CoBank Quarterly District Financial Information March 31, 2015

Quarterly District Financial Information

CoBank, ACB and Affiliated Associations

Introduction and District Overview

CoBank, ACB (CoBank, the Bank, we, our, or us) is one of the four banks of the Farm Credit System (System) and provides loans, leases and other financial services to vital industries across rural America. The System is a federally chartered network of borrower-owned lending institutions composed of cooperatives and related service organizations. The System was established in 1916 by the U.S. Congress, and is a Government Sponsored Enterprise. CoBank is federally chartered under the Farm Credit Act of 1971, as amended (the Farm Credit Act), and is subject to supervision, examination, and safety and soundness regulation by an independent federal agency, the Farm Credit Administration (FCA).

We are cooperatively owned by our U.S. customers. Our customers consist of agricultural cooperatives; other food and agribusiness companies; rural energy, communications and water cooperatives and companies; rural community facilities; farmer-owned financial institutions including Agricultural Credit Associations and Federal Land Credit Associations (Associations); and other businesses that serve rural America. The Associations originate and service long-term real estate mortgage loans as well as short- and intermediate-term loans for agricultural purposes. The Associations may also purchase eligible loan participations from System entities and other lending institutions. Additionally, the Associations serve as an intermediary in offering multi-peril crop insurance and credit life insurance, and providing additional financial services to borrowers.

We are chartered by the FCA to serve the Associations that provide credit and financially related services to or for the benefit of eligible borrowers/shareholders for qualified purposes in specific geographic areas in the United States. We collectively refer to these entities as our affiliated Associations. Associations are not authorized by the Farm Credit Act to participate in the issuance of Systemwide bonds, medium term notes and discount notes (collectively referred to as Systemwide Debt Securities). Therefore, we are the primary funding source for our affiliated Associations. As of March 31, 2015, we have 26 affiliated Associations serving customers in 23 states across the Northwest, West, Southwest, Rocky Mountains, Mid-Plains, and Northeast regions of the United States.

Our affiliated Associations are considered customers and thus operate independently and maintain an arms-length relationship with us, except to the extent that the Farm Credit Act requires us, as the funding bank, to monitor and approve certain activities of these Associations. Accordingly, the financial information of affiliated Associations is not included in the condensed consolidated quarterly financial statements presented in CoBank's March 31, 2015 Quarterly Report to Shareholders. However, because of the interdependent manner in which CoBank and our affiliated Associations operate, we believe that presenting combined Bank and Association quarterly financial information could be meaningful for purposes of additional analysis.

The Financial Highlights, Discussion and Analysis and the Condensed Combined Statements of Income and Balance Sheets included on the following pages present unaudited combined financial information and related analysis of CoBank and its affiliated Associations, which are collectively referred to as the "District." As part of the combining process, all significant transactions between CoBank and the Associations, including loans made by the Bank to the affiliated Associations and the interest income/interest expense related thereto, and investments of the affiliated Associations in the Bank and the earnings related thereto, have been eliminated.

Farm Credit Services Southwest, ACA Matter

In 2014, one of our affiliated Associations, Farm Credit Services Southwest, ACA (FCSSW), noted a sudden significant increase in delinquencies in a discrete portion of its retail lending portfolio. An in-depth investigation was conducted by a special investigative committee of the FCSSW board of directors regarding the cause of the unexpected increase including the potential for fraud, internal and/or external to FCSSW. In connection with the investigation, the board of directors identified an overstatement of FCSSW's net income, assets and stockholders' equity over several years as the result of a material weakness in certain of FCSSW's internal controls. The board of directors and management of FCSSW have announced that FCSSW's financial statements as of and for the year ended December 31, 2013 as well as the three months ended March 31, 2014 and the six months ended June 30, 2014 could no longer be relied upon. FCSSW intends to publish restated financial reports for the above-mentioned periods.

In February 2015, the board of directors of FCSSW and the board of directors of Farm Credit West, ACA, another of our affiliated Associations, signed a letter of intent to merge, and in April 2015 the boards approved a formal plan of merger. The anticipated merger date is October 1, 2015. The merger will be subject to the approval of the stockholders of both Associations as well as the FCA.

As a result of the matters described above, the District's unaudited, condensed combined financial statements for the year ended December 31, 2014 include out-of-period adjustments to the provision for loan losses of $47.0 million, charge-offs of $42.0 million and the transfer of $62.0 million in loans to nonaccrual status, $20.0 million of which remained in nonaccrual loans at year-end 2014. The District's unaudited, condensed combined financial statements for the three months ended March 31, 2015 include out-of-period adjustments to the provision for loan losses of $2.4 million and the transfer of $4.7 million in loans to nonaccrual status. Although FCSSW is still in the process of determining the periods in which these adjustments should be recorded in its historical financial statements, such errors are not material to the current and historical District unaudited, condensed combined financial statements.

Financial Highlights

($ in Thousands)

	March 31, 2015	December 31, 2014
Total Loans	$ 89,844,336	$ 89,132,415
Less: Allowance for Loan Losses	759,580	749,257
Net Loans	89,084,756	88,383,158
Total Assets	115,377,374	116,966,016
Total Shareholders' Equity	15,560,538	15,139,164

For the Three Months Ended March 31,	2015	2014
Net Interest Income	$ 630,873	$ 604,403
Provision for Loan Losses/(Loan Loss Reversal)	12,043	(2,288)
Net Fee Income	32,099	29,296
Net Income	414,739	409,448
Net Interest Margin	2.23 %	2.25 %
Return on Average Assets	1.42	1.50
Return on Average Total Shareholders' Equity	10.73	11.49
Average Loans	$ 89,698,829	$ 84,660,509
Average Earning Assets	112,977,771	107,242,843
Average Assets	116,635,779	109,221,919

Discussion and Analysis of District Results of Operations and Financial Condition

District net income increased by $5.3 million for the three months ended March 31, 2015 as compared to the same period of 2014. The increase in earnings resulted primarily from higher net interest income and a higher level of prepayment income, net of losses on early extinguishments of debt. These factors were partially offset by a provision for loan losses and an increase in operating expenses in the 2015 period.

Net interest income increased by $26.5 million to $630.9 million for the first quarter of 2015 from $604.4 million for the same period in 2014. The increase in net interest income was driven by higher average loan volume, which grew 6 percent to $89.7 billion in the first three months of 2015 compared to $84.7 billion for the same period of 2014. The increase in average loan volume primarily reflected growth in agribusiness, real estate mortgage, energy, communications and short and intermediate-term loans. The impact of growth in average loan volume on net interest income was partially offset by lower spreads in lending and investment portfolios and a $3.3 million reduction in the Bank's net accretion of its merger-related fair value adjustments. These factors led to a decrease in the District's overall net interest margin to 2.23 percent for the first three months of 2015 as compared to 2.25 percent for the same period in 2014.

The District recorded a provision for loan losses of $12.0 million in the first quarter of 2015, compared to a net loan loss reversal of $2.3 million for the same period of 2014. CoBank recorded a provision for loan losses of $10.0 million in the first three months of 2015 compared to no provision for loan losses in the same period of 2014. The provision for loan losses at CoBank resulted from the increase in lending activity as well as slight deterioration in credit quality impacting a limited number of agribusiness customers. The Associations recorded a net combined provision for loan losses of $2.0 million for the first three months of 2015, compared to a net combined loan loss reversal of $2.3 million in the same period of 2014. The net combined 2015 provision for loan losses at the Associations was driven by a $2.4 million provision at FCSSW, which is discussed beginning on page 1.

Noninterest income increased $12.1 million to $75.8 million for the three months ended March 31, 2015 from $63.7 million for the same period in 2014. Noninterest income is primarily composed of fee income, loan prepayment income and miscellaneous gains and losses, offset by losses on early extinguishments of debt. The increase in noninterest income was driven by an $8.4 million increase in prepayment income, net of losses on early extinguishments of debt, related to customer refinancing activity at CoBank. While it is the Bank's general practice to extinguish debt to offset the current and prospective impact of prepayments in loan and investment portfolios, the availability in the market of similar-tenored debt, coupled with the timing of prepayments, do not always allow for the impacts of prepayments to be fully offset. Net fee income increased to $32.1 million in the first quarter of 2015 compared to $29.3 million in the same prior-year period. The increase in net fee income was primarily due to an increase in arrangement fee income at CoBank.

District operating expenses increased 9 percent to $232.1 million in the first quarter of 2015 from $213.6 million for the same period of 2014. Employee compensation expense increased $5.9 million to $131.3 million for the first three months of 2015 from $125.4 million for the same period of 2014. The increase in employee compensation resulted from higher expenses at Associations primarily due to an increase in pension expense related to lower discount rates, the adoption of new mortality assumptions for 2015, and a decrease in the rate of return assumption. Annual salary adjustments, increased incentive compensation and additional staffing also contributed to higher employee compensation at Associations. General and administrative expenses increased $5.9 million to $21.1 million for the first quarter of 2015 primarily due to costs related to a strategic alliance between two Associations and greater levels of corporate sponsorships and charitable contributions at CoBank. The change in operating expenses also included an increase in Insurance Fund premium expense of $3.2 million, driven by an increase in premium rates along with growth in average loan volume. Insurance Fund premium rates were 13 basis points of adjusted insured debt obligations during the first three months of 2015 compared to 12 basis points throughout 2014.

Income tax expense increased $0.5 million for the three months ended March 31, 2015 compared to the same period of 2014. The income tax expense at the District predominantly relates to CoBank, as a substantial majority of the business activities at Associations are exempt from federal income tax.

Loan Portfolio

The following table presents the District's outstanding loans classified in accordance with the FCA's loan types.

($ in Thousands)

District Loans by Loan Type

	March 31, 2015	December 31, 2014
Real Estate Mortgage	$ 25,424,256	$ 25,333,109
Non-affiliated Associations	3,842,149	3,847,208
Production and Intermediate-term	13,457,370	14,696,286
Agribusiness:		
Loans to Cooperatives	13,406,962	12,527,572
Processing and Marketing Operations	6,020,059	5,642,694
Farm Related Businesses	1,726,358	1,692,682
Communications	3,702,732	3,388,172
Energy	12,818,902	12,397,400
Water/Waste Water	1,282,631	1,274,346
Agricultural Export Finance	4,218,838	4,378,277
Rural Residential Real Estate	837,200	845,797
Lease Receivables	2,960,128	2,965,287
Other	146,751	143,585
Total	$ 89,844,336	$ 89,132,415

District loan volume at March 31, 2015 was $89.8 billion compared to $89.1 billion at December 31, 2014. The increase was primarily due to growth in the Bank's agribusiness loan portfolio driven by seasonal lending to agribusiness cooperatives as well as increased lending to other food and agribusiness companies. Growth in CoBank's lending to communications and rural energy customers also contributed to the increase in overall District loan volume. A decrease in seasonal production and intermediate-term lending at Associations partly offset these factors.

Loan Quality

The following table presents loans and related accrued interest receivable, classified by management at the various District entities pursuant to the FCA's Uniform Loan Classification System, as a percent of total loans and related accrued interest.

District Loan Quality

	March 31, 2015	December 31, 2014
Acceptable	96.35 %	96.41 %
Special Mention	1.90	1.91
Substandard	1.70	1.63
Doubtful	0.05	0.05
Loss	-	-
Total	100.00 %	100.00 %

Loan quality within the District is very favorable, with over 96 percent of all loans and related accrued interest in the highest category of credit quality. Credit risk in the District's loan portfolio is spread broadly among customers, industries and geographic territory. The District serves a diversified spectrum of borrowers up and down the agricultural value chain. Association retail loans in the District loan portfolio are concentrated in the Northwest, West, Southwest, Rocky Mountains, Mid-Plains, and Northeast regions of the United States. CoBank's commercial loan portfolio extends across the United States, with moderate levels of concentration in the Midwest region of the country and in the farm supply, grain marketing, electric distribution, and generation and transmission sectors.

Nonperforming assets (which consist of nonaccrual loans, accruing restructured loans, accruing loans 90 days or more past due and other property owned) totaled $579.4 million as of March 31, 2015 compared to $558.8 million at December 31, 2014. The increase was driven by Association loans transferred to nonaccrual status primarily related to the fruits, nuts and vegetables, livestock, feed grains and dairy commodity sectors, somewhat offset by a $4.2 million net decrease at CoBank resulting from the payoff of a communications loan. Nonperforming assets represented 0.64 percent of total District loan volume and other property owned at March 31, 2015 compared to 0.63 percent at December 31, 2014. Nonaccrual loan volume, the largest component of nonperforming assets, remained at 0.50 percent of total loans, unchanged from December 31, 2014. Accruing loans 90 days or more past due increased to $27.8 million at March 31, 2015 from $10.1 million at December 31, 2014. The increase is related to the downgrade of Association retail loans in the grape, corn and cattle industries.

Agriculture is often impacted, both positively and negatively, by weather patterns, including the drought conditions currently affecting portions of the United States. In particular, California has entered a fourth consecutive year of drought with the substantial majority of California's agricultural sector experiencing severe, extreme or exceptional drought conditions. Persistent drought conditions may lead to increased prices and decreased supplies of agricultural products produced in affected areas, including livestock, dairy products, fruits, nuts and vegetables. Prolonged drought conditions could result in reduced income and credit stress for agricultural producers and processors.

The following table displays the District's nonperforming assets for the periods presented.

($ in Thousands)

Nonperforming Assets	March 31, 2015	December 31, 2014
Nonaccrual Loans:		
Real Estate Mortgage	$ 197,470	$ 186,160
Production and Intermediate-term	119,321	107,837
Agribusiness	44,219	49,703
Communications	50,723	56,685
Energy	27,080	28,092
Rural Residential Real Estate	5,798	7,130
Lease Receivables	8,637	6,332
Total Nonaccrual Loans	453,248	441,939
Accruing Restructured Loans:		
Real Estate Mortgage	45,098	45,985
Production and Intermediate-term	23,060	28,019
Rural Residential Real Estate	1,991	2,008
Mission Related	24	71
Total Accruing Restructured Loans	70,173	76,083
Accruing Loans 90 Days or More Past Due:		
Real Estate Mortgage	24,284	4,537
Production and Intermediate-term	3,116	5,209
Agribusiness	93	-
Rural Residential Real Estate	-	98
Lease Receivables	276	239
Total Accruing Loans 90 Days or More Past Due	27,769	10,083
Total Nonperforming Loans	551,190	528,105
Other Property Owned	28,197	30,741
Total Nonperforming Assets	$ 579,387	$ 558,846
Nonaccrual Loans as a Percentage of Total Loans	0.50 %	0.50 %
Nonperforming Assets as a Percentage of Total Loans and Other Property Owned	0.64	0.63
Nonperforming Assets as a Percentage of Capital	3.72	3.69

The following tables present an aging of past due loans and related accrued interest in the District for the periods presented.

($ in Thousands)

Aging of Past Due Loans

	March 31, 2015					
	30-90 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans and Accrued Interest	Recorded Investment >90 Days and Accruing
Real Estate Mortgage	$ 51,807	$ 80,815	$ 132,622	$ 25,513,534	$ 25,646,156	$ 24,284
Production and Intermediate-term	94,495	38,165	132,660	13,423,831	13,556,491	3,116
Agribusiness	6,944	23,809	30,753	21,185,797	21,216,550	93
Communications	-	1,068	1,068	3,710,867	3,711,935	-
Energy	-	20,723	20,723	12,848,101	12,868,824	-
Water/Waste Water	-	-	-	1,290,354	1,290,354	-
Agricultural Export Finance	-	-	-	4,229,183	4,229,183	-
Rural Residential Real Estate	6,593	2,139	8,732	831,397	840,129	-
Lease Receivables	13,228	1,780	15,008	2,945,652	2,960,660	276
Non-affiliated Associations	-	-	-	3,844,448	3,844,448	-
Other	-	-	-	147,165	147,165	-
Total	$ 173,067	$ 168,499	$ 341,566	$ 89,970,329	$ 90,311,895	$ 27,769

($ in Thousands)

Aging of Past Due Loans

	December 31, 2014					
	30-90 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or Less Than 30 Days Past Due	Total Loans and Accrued Interest	Recorded Investment >90 Days and Accruing
Real Estate Mortgage	$ 59,074	$ 55,028	$ 114,102	$ 25,452,525	$ 25,566,627	$ 4,537
Production and Intermediate-term	32,228	34,273	66,501	14,719,320	14,785,821	5,209
Agribusiness	1,751	8,110	9,861	19,913,959	19,923,820	-
Communications	-	1,138	1,138	3,393,996	3,395,134	-
Energy	-	21,039	21,039	12,426,120	12,447,159	-
Water/Waste Water	-	-	-	1,281,922	1,281,922	-
Agricultural Export Finance	-	-	-	4,389,165	4,389,165	-
Rural Residential Real Estate	7,639	2,736	10,375	838,410	848,785	98
Lease Receivables	8,417	1,421	9,838	2,955,853	2,965,691	239
Non-affiliated Associations	-	-	-	3,849,440	3,849,440	-
Other	71	-	71	143,816	143,887	-
Total	$ 109,180	$ 123,745	$ 232,925	$ 89,364,526	$ 89,597,451	$ 10,083

District entities maintain an allowance for loan losses at a level consistent with the probable losses identified by management of each institution, considering such factors as current agricultural and economic conditions, loan loss experience, portfolio quality, and loan portfolio composition and concentrations. CoBank and certain Associations also maintain a reserve for unfunded commitments, which totaled $162.3 million at March 31, 2015.

Although aggregated in the District's condensed combined financial statements, the allowance for loan losses for each District entity is particular to that institution and is not available to absorb losses realized by other District entities. The allowance for loan losses at March 31, 2015 totaled $759.6 million compared to $749.3 million at December 31, 2014. Changes in the allowance included an overall net provision for loan losses of $12.0 million, which is described on page 3, an $8.3 million net transfer to the reserve for unfunded commitments, recoveries of $7.6 million primarily driven by collections from several Association customers, and net charge-offs of $1.1 million.

The following presents detailed changes in the allowance for loan losses in the District for the periods presented.

($ in Thousands)

Changes in Allowance for Loan Losses

	Balance at December 31, 2014	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversal)	Transfers from (to) Reserve for Unfunded Commitments	Balance at March 31, 2015
Real Estate Mortgage	$ 90,351	$ (12)	$ 617	$ 7,268	$ (7,193)	$ 91,031
Production and Intermediate-term	170,064	(343)	5,231	(11,556)	78	163,474
Agribusiness	278,732	-	1,440	13,554	372	294,098
Communications	54,432	-	57	1,177	(954)	54,712
Energy	98,149	-	3	1,184	(478)	98,858
Water/Waste Water	9,813	-	-	(258)	(49)	9,506
Agricultural Export Finance	8,924	-	133	(493)	(53)	8,511
Rural Residential Real Estate	6,216	(341)	25	324	-	6,224
Lease Receivables	32,456	(380)	127	853	-	33,056
Other	120	-	-	(10)	-	110
Total	$ 749,257	$ (1,076)	$ 7,633	$ 12,043	$ (8,277)	$ 759,580

($ in Thousands)

Changes in Allowance for Loan Losses

	Balance at December 31, 2013	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversal)	Transfers from (to) Reserve for Unfunded Commitments	Association Merger Impact	Balance at March 31, 2014
Real Estate Mortgage	$ 103,685	$ (685)	$ 460	$ 10,524	$ (17,109)	$ (1,716)	$ 95,159
Production and Intermediate-term	182,301	(1,394)	1,011	(22,871)	2,570	(3,496)	158,121
Agribusiness	233,062	(140)	792	8,535	14,543	(885)	255,907
Communications	64,930	(1,587)	460	(16)	653	-	64,440
Energy	97,354	-	3	(1,619)	3,104	-	98,842
Water/Waste Water	9,425	-	-	119	316	-	9,860
Agricultural Export Finance	7,439	-	7	(1,202)	(2,065)	-	4,179
Rural Residential Real Estate	6,671	(370)	7	970	-	(11)	7,267
Lease Receivables	34,748	-	505	3,199	-	(1)	38,451
Other	130	-	-	73	-	-	203
Total	$ 739,745	$ (4,176)	$ 3,245	$ (2,288)	$ 2,012	$ (6,109)	$ 732,429

District Capital Resources

Combined District shareholders' equity at March 31, 2015 totaled $15.6 billion, a net increase of $421.4 million as compared to December 31, 2014. The increase primarily resulted from District net income of $414.7 million, an increase in Association preferred stock of $34.1 million and a decrease in accumulated other comprehensive loss of $100.5 million, somewhat offset by accrued patronage of $100.8 million and preferred stock dividends of $16.5 million. The components of the District's accumulated other comprehensive loss are detailed in the following table.

($ in Thousands)

Accumulated Other Comprehensive Loss	March 31, 2015	December 31, 2014
Unrealized Gains on Investment Securities	$ 190,646	$ 94,454
Net Pension Adjustment	(321,439)	(327,259)
Unrealized Losses on Interest Rate Swaps and Other Financial Instruments	(34,956)	(33,460)
Accumulated Other Comprehensive Loss	$ (165,749)	$ (266,265)

The decrease in the District's total accumulated other comprehensive loss during the first three months of 2015 is primarily due to an increase in unrealized gains on investment securities at CoBank.

The following table presents regulatory capital ratios for CoBank and the range of ratios at the affiliated Associations.

District Capital Ratios	March 31, 2015			December 31, 2014		
	Permanent Capital Ratio	Total Surplus Ratio	Core Surplus Ratio	Permanent Capital Ratio	Total Surplus Ratio	Core Surplus Ratio
CoBank	15.56%	14.62%	10.47%	15.70%	14.81%	10.47%
Associations	12.93 - 34.47%	12.50 - 34.03%	12.15 - 29.08%	13.40% - 35.69%	12.97% - 35.25%	12.88% - 30.09%
Regulatory Minimum	7.00%	7.00%	3.50%	7.00%	7.00%	3.50%

As depicted in the table above, at March 31, 2015, CoBank and all affiliated Associations exceeded the FCA's regulatory minimum capital ratios. Although aggregated in the District's condensed financial statements, capital for each District entity is particular to that institution. In addition, the provisions of joint and several liability for Systemwide Debt Securities are applicable only to System banks and do not include Associations. CoBank has no access to Association capital beyond their required investment in the Bank. There are no capital sharing agreements between CoBank and its affiliated Associations.

Association Mergers

Effective January 1, 2015, Frontier Farm Credit (Frontier), one of our affiliated Associations, and Farm Credit Services of America (FCSAmerica), an Association affiliated with AgriBank, FCB, formed a strategic alliance. As part of the alliance, Frontier and FCSAmerica have integrated their day-to-day business operations, systems and leadership teams while continuing to exist as separate Associations. Each Association will continue to have its own board, with representatives participating in a coordinating committee to facilitate board governance between the two organizations. CoBank will continue as the funding bank for Frontier.

In December 2014, the boards of directors of two affiliated Associations, Farm Credit Services of East Central Oklahoma, ACA, and Chisholm Trail Farm Credit, ACA, signed a letter of intent to merge with an anticipated completion date of January 1, 2016.

As previously described beginning on page 1, in February 2015, the board of directors of FCSSW and the board of directors of Farm Credit West, ACA, signed a letter of intent to merge, and in April 2015 the boards approved a formal plan of merger. The anticipated merger date is October 1, 2015.

Quarterly District Financial Information
CoBank, ACB and Affiliated Associations

Condensed Combined Statements of Income
(unaudited)

($ in Thousands)

	For the Three Months Ended March 31, 2015	2014
Interest Income		
Loans	$ 762,782	$ 727,349
Investment Securities	88,553	89,436
Total Interest Income	851,335	816,785
Interest Expense	220,462	212,382
Net Interest Income	630,873	604,403
Provision for Loan Losses/(Loan Loss Reversal)	12,043	(2,288)
Net Interest Income After Provision for Loan Losses/(Loan Loss Reversal)	618,830	606,691
Noninterest Income/ Expense		
Net Fee Income	32,099	29,296
Prepayment Income	13,888	5,193
Losses on Early Extinguishments of Debt	(7,104)	(6,843)
Other, Net	36,945	36,044
Total Noninterest Income	75,828	63,690
Operating Expenses		
Employee Compensation	131,345	125,426
Insurance Fund Premium	25,382	22,214
Information Services	13,707	12,035
General and Administrative	21,138	15,196
Occupancy and Equipment	11,135	10,856
Farm Credit System Related	6,893	6,909
Purchased Services	10,176	9,861
Other	12,301	11,106
Total Operating Expenses	232,077	213,603
Income Before Income Taxes	462,581	456,778
Provision for Income Taxes	47,842	47,330
Net Income	$ 414,739	$ 409,448

Quarterly District Financial Information
CoBank, ACB and Affiliated Associations

Condensed Combined Balance Sheets
(unaudited)

($ in Thousands)

	March 31, 2015	December 31, 2014
Assets		
Total Loans	$ 89,844,336	$ 89,132,415
Less: Allowance for Loan Losses	759,580	749,257
Net Loans	89,084,756	88,383,158
Cash	782,119	2,071,427
Investment Securities	23,539,452	24,529,619
Interest Rate Swaps and Other Financial Instruments	467,900	454,530
Accrued Interest Receivable and Other Assets	1,503,147	1,527,282
Total Assets	$ 115,377,374	$ 116,966,016
Liabilities		
Bonds and Notes	$ 97,207,691	$ 98,785,016
Subordinated Debt	904,685	904,685
Interest Rate Swaps and Other Financial Instruments	135,554	111,228
Reserve for Unfunded Commitments	162,335	154,058
Accrued Interest Payable and Other Liabilities	1,406,571	1,871,865
Total Liabilities	99,816,836	101,826,852
Shareholders' Equity		
Preferred Stock Issued by Bank	1,125,000	1,125,000
Preferred Stock Issued by Associations	532,151	498,020
Common Stock	1,315,342	1,325,998
Paid In Capital	894,823	894,823
Unallocated Retained Earnings	11,858,971	11,561,588
Accumulated Other Comprehensive Loss	(165,749)	(266,265)
Total Shareholders' Equity	15,560,538	15,139,164
Total Liabilities and Shareholders' Equity	$ 115,377,374	$ 116,966,016