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## **COBANK REPORTS THIRD QUARTER FINANCIAL RESULTS**

*Net Earnings For First Nine Months Of 2007 Increase 22 Percent To \$303.7 Million*

**DENVER (November 1, 2007)** — CoBank, a leading cooperative bank serving agribusinesses and rural utilities throughout the United States, today announced financial results for the first nine months of 2007, with strong financial performance and favorable overall credit quality. Net earnings grew 22 percent to \$303.7 million, compared to \$249.8 million for the same period last year. Net interest income rose 25 percent to \$474.3 million, from \$380.8 million in the first nine months of 2006.

Average loan and lease volume for the first nine months of 2007 increased \$6.5 billion compared to the first nine months of 2006. Although all business segments experienced solid loan growth, the majority of the increases were driven by strong year-over-year growth in volume to agribusiness and Farm Credit association customers.

“Sharply higher commodity prices and increased demand and prices for farm supplies resulted in exceptional levels of loan demand in these customer segments,” said Robert B. Engel, CoBank’s president and chief executive officer. “Overall, industry dynamics for U.S. agriculture are robust, due to growth in international demand, domestic biofuels consumption and other factors. We’re pleased with our year-to-date results and look forward to continued service as a financial partner for our customers.”

Total loans and leases outstanding for CoBank increased to \$36.3 billion at September 30, 2007, compared to \$33.1 billion at year-end 2006. In addition, the bank increased the size of its investment portfolio to meet liquidity requirements. CoBank’s total assets grew to \$47.4 billion as of September 30, 2007, which represents an increase of \$6.0 billion since year-end 2006.

“Our financial strength and capacity enable us to respond quickly to the financing needs of our customers and position us to continue delivering on our value proposition for all of our customer-owners,” Engel said. “Successfully meeting the unique cyclical and market-driven financial needs of our customers is one of our highest priorities and continues to differentiate CoBank from other financial institutions.”

## **About CoBank**

CoBank, a \$47 billion Denver-based cooperative bank, provides financing to rural cooperatives and critical lifeline businesses – food, water, electricity and communications – across the United States. Part of the \$180-billion U.S. Farm Credit System, the bank also finances agricultural exports. In addition to the national office in Denver, CoBank has offices across the United States and one international representative office.

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

**BALANCE SHEET INFORMATION**

	September 30, 2007	December 31, 2006
	(Unaudited)	
Loans and leases	\$ 36,340	\$ 33,076
Less: Allowance for credit losses	449	438
Net loans and leases	<u>35,891</u>	<u>32,638</u>
Investment securities	10,503	7,462
Cash, federal funds sold, securities purchased under resale agreements and other	240	675
Accrued interest receivable and other assets	598	536
Interest rate swaps and other financial instruments	142	68
Total assets	<u>\$ 47,374</u>	<u>\$ 41,379</u>
Bonds and notes	\$ 41,949	\$ 37,434
Subordinated debt	500	-
Accrued interest payable and other liabilities	1,653	684
Interest rate swaps and other financial instruments	110	221
Total liabilities	<u>44,212</u>	<u>38,339</u>
Shareholders' equity	3,162	3,040
Total liabilities and shareholders' equity	<u>\$ 47,374</u>	<u>\$ 41,379</u>

**STATEMENT OF INCOME INFORMATION**

For the nine months ended September 30,	2007	2006
	(Unaudited)	
Interest income	\$ 2,030	\$ 1,551
Interest expense	1,556	1,170
Net interest income	<u>474</u>	<u>381</u>
Credit loss provision (reversal)	-	(3)
Net interest income after credit loss reversal	<u>474</u>	<u>384</u>
Noninterest income	33	41
Noninterest expenses	132	117
Provision for income taxes	71	58
Net income	<u>\$ 304</u>	<u>\$ 250</u>