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COBANK REPORTS FIRST QUARTER FINANCIAL RESULTS

For immediate release

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DENVER (May 4, 2006) — CoBank today reported net income of \$79.6 million for the three months ended March 31, 2006, a three percent increase from \$77.6 million for the same period in 2005. Several factors contributed to the increase in earnings, including a \$4.6 million increase in net interest income and a \$5.5 million decrease in provision for credit losses resulting from continued strong credit quality. These factors were partially offset by a \$4.6 million increase in noninterest expenses and a \$4.1 million decrease in noninterest income.

Total loans and leases outstanding for CoBank increased to \$27.5 billion at March 31, 2006, up from \$26.3 billion at year-end 2005, due primarily to increases in loans to our agribusiness customers. Average loan and lease volume for the first quarter of 2006 increased \$2.7 billion as compared to the first quarter of 2005, reflecting increased loan demand from agribusinesses, Farm Credit associations and rural energy customers. CoBank's total assets grew to \$34.9 billion as of March 31, 2006, an increase of \$1.1 billion since year-end 2005.

“We’re pleased and proud that CoBank can again report positive financial results for our customer-owners,” says Robert B. Engel, president and CEO-elect of the bank. “In the months ahead, we will continue to build our financial strength and to focus on delivering the products and services our customers need to meet their business objectives.”

As Rural America’s Cooperative Bank, CoBank specializes in providing financial solutions and leasing services to cooperatives, agribusinesses, Farm Credit associations, and rural energy, communications and water companies. The bank also finances agricultural exports. CoBank has a national office in Denver, additional offices across the U.S., and two international representative offices. CoBank is part of the \$140-billion U.S. Farm Credit System.

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COBANK, ACB
CONSOLIDATED FINANCIAL STATEMENT INFORMATION
(\$ in millions)

BALANCE SHEET INFORMATION

	March 31, 2006	December 31, 2005
	(Unaudited)	
Loans and leases	\$ 27,548	\$ 26,297
Less: Allowance for credit losses	443	437
Net loans and leases	<u>27,105</u>	<u>25,860</u>
Investment securities	6,669	6,533
Cash, federal funds sold, securities purchased under resale agreements and other	633	930
Accrued interest receivable and other assets	496	468
Interest rate swaps and other financial instruments	34	44
Total assets	<u>\$ 34,937</u>	<u>\$ 33,835</u>
Bonds and notes	\$ 31,179	\$ 30,039
Accrued interest payable and other liabilities	470	554
Interest rate swaps and other financial instruments	420	340
Total liabilities	<u>32,069</u>	<u>30,933</u>
Shareholders' equity	2,868	2,902
Total liabilities and shareholders' equity	<u>\$ 34,937</u>	<u>\$ 33,835</u>

STATEMENT OF INCOME INFORMATION

For the three months ended March 31,	2006	2005
	(Unaudited)	
Interest income	\$ 481	\$ 332
Interest expense	356	212
Net interest income	<u>125</u>	<u>120</u>
Provision for credit losses	2	8
Net interest income after provision for credit losses	<u>123</u>	<u>112</u>
Noninterest income	14	18
Noninterest expenses	36	31
Provision for income taxes	21	21
Net income	<u>\$ 80</u>	<u>\$ 78</u>