



P.O. Box 5110
Denver, Colorado 80217
5500 South Quebec Street
Greenwood Village, Colorado 80111
Phone: (303) 740-4000
Fax: (303) 740-4022

COBANK REPORTS SECOND QUARTER FINANCIAL RESULTS

For immediate release

For more information, contact:

1 (800) 542-8072: Jack Cassidy, x04362 or Janet Henderson Schoniger, x04051

DENVER (August 1, 2007) —CoBank today announced that it ended the first six months of 2007 with net earnings of \$205.3 million, a 27 percent increase from net income of \$162.2 million for the same period in 2006.

The increase in earnings primarily resulted from a \$70.7 million increase in net interest income due largely to exceptionally strong year-over-year growth in the bank's agribusiness portfolio, and also reflects the continued strength of our overall credit quality. Average loan and lease volume for the first six months of 2007 increased \$6.6 billion compared to the first six months of 2006. While substantially all of our lending units experienced growth in average volume, a significant portion was driven by increases in loans to our agribusiness customers. Sharply higher commodity prices and increased prices and demand for farm supplies resulted in exceptional levels of loan demand from our agribusiness customers.

Total loans and leases outstanding for CoBank increased to \$33.9 billion at June 30, 2007, as compared to \$33.1 billion at year-end 2006. Loan growth in the first six months of 2007 primarily relates to our Farm Credit association, energy and agribusiness portfolios. In addition, we have increased the size of our investment portfolio to meet our liquidity requirements. CoBank's total assets grew to \$43.5 billion as of June 30, 2007, which represents an increase of \$2.1 billion since year-end 2006.

"CoBank continues to achieve strong financial performance, and we are committed to continuing to deliver value for our customer-owners," says Robert B. Engel, president and chief executive officer. "From expanding our regulatory capital base by issuing subordinated debt, to establishing a new banking division to enable a stronger focus on the electric cooperative utility sector, CoBank continues to identify ways to enhance our ability to meet the financing needs of our customers and rural America. We are also proud of our capacity to meet the needs of our agribusiness customers as they require significant financing due to changes in their commodity markets."

As Rural America's Cooperative Bank, CoBank provides financial solutions and leasing services to rural cooperatives and critical lifeline businesses – food, water, electricity and communications – across the United States. The bank also finances agricultural exports. CoBank has a national office in Denver, additional offices across the U.S., and an international representative office. CoBank is part of the \$172-billion U.S. Farm Credit System.

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

BALANCE SHEET INFORMATION

	June 30, 2007	December 31, 2006
	(Unaudited)	
Loans and leases	\$ 33,866	\$ 33,076
Less: Allowance for credit losses	445	438
Net loans and leases	<u>33,421</u>	<u>32,638</u>
Investment securities	8,699	7,462
Cash, federal funds sold, securities purchased under resale agreements and other	655	675
Accrued interest receivable and other assets	667	536
Interest rate swaps and other financial instruments	42	68
Total assets	<u>\$ 43,484</u>	<u>\$ 41,379</u>
Bonds and notes	\$ 38,704	\$ 37,434
Subordinated debt	500	-
Accrued interest payable and other liabilities	884	684
Interest rate swaps and other financial instruments	304	221
Total liabilities	<u>40,392</u>	<u>38,339</u>
Shareholders' equity	3,092	3,040
Total liabilities and shareholders' equity	<u>\$ 43,484</u>	<u>\$ 41,379</u>

STATEMENT OF INCOME INFORMATION

For the six months ended June 30,	2007	2006
	(Unaudited)	
Interest income	\$ 1,340	\$ 1,000
Interest expense	1,018	748
Net interest income	<u>322</u>	<u>252</u>
Provision for credit losses	-	2
Net interest income after provision for credit losses	<u>322</u>	<u>250</u>
Noninterest income	25	27
Noninterest expenses	87	74
Provision for income taxes	55	41
Net income	<u>\$ 205</u>	<u>\$ 162</u>