82 %
Special Mention	—	2.45 %	1.15 %	—	2.84 %	1.34 %
Substandard	—	2.22 %	1.05 %	—	1.71 %	0.81 %
Doubtful	—	0.08 %	0.04 %	—	0.06 %	0.03 %
Loss	—	—	—	—	—	—
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>	<b>100.00 %</b>	<b>100.00 %</b>	<b>100.00 %</b>	<b>100.00 %</b>

## BALANCE SHEET INFORMATION

(period-end)	June 30, 2025		December 31, 2024	
(\$ in millions)	(Unaudited)			
Loans	\$	159,225	\$	158,859
Less: Allowance for loan losses		779		733
Net loans		158,446		158,126
Cash and cash equivalents		402		823
Federal funds sold and other overnight funds		1,595		3,490
Investment Securities (net of allowance of \$1 million at June 30, 2025 and December 31, 2024)		47,628		43,407
Interest rate swaps and other derivatives		455		464
Accrued interest receivable and other assets		2,265		2,264
Total assets	\$	210,791	\$	208,574
Bonds and notes	\$	194,017	\$	191,621
Interest rate swaps and other derivatives		627		702
Reserve for unfunded commitments		59		59
Patronage payable		436		900
Accrued interest payable and other liabilities		2,362		2,430
Total liabilities		197,501		195,712
Shareholders' equity		13,290		12,862
Total liabilities and shareholders' equity	\$	210,791	\$	208,574

## STATEMENT OF INCOME INFORMATION

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
(\$ in millions)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	\$ 2,464	\$ 2,450	\$ 4,915	\$ 4,864
Interest expense	1,951	1,976	3,880	3,911
Net interest income	513	474	1,035	953
Provision for credit losses (credit loss reversal)	22	14	99	(23)
Net interest income after provision for credit losses (credit loss reversal)	491	460	936	976
Noninterest income	123	150	254	251
Operating expenses	157	150	304	279
Provision for income taxes	36	42	75	92
Net income	\$ 421	\$ 418	\$ 811	\$ 856

## 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](http://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](http://www.cobank.com).

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