National Rural Utilities Cooperative Finance Corporation

Ratings

Foreign Currency

Long-Term Issuer Default Rating	A
Short-Term Issuer Default Rating	F1

Sovereign Risk (United States of America)

Long-Term Foreign Currency Issuer Default Rating	AA+
Long-Term Local Currency Issuer Default Rating	AA+
Country Ceiling	AAA

Rating Outlooks

Long-Term Foreign Currency Issuer Default Rating	Stable
Sovereign Long-Term Foreign Currency Issuer Default Rating	Stable
Sovereign Long-Term Local Currency Issuer Default Rating	Stable

Applicable Criteria

Corporate Hybrids Treatment and Notching Criteria (April 2025)

Non-Bank Financial Institutions Rating Criteria (January 2025)

Related Research

Global Economic Outlook — September 2025 (September 2025)

Fitch Affirms National Rural at 'A'/'F1'; Outlook Stable (August 2025)

U.S. Public Power — Peer Credit Analysis (July 2025)

U.S. Public Power and Electric Cooperatives Outlook (December 2024)

North America Finance and Leasing Companies Outlook 2025 (November 2024)

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Key Rating Drivers

U.S. Electric Cooperative Lender: National Rural Utilities Cooperative Finance Corporation's (CFC) ratings reflect its unique competitive position within U.S. electric cooperative lending, strong asset quality, sufficient liquidity, funding diversity and adequate coverage of interest expenses. The ratings are constrained by CFC's higher leverage relative to similarly rated peers, its unique capital structure including an inability to access the public equity markets, and a business model that results in modest earnings performance relative to peers.

Strong Franchise: Since its formation in 1969, CFC has operated as a member-owned, cooperative lender providing financing to supplement the loan programs of the Rural Utilities Service (RUS) of the U.S. Department of Agriculture (USDA). Fitch Ratings believes that CFC has a relatively strong franchise due to its long operating track record, relatively stable member base and growing loan portfolio.

As a result of the company's mission, profit generation is not considered a primary strategic goal. Rather, strategic initiatives are focused on maintaining adequate liquidity and capital, providing cost-effective financing to members, and generating sufficient earnings to cover operational and funding costs and loan losses.

Low Credit Losses Over Time: NPLs were $26 million, or 0.07% of loans outstanding at fiscal YE25 (ended May 31), a decrease of $23 million from a year ago.

Not a Profit Maximizer: As a cooperative lender, CFC's mission is not to generate large profits but to cover its cost of funding, cost of operations and loan losses. The company's adjusted times interest earned ratio (TIER) amounted to 1.18x at fiscal YE25, from 1.24x in the prior fiscal year, as a result of increased borrowing costs and operating and other expenses.

High Leverage Relative to Peers: Fitch calculated CFC's debt to tangible equity, including CFC's loan and member guarantee subordinated certificates (LGSCs), at 7.0x at fiscal YE25, up from 6.7x a year earlier, as debt issuances used to fund loan growth outpaced the increase in GAAP equity. Fitch expects leverage to rise over the Rating Outlook horizon with loan growth but remain below 10.0x on a Fitch-calculated basis.

Diverse Funding Sources and Adequate Liquidity: Fitch believes CFC has demonstrated an ability to maintain appropriate funding sources through various cycles and has successfully diversified its funding base over time. At fiscal YE25, CFC's liquidity resources included $249 million of unrestricted cash and investments and $7.4 billion of borrowing capacity on various committed, long-term credit facilities. Additionally, CFC has $1.7 billion of anticipated long-term loan repayments over the next 12 months. Fitch believes liquidity is adequate to cover $8.8 billion of debt maturities over the next 12 months by 1.1x, although coverage decreased from prior years given the uptick in wholesale CP and the increase in long-term debt scheduled to mature in under 12 months. With recent issuances, long-term debt maturities are expected to increase further in fiscal year 2027, and Fitch expects CFC to maintain sufficient liquidity to address these maturities.

Stable Outlook: The Stable Rating Outlook reflects Fitch's expectation for strong asset quality, sufficient liquidity, continued access to diversified funding sources, and the maintenance of appropriate leverage and coverage of interest expenses.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--A perceived change in strategic focus, evidenced by an increased level of lending to sectors outside of its rural electric member base;

--A sustained increase in nonperforming loans due to an alteration in underwriting standards and/or financial stress within the sector indicating an inability to adapt to new legislation or changes to government programs or pass along cost increases to end-users;

--An increase in Fitch-calculated leverage sustained above 10.0x;

--A deterioration in the company's liquidity profile below 1.0x coverage of liquidity sources to uses.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--Fitch believes the likelihood of a ratings upgrade over the medium term is limited given CFC's higher-than-peer leverage;

--Over time, positive rating momentum could be driven by a decline in leverage approaching 5.0x on a Fitch-calculated basis, which is more consistent with Fitch's investment-grade benchmark ratio for high-balance-sheet-usage finance and leasing companies, and an enhancement of funding flexibility as evidenced by the lengthening of CFC's debt maturity profile.

Recent Developments

World Growth Forecasts Revised Upward, but U.S. Economy is Slowing Down

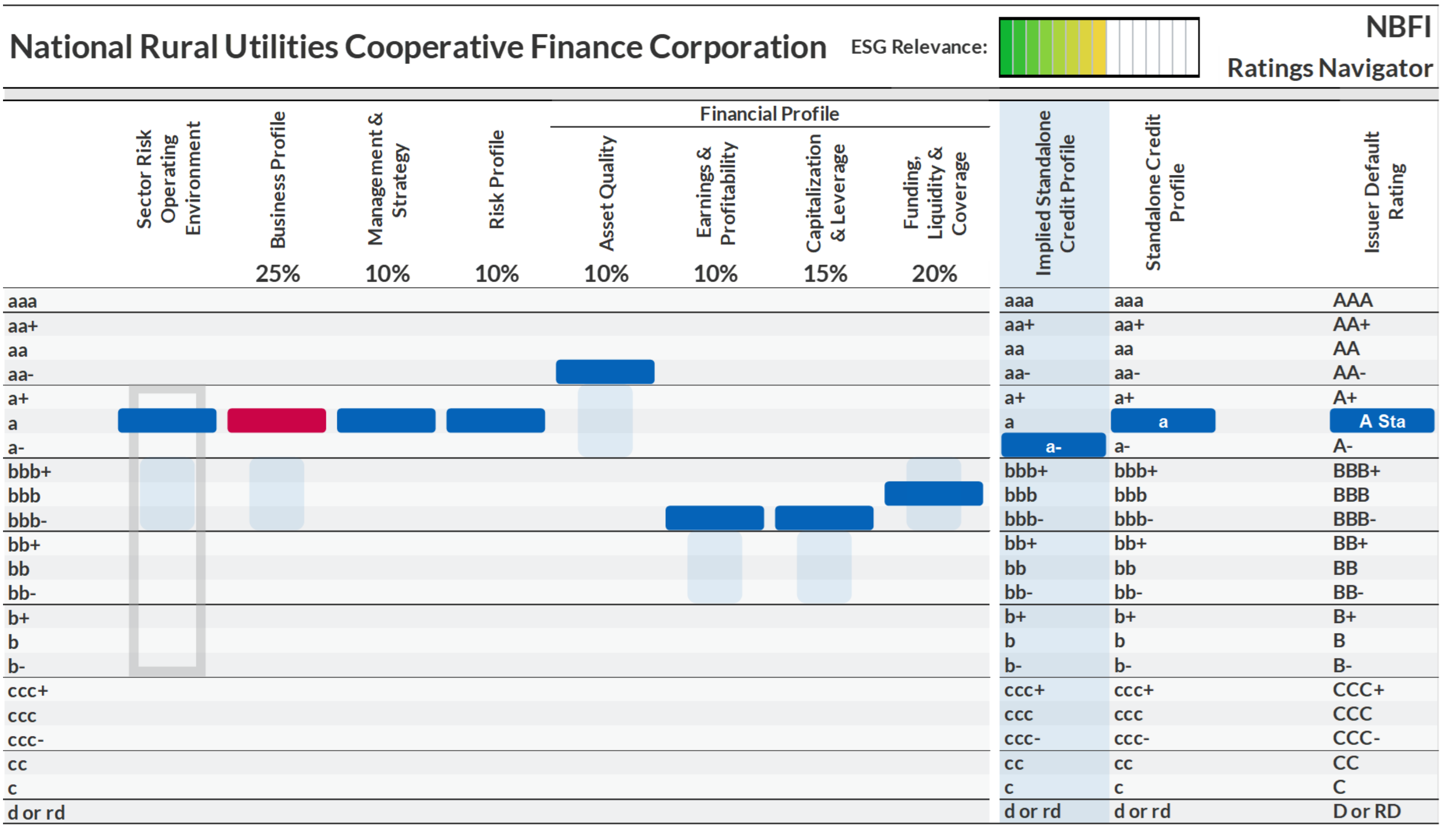
In the "Global Economic Outlook — September 2025," Fitch raised its world growth forecasts for 2025 to 2.4%, up 0.2pp (percentage points) from the June Global Economic Outlook (GEO), on better than expected incoming data for 2Q25. China's forecast has been revised upward to 4.7% from 4.2%, the eurozone's increased to 1.1% from 0.8% and the U.S. rose to 1.6% from 1.5%. World growth for 2026 edged upward by 0.1pp to 2.3%.

Following a flurry of announcements, Fitch's latest estimate of the average U.S. effective tariff rate (ETR) is 16%, broadly unchanged from June. Mexico and Canada face lower ETRs due to improved U.S.–Mexico–Canada Agreement (USMCA) compliance and Europe's ETR is slightly lower, although this is offset by higher than expected reciprocal rates for Asia (excluding China).

Pass-through from this substantial increase in the ETR to U.S. CPI inflation has been modest thus far, with some evidence in national accounts that it has been partly offset by downward pressure on corporate profits, but Fitch expects pass-through to accelerate later this year. Higher inflation will dampen real wage growth and weigh on consumer spending, which has already slowed notably in 2025. Job growth has decelerated markedly, partly reflecting the impact of the immigration squeeze on labor force growth. A widening fiscal deficit should support demand in 2026, but Fitch expects the annual average GDP growth rate to remain well below trend at 1.6%.

Fitch expects a rate cut in December, and three more in 2026 as weakening in the job market should persuade the Federal Open Market Committee (FOMC) to cut rates more quickly than Fitch previously anticipated. Fitch sees little prospect of a rebound in the dollar after the broad-based depreciation witnessed in 1H25, as the ECB now seems unlikely to lower rates again. Long-term 30-year government bond yields in the U.S., UK, Germany and Japan continue to see upward pressure, possibly reflecting market concerns about supply.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied Standalone Credit Profile (SCP) are shown as percentages at the top. In cases where the implied SCP is adjusted upward or downward to arrive at the SCP, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD. The sector risk assessment acts as a sector-specific constraint on the typical implied operating environment range and is shown as an overlay on the operating environment.

Adjustments

The Standalone Credit Profile has been assigned above the implied Standalone Credit Profile due to the following adjustment reason: Business profile (positive).

The Sector Risk Operating Environment score has been assigned above the implied score due to the following adjustment reason: Business model (positive).

The Business Profile score has been assigned above the implied score due to the following adjustment reason: Market position (positive).

The Asset Quality score has been assigned above the implied score due to the following adjustment reason: Underwriting standards (positive).

The Earnings & Profitability score has been assigned above the implied score due to the following adjustment reason: Portfolio risk (positive).

The Capitalization & Leverage score has been assigned above the implied score due to the following adjustment reasons: Risk profile and business model (positive); Capital flexibility and ordinary support (positive).

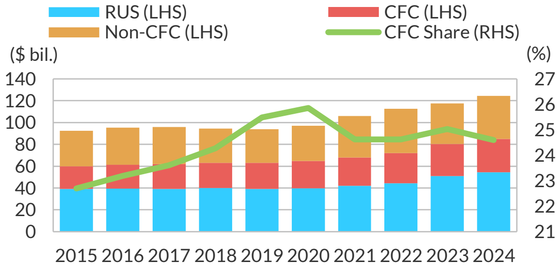
Key Qualitative Factors

Franchise Strengths as a Key Lender in the Sector

Since its formation, CFC has largely operated within the electric cooperative sector, primarily lending to its distribution system and generation and transmission (power supply) members. CFC finances loans to rural electric members for infrastructure, makes bridge loans in advance of RUS funding and provides products not available from RUS, including lines of credit, credit enhancements including letters of credit and guarantees of debt obligations, unsecured loans and other investment products. Alongside CFC and RUS, the Farm Credit System, which operates through CoBank, ACB (A+/Stable), serves as another key lender in the sector. Together, these three entities provide most of the financing, with modest competition from other financial institutions and the capital markets. Given the relatively small number of lenders in this space and differentiation between them, combined with CFC's significant market share, consistent business strategy and stable member base, Fitch views CFC's franchise as strong and a key factor in its ratings.

Electric Cooperative Financing Market Share

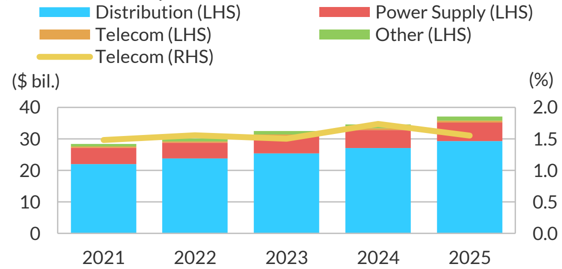
(Years ended Dec. 31)



Source: Fitch Ratings, National Rural Utilities Cooperative Finance Corporation

Loans Outstanding by Member Class

(Years ended May 31)



Source: Fitch Ratings, National Rural Utilities Cooperative Finance Corporation

Focus on Lending to Members

As of fiscal YE25, consolidated membership for CFC and the National Cooperative Services Corporation (NCSC) included 1,176 members and 540 associates. The majority of these are cooperative or not-for-profit rural electric systems and affiliates, eligible to borrow from RUS under its Electric Loan Program.

The loan portfolio totaled $37.1 billion across 899 borrowers as of fiscal YE25. Nearly all exposure is to electric utility organizations, with distribution borrowers representing 79% of the portfolio by balance and power supply borrowers representing 16%. Exposure to the telecommunications industry has declined over the past two decades and has remained at or below 2% of the portfolio since 2015. If there is a perceived shift in focus, evidenced by an increased level of lending to sectors outside the company's rural electric member base, negative rating action would be likely.

As a result of the focus on lending to its members, CFC's financial performance is highly correlated with the sector's overall health. The sector's inability to adapt to structural changes, long-term challenges and significant one-time events has the potential to meaningfully impact CFC's asset quality, profitability and capital. A number of factors could likely pose challenges to CFC's borrowers during and beyond the Rating Outlook horizon, including pricing dynamics compared to alternative energy sources, availability of energy resources, potential strains on existing infrastructure due to increased demand, elevated operating costs, possible changes in federal and state regulations, and the risk of cyberattacks and extreme weather. The potential for reforms to Federal Emergency Management Agency (FEMA) reimbursement programs, including eligibility for and the timing of reimbursements, may also impact CFC's borrowers, including their ability to repay bridge loans.

Fitch believes CFC has effectively managed credit risks, evidenced by its low credit losses over time. The organization's lending specialization has enabled CFC to cultivate a strong franchise in its niche and to develop underwriting standards and a risk management framework tailored to the sector. Over its operating history, the level of problem assets and losses has remained low. The single sector concentration is also partially mitigated by relative diversity in geography and individual borrowers.

Long-Term, Fixed-Rate Loan Portfolio

CFC primarily finances secured loans, which may have terms up to 35 years. CFC's recovery rates are supported by this largely secured loan portfolio, amounting to 89% of the portfolio at fiscal YE25, which provides a lien on all hard assets of the borrowers and revenues. CFC is typically in the seniormost position, on parity with RUS. Borrowers may select fixed- or floating-rate loans, with long-term, fixed-rate loans amounting to 85% of the portfolio at fiscal YE25. Unsecured loans are typically short-term, revolving lines of credit.

Maintaining Diverse Access to Funding

Another key strategic objective for CFC is to maintain diversified funding sources beyond capital market offerings of debt securities. Funding through the Guaranteed Underwriter Program, which is financed through the Federal Financing Bank and guaranteed by RUS, and the Federal Agricultural Mortgage Corporation, is meaningful and viewed favorably given its reliability, flexibility and cost. As of fiscal YE25, capital markets funding (which includes collateral trust bonds, nonmember CP and nonmember medium-term notes) represented 54% of total funding, compared to

49% at fiscal YE24. The ratio increases to 58% when including subordinated deferrable debt. Fitch believes CFC has sufficient access to diversified funding sources to support the company's lending activities.

Solid Underwriting and Risk Controls

Fitch views CFC's underwriting standards and risk controls as solid. CFC maintains an internal credit risk system in which the company assigns credit ratings to each borrower and credit facility based on qualitative and quantitative factors. These ratings are used as key inputs into the allowance for credit losses model. The rating framework and definitions align with those established by U.S. federal banking regulatory agencies.

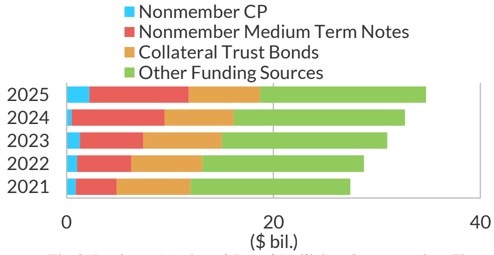
As of fiscal YE25, CFC had only a small number of criticized loans, with just 0.52% of the portfolio classified as "special mention," 0.07% as "doubtful" and none as "substandard." One electric distribution borrower with $181 million in loans outstanding (0.49% of the portfolio) accounted for the majority of "special mention" loans. This borrower experienced financial challenges due to restoration costs incurred from repair damage after two successive hurricanes. CFC expects that the borrower will continue to receive grant funds from both the state and FEMA to reimburse restoration costs.

Concentrations

Given the business model, CFC's portfolio is concentrated within the public power and electric cooperative sector, although the portfolio is relatively diverse from a geographic and obligor perspective. As of fiscal YE25, the 20 largest borrowers amounted to 19.3% of the total portfolio. Of these, 14 were distribution systems and six were power supply systems. CFC borrowers were located in 49 states. Texas has the largest single state concentration, at 16.5% of the portfolio, with Georgia (6.0%) and Missouri (5.6%) the next largest.

Capital Markets Sources

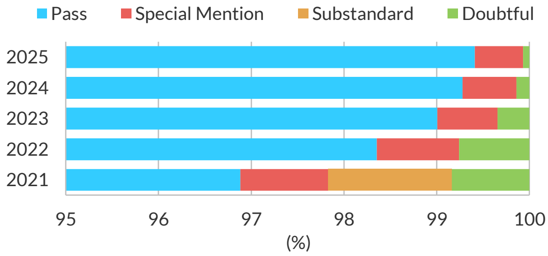
(Years ended May 31)



Source: Fitch Ratings, National Rural Utilities Cooperative Finance Corporation

Portfolio by Internal Risk Rating

(Years ended May 31)



Source: Fitch Ratings, National Rural Utilities Cooperative Finance Corporation

Earnings Modestly Sensitive to Declining Rates

CFC utilizes plain-vanilla swaps to manage interest rate risk given the material volume of long-term fixed assets. As of fiscal YE25, long-term fixed-rate loans represented 85% of the portfolio. CFC's fixed-rate debt comprised 81% of total debt, which increases to 94% when incorporating variable-rate debt swapped to fixed rate. The volume of long-term pay-fixed swaps yields derivative losses in a downrate environment. CFC records all derivatives as either assets or liabilities and measures the instruments' fair value at each quarter-end.

As of fiscal YE25, CFC's duration gap narrowed to positive 0.27 months from negative 1.13 months at fiscal YE24. The positive duration gap indicates the duration of interest-earning assets as greater than the duration of CFC's debt and derivatives, and the narrowing from one year prior reflects the increase in short duration borrowings. The duration gap was within risk limits established by the company's Asset Liability Committee and Fitch views CFC's modest asset sensitivity as manageable.

Changes in interest rates and the shape of the swap curve can lead to periodic fluctuations in the fair value of derivatives. This, in turn, may cause volatility in earnings since CFC generally does not apply hedge accounting for these swaps. To evaluate core earnings performance (adjusted TIER), management uses non-GAAP measures. These measures include derivative cash settlements in adjusted interest expense along with adjusted net interest income, while excluding unrealized fair market gains and losses on swaps from adjusted net income.

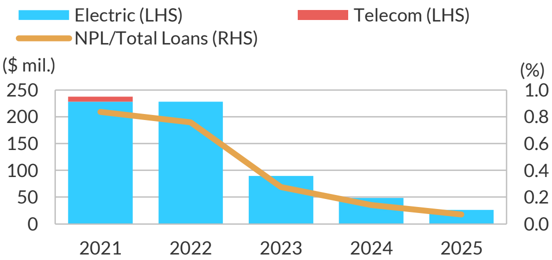
Financial Profile

Low Credit Losses in Electric Utility Portfolio

While CFC's industry concentration is significant, Fitch views the company's low losses in the electric utility portfolio favorably and as indicative of a solid underwriting acumen and appropriate risk management practices. Over its 56-year operating history, CFC has experienced only 18 defaults in its electric utility loan portfolio; this translates to cumulative net charge-offs of $100 million since inception, demonstrating prudent and stable underwriting and solid risk management. Of these losses, $81 million stemmed from the power supply portfolio, with the remainder attributable to a distribution borrower. Credit quality remains strong, with NPLs amounting to 0.07% of loans outstanding at fiscal YE25. Fitch expects management to maintain its strategic focus on core electric cooperative members. CFC has kept telecommunication loan exposure — the root cause for most credit losses throughout its history — relatively modest.

Nonperforming Loans

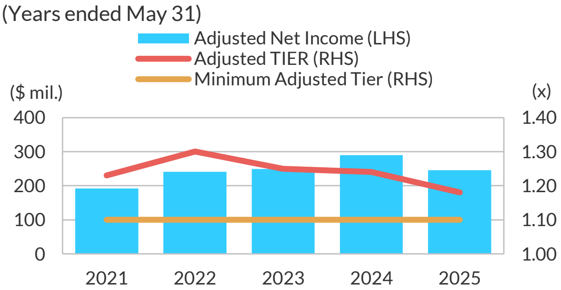
(Years ended May 31)



Source: Fitch Ratings, National Rural Utilities Cooperative Finance Corporation

Operating Metrics

(Years ended May 31)



Source: Fitch Ratings, National Rural Utilities Cooperative Finance Corporation

Mission as a Cooperative Lender; Sufficient Earnings Coverage

CFC's mission — and the expectation of its members — is not to generate large profits but to cover its costs of funding and operations and loan losses while generating reasonable margins. As a result, reported earnings have historically been modest compared to similarly rated non-bank financial institutions (NBFIs). For fiscal years 2022–2025, pretax income as a percentage of average assets was 1.5%. Pretax income also declined by 74.8% yoy to $140.2 million, driven by the yoy variance in derivative gains (losses) from $392 million in gains for fiscal year 2024 to $6 million in derivative losses in fiscal year 2025.

Fitch places a greater emphasis on the company's adjusted net income and TIER, as these measures are not affected by volatility from changes in derivatives. CFC's adjusted TIER excludes the impact of unrealized derivative forward value gains and losses from adjusted net income, but includes periodic cash derivative settlements in adjusted interest expense and adjusted net interest income. In fiscal year 2025, adjusted TIER amounted to 1.18x, down from 1.24x in fiscal year 2024 and 1.25x in fiscal year 2023, due to increased borrowing costs and operating and other expenses. Fitch believes earnings are sufficient to cover costs of funds, operations and loan losses, and it expects CFC to maintain adjusted TIER above the 1.10x target given its strong credit quality and ability to adjust loan prices.

Appropriate Leverage, but Higher than Similarly Rated Peers

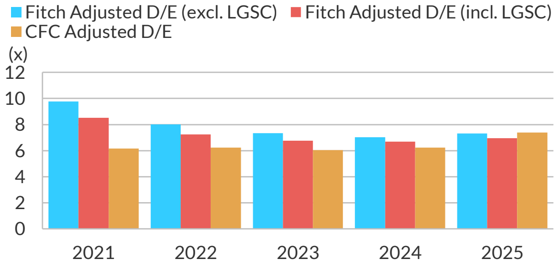
Fitch calculated CFC's debt to tangible equity, including LGSCs, at 7.0x as of fiscal YE25, up from 6.7x one year prior, as debt issuance used to fund loan growth outpaced the increase in GAAP equity. Fitch expects leverage to rise with loan growth over the Rating Outlook horizon but remain below 10.0x on a Fitch-calculated basis. While Fitch's leverage metric can be affected by mark-to-market changes on CFC's derivatives, this factor is already incorporated into CFC's ratings. Fitch views CFC's leverage as appropriate due to the low credit risk of its portfolio and the company's ability and willingness to access subordinated deferrable debt markets to support growth. However, CFC's current leverage is higher than those of similarly rated NBFIs and remains a rating constraint.

Fitch adjusts its leverage calculation based on the agency's "Corporate Hybrids Treatment and Notching Criteria." Specifically, Fitch affords CFC's subordinated deferrable debt and member capital securities 50% equity credit due to the instruments' deep subordination and the cumulative nature of the coupon in the event of deferral. Fitch views the membership subordinated certificates as similar to a noncumulative perpetual preferred stock and assigns the instruments 100% equity credit. Fitch also affords CFC's LGSCs 100% equity credit given the instruments' deep subordination and the ability to absorb loan losses.

CFC assesses leverage based on an adjusted debt-to-equity calculation that excludes the impact of derivative fair value changes and accumulated other comprehensive income. In fiscal year 2025, the company revised its methodology by replacing total liabilities with total debt outstanding and reducing equity credit on subordinated deferrable debt. Under the current methodology, membership subordinated certificates, LGSCs and member capital securities receive 100% equity credit while subordinated deferrable debt is given 50% equity credit. At fiscal YE25, CFC calculated its adjusted leverage at 7.39x, compared to 7.27x at fiscal YE24; both were calculated under the new methodology. This increase was driven by higher borrowings, partially offset by an increase in GAAP equity and subordinated deferrable debt. Leverage was also impacted by the retirement of $47 million in patronage capital during fiscal year 2025.

Leverage Trends

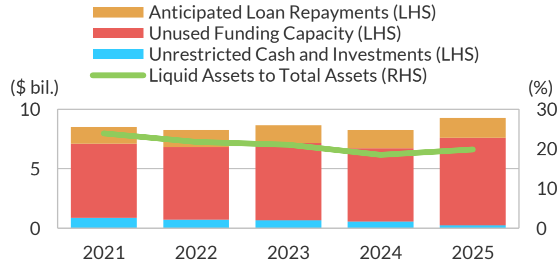
(Years ended May 31)



Source: Fitch Ratings, National Rural Utilities Cooperative Finance Corporation

Liquidity Trends

(Years ended May 31)



Source: Fitch Ratings, National Rural Utilities Cooperative Finance Corporation

Appropriate Funding and Liquidity

Fitch believes CFC has demonstrated an ability to maintain appropriate funding sources through various cycles and has successfully diversified its funding base over time. At fiscal YE25, unsecured debt as a percentage of total funding was 51%. Although this percentage has increased modestly yoy, it remains below that of similarly rated peers.

Fitch's analysis of CFC is heavily influenced by the company's ability to maintain sufficient liquidity to meet short- and long-term funding needs. At fiscal YE25, CFC's liquidity resources included $249 million of unrestricted cash and investments and $7.4 billion of borrowing capacity on various committed, long-term credit facilities. Additionally, CFC has $1.7 billion of anticipated long-term loan repayments over the next 12 months. Fitch believes liquidity is adequate to cover $8.8 billion of debt maturities over the next 12 months by 1.1x, although coverage has decreased from prior years given the uptick in wholesale CP and the increase in long-term debt scheduled to mature in under 12 months. With recent issuances, long-term debt maturities are expected to increase further in fiscal year 2027, and Fitch expects CFC to maintain sufficient liquidity to address them.

Appendix: Discussion of CFC's Equity Base

As a cooperative, CFC's capital primarily comprises member-owned investment vehicles and retained earnings, which Fitch views as a rating constraint. This is especially important because CFC's earnings are low, due to its mission-oriented business model. Nevertheless, management and the Board have shown willingness to improve earnings retention to strengthen CFC's capital base and reduce the company's leverage by adjusting its patronage capital policy.

Fitch applies the "Corporate Hybrids Treatment and Notching Criteria" to assess equity treatment given to CFC's various instruments and, in turn, to determine capital adequacy. This assessment is presented in the table below. All CFC capital instruments, except for outstanding subordinated deferrable debt, are held by system members and are subordinated, meaning they would incur the first loss before any nonmember instruments.

Fitch's Analysis of CFC's Equity Base[a]

(As of Fiscal YE25)		Less: Maturing Under 5 Years	Net	Fitch Equity Credit (%)	Fitch Adj. Equity ($)
GAAP Equity	3,103.47	0.00	3,103.47	100	3,103.47
Membership Subordinated Certificates	628.64	1.38	627.26	100	627.26
Subordinated Deferrable Debt	1,329.49	0.00	1,329.49	50	664.74
Member Capital Securities	246.16	0.00	246.16	50	123.08
Total Equity	**5,307.76**				**4,518.55**
Loan and Guarantee Sub. Certs. (LGSCs)	309.91	68.22	241.69	100	241.69
Total Fitch Adj. Equity					**4,760.24**

[a] Based on Fitch's "Corporate Hybrids Treatment and Notching Criteria."
Source: Fitch Ratings, National Rural Utilities Cooperative Finance Corporation

Membership Subordinated Certificates

These instruments represent CFC's initial capitalization and were previously required to be purchased as a condition of membership. They are interest-bearing, unsecured and subordinated, with a weighted average interest rate of 4.96% at fiscal YE25. They typically have an original maturity of 100 years. Fitch views these instruments as similar to noncumulative perpetual preferred stock and assigns them 100% equity credit. Per Fitch criteria, amounts maturing in under five years do not receive equity credit.

Member Capital Securities

These instruments are offered to CFC voting members and are interest-bearing, unsecured obligations. The instruments are subordinated to senior and subordinated indebtedness held by nonmembers but rank proportionally to other member subordinated certificates. They mature 30 years from issuance and are callable at par beginning either five or 10 years after issuance. Payments, which are cumulative, can be deferred for up to five years. Fitch gives these instruments 50% equity credit given their deep subordination and the cumulative nature of the interest in the event of deferral.

Loan and Guarantee Subordinated Certificates

Members who obtain long-term funding, certain short-term loans, lines of credit or guarantees may be required to purchase additional LGSCs based on the member's debt-to-equity leverage profile. The instruments are unsecured and subordinated and may be interest-bearing or noninterest-bearing, with a weighted average interest rate of 3.02% at fiscal YE25. The maturity of the LGSCs matches that of the financing received by the borrower, although some LGSCs also amortize annually based on the outstanding balance and are paid back as the member repays the loan.

LGSCs are included in capital without limitation under CFC's leverage covenant calculations. However, since the tenor of the certificates is not publicly disclosed, Fitch believes it is difficult to assign pure equity credit to them. Instead, Fitch views them as a quasi-loan loss reserve. LGSCs are capable of offsetting any losses on loans to members before any other capital instruments, and this feature has been demonstrated over time.

Fitch assigns these instruments 100% equity credit given their deep subordination and ability to absorb loan losses. However, treatment of LGSCs as equity is considered a criteria variation because they have a contractual or implied maturity, more similar to a hybrid instrument. Per Fitch criteria, amounts maturing in under five years do not receive equity credit.

Subordinated Deferrable Debt

These instruments are issued to nonmembers. They are subordinated to all senior debt and senior to all member-held instruments. They have maturities ranging between 29 and 45 years after issuance and include an option to defer coupons for up to five years, with interest accruing cumulatively. CFC may call these instruments at par at any time, either five or 10 years after issuance. Fitch assigns these instruments 50% equity credit given the deep subordination and the cumulative nature of interest in the event of deferral.

Debt Ratings

Debt Ratings: National Rural Utilities Cooperative Finance Corporation

Rating Type	Rating
Senior secured: long term	A+
Senior unsecured: long term	A
Senior unsecured: short term	F1
Subordinated: long term	BBB+

Source: Fitch Ratings

According to Fitch's "Non-Bank Financial Institutions Rating Criteria," a Long-Term Issuer Default Rating (IDR) of 'A' maps to a Short-Term IDR of 'F1' or 'F1+'. To qualify for the higher rating, CFC would need to have a minimum Funding, Liquidity and Coverage (FLC) score of 'aa–'. CFC's FLC score is currently 'bbb'. Fitch therefore has affirmed the Short-Term IDR at 'F1'.

The senior secured debt ratings benefit from a one-notch uplift from the Long-Term IDR given the strong collateral coverage backing such notes and the good recovery prospects for debtholders under a stress scenario.

The senior unsecured debt ratings are equalized with CFC's Long-Term IDR, reflecting their subordination to secured debt and average recovery prospect for debtholders in a stress scenario.

The subordinated deferrable debt ratings are two notches below the Long-Term IDR due to the poor recovery prospects for debtholders in a stress scenario given their deep subordination to senior secured and senior unsecured debt.

The CP rating of 'F1' is equalized with the Short-Term IDR of 'F1'.

Debt Rating Sensitivities

The Short-Term IDR is primarily sensitive to the Long-Term IDR and would be expected to move in tandem. However, a material improvement in CFC's FLC profile, resulting in an upgrade of the subfactor score to 'aa–', could result in the upgrade of the Short-Term IDR to 'F1+'.

CFC's senior secured and unsecured debt ratings are sensitive to changes in the company's Long-Term IDR, its funding mix and availability of collateral for each class of debt.

CFC's hybrid debt ratings are sensitive to changes in CFC's Long-Term IDR and would be expected to move in tandem.

CFC's CP rating is sensitive to changes in the company's Short-Term IDR and would be expected to move in tandem.

Environmental, Social and Governance Considerations

FitchRatings **National Rural Utilities Cooperative Finance Corporation** NBFI Ratings Navigator

Credit-Relevant ESG Derivation

National Rural Utilities Cooperative Finance Corporation has 4 ESG potential rating drivers

- Governance is minimally relevant to the rating and is not currently a driver.

key driver	0	issues
driver	0	issues
potential driver	4	issues
not a rating driver	6	issues
	4	issues

ESG Relevance to Credit Rating: 5, 4, 3, 2, 1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	2	Regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc.	Sector Risk Operating Environment	5
Energy Management	2	Investments in or ownership of assets with below-average energy/fuel efficiency which could impact future valuation of these assets	Risk Profile	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk profile & management; catastrophe risk; credit concentrations	Business Profile; Asset Quality	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Fair lending practices; pricing transparency; repossession/foreclosure/collection practices; consumer data protection; legal/regulatory fines stemming from any of the above	Sector Risk Operating Environment; Risk Profile; Asset Quality	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile; Management & Strategy; Earnings & Profitability; Capitalization & Leverage; Funding, Liquidity & Coverage	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core activities	Business Profile; Earnings & Profitability	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Management & Strategy	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Management & Strategy	2
				1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, due to either their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Financials

Income Statement

	2025	2024	2023	2022
($ Mil.; Audited fiscal years ended May 31)				
Interest income	1,703.2	1,593.4	1,351.7	1,141.2
Interest expense	–1,442.3	–1,339.1	–1,036.5	–705.5
Net interest income	**261.0**	**254.3**	**315.2**	**435.7**
Benefit (provision) for loan losses	8.1	5.5	–0.6	18.0
Net interest income after benefit for loan losses	269.1	259.8	314.6	453.7
Fee and other income	23.6	22.8	18.1	17.2
Derivative gains (losses)	–5.9	392.0	285.8	456.5
Investment securities gains (losses)	5.7	10.8	–5.0	–30.2
Total noninterest income	**23.4**	**425.6**	**299.0**	**443.5**
Salaries and employee benefits	–72.2	–67.4	–59.0	–51.9
Other general and administrative expenses	–70.9	–59.0	–50.6	–43.3
Gains (losses) on early extinguishment of debt	0.0	–1.0	–0.1	–0.8
Other noninterest expense	–9.2	–2.2	–1.5	–1.6
Total noninterest expense	**–152.3**	**–129.6**	**–111.2**	**–97.5**
Income before taxes	**140.2**	**555.8**	**502.4**	**799.7**
Income tax expense	–0.2	–1.5	–0.8	–1.1
Net income	**140.0**	**554.3**	**501.6**	**798.5**
Less: Net income attributable to noncontrolling interests	–0.3	–1.0	–0.1	–2.7
Net income attributable to CFC	**139.7**	**553.3**	**501.5**	**795.8**

Source: Fitch Ratings, Fitch Solutions, National Rural Utilities Cooperative Finance Corporation

Balance Sheet

($ Mil.; Audited fiscal years ended May 31)	2025	2024	2023	2022
Assets				
Cash, cash equivalents and restricted cash	143.1	288.3	207.2	161.1
Investment securities	124.9	318.2	510.4	599.9
Loans to members, net of allowance	**37,039.4**	**34,493.6**	**32,479.0**	**29,995.8**
Accrued interest receivable	270.2	190.2	172.7	111.4
Other receivables	24.4	29.2	31.2	35.4
Fixed assets, net of accumulated depreciation	81.7	85.1	86.0	101.8
Derivative assets	555.9	691.2	460.8	222.0
Other assets	85.5	81.8	64.7	23.9
Total assets	**38,325.0**	**36,177.8**	**34,012.1**	**31,251.4**
Liabilities				
Accrued interest payable	294.9	263.4	212.3	132.0
Short-term debt borrowings	5,091.4	4,332.7	4,546.3	4,981.2
Long-term debt borrowings	**27,163.7**	**25,901.2**	**23,946.5**	**21,545.4**
Subordinate deferrable debt	1,329.5	1,286.9	1,283.4	986.5
Membership subordinated certificates	628.6	628.6	628.6	628.6
Loan and guarantee subordinated certificates	309.9	322.9	348.3	365.4
Member capital securities	246.2	246.2	246.2	240.2
Deferred income	31.6	33.4	38.6	44.3
Derivative liabilities	51.4	81.0	115.1	128.3
Other liabilities	74.4	69.6	57.4	57.6
Total liabilities	**35,221.6**	**33,165.6**	**31,422.8**	**29,109.4**
Equity				
Retained equity	3,084.7	2,992.9	2,553.7	2,112.3

Source: Fitch Ratings, Fitch Solutions, National Rural Utilities Cooperative Finance Corporation

Summary Analytics

(Fiscal years ended May 31)	2025	2024	2023	2022
Asset quality (%)				
Impaired loans to gross loans	0.09	0.16	0.37	0.79
Earnings and profitability (%)				
Pretax ROAA	0.38	1.58	1.54	2.63
Adjusted TIER (x)	1.18	1.24	1.25	1.30
Capitalization and leverage				
Fitch-calculated tangible leverage, excl. LGSCs (x)	7.31	7.04	7.35	8.02
Fitch-calculated tangible leverage, incl. LGSCs (x)	6.96	6.69	6.76	7.24
CFC adjusted leverage (x)	7.39	7.27	6.04	6.24
Funding, liquidity and coverage (%)				
Unsecured debt/total debt	50.49	47.52	43.45	43.83
Liquidity to total assets	19.86	18.51	21.01	21.75
Liquidity sources to uses (x)	1.06	1.18	1.25	1.20
Unencumbered loans/total loans	44.65	38.01	35.31	36.57

Source: Fitch Ratings, Fitch Solutions, National Rural Utilities Cooperative Finance Corporation

Criteria Variations

The treatment of LGSCs as 100% equity is considered a variation to the “Corporate Hybrids Treatment and Notching Criteria” because LGSCs have a contractual or implied maturity, more similar to a hybrid instrument, which would typically receive 50% equity credit.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.