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COBANK REPORTS THIRD QUARTER FINANCIAL RESULTS

For immediate release

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DENVER (November 3, 2006) — CoBank announced today that it completed the first nine months of 2006 with net earnings of \$249.8 million, compared to \$219.5 million for the same period in 2005.

Included in the 2006 earnings was a \$3.0 million reversal of the allowance for credit losses, which is a result of continued strong credit quality. This compares to the \$25.0 million provision for credit losses that was included in the bank's 2005 results. Also contributing to the increase in 2006 earnings was a \$20.8 million increase in net interest income due to strong loan demand. These factors were partially offset by a \$14.2 million increase in insurance fund premium assessments resulting from growth in Farm Credit System assets.

Total loans and leases outstanding for CoBank increased to \$28.8 billion at September 30, 2006, up from \$26.3 billion at year-end 2005. Also, for the first nine months of 2006, average loan and lease volume increased \$2.9 billion as compared to the same period of 2005. This growth reflects increased loan demand primarily from agribusinesses, Farm Credit associations and rural energy customers. CoBank's total assets grew to \$36.7 billion as of September 30, 2006, an increase of \$2.8 billion since year-end 2005.

"CoBank remains committed to delivering value to our customers," says Robert B. Engel, president and chief executive officer. "We continue to focus on delivering exceptional customer service, expanding our capacity and streamlining our business operations, all of which add to our strong financial performance. We are quite pleased with our financial results thus far in 2006."

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 \$155-billion U.S. Farm Credit System.

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

BALANCE SHEET INFORMATION

	September 30, 2006	December 31, 2005
	(Unaudited)	
Loans and leases	\$ 28,763	\$ 26,297
Less: Allowance for credit losses	441	437
Net loans and leases	<u>28,322</u>	<u>25,860</u>
Investment securities	7,000	6,533
Cash, federal funds sold, securities purchased under resale agreements and other	752	930
Accrued interest receivable and other assets	523	468
Interest rate swaps and other financial instruments	71	44
Total assets	<u>\$ 36,668</u>	<u>\$ 33,835</u>
Bonds and notes	\$ 32,847	\$ 30,039
Accrued interest payable and other liabilities	588	554
Interest rate swaps and other financial instruments	250	340
Total liabilities	<u>33,685</u>	<u>30,933</u>
Shareholders' equity	2,983	2,902
Total liabilities and shareholders' equity	<u>\$ 36,668</u>	<u>\$ 33,835</u>

STATEMENT OF INCOME INFORMATION

For the nine months ended September 30,	2006	2005
	(Unaudited)	
Interest income	\$ 1,551	\$ 1,089
Interest expense	1,170	729
Net interest income	<u>381</u>	<u>360</u>
Credit loss reversal/(Provision for credit losses)	3	(25)
Net interest income after credit loss reversal/provision	<u>384</u>	<u>335</u>
Noninterest income	41	42
Noninterest expenses	117	95
Intra-System Financial Assistance Expenses	-	4
Provision for income taxes	58	59
Net income	<u>\$ 250</u>	<u>\$ 219</u>