2015 Quarterly Report
MARCH 31, 2015

Dear CoBank Customer-Owner:

We're pleased to report that CoBank recorded another period of solid financial performance in the first quarter of 2015. Average loan volume increased in all three of our operating segments, and credit quality and profitability remained strong. While we continue to face a number of market challenges, we are confident the bank remains well-positioned to meet the financial needs of its customers and to fulfill its mission in rural America.

Average loan volume rose 5 percent in the first quarter to $80.6 billion, from $76.4 billion in the same period last year. The increase resulted from higher levels of borrowing from customers in a number of industries, including rural electric cooperatives, rural communications service providers, affiliated Farm Credit associations and food and agribusiness companies.

Net interest income for the quarter increased 2 percent to $315.3 million, from $309.0 million in the same period last year. Higher average loan volume was a key driver of this increase.

Net income for the first quarter was $232.2 million, compared to $231.3 million in the first quarter of 2014. A $10.0 million provision for loan losses recorded in the first quarter of 2015 largely offset the positive impacts of higher net interest income and increased prepayment income, net of losses on debt extinguishments. The provision primarily reflected the increase in average loan volume. No provision was taken during the first quarter of 2014.

At quarter-end, 1.76 percent of the bank's loans were classified as adverse assets compared to 1.84 percent at December 31, 2014. Nonaccrual loans decreased to $126.1 million at March 31, 2015 from $130.3 million at December 31, 2014. The allowance for credit losses totaled $607.1 million at quarter-end, or 1.51 percent of non-guaranteed loans when loans to Farm Credit associations are excluded.

Capital levels remain well in excess of regulatory minimums. As of March 31, 2015, shareholders' equity totaled $7.5 billion, and the permanent capital ratio was 15.56 percent, compared with the 7.0 percent minimum established by the Farm Credit Administration (FCA), the bank's independent regulator. At quarter-end, the bank held approximately $24.1 billion in cash and investments and had 168 days of liquidity, which was in excess of FCA liquidity requirements.

Despite a strong first quarter, it would be premature for us to predict how current market forces will play out in our business this year. Many trends in the economy – including a strong U.S. dollar, subdued inflation and continuing low interest rates – pose varying degrees of challenges either for CoBank directly or for the industries we serve.

That said, CoBank continues to fulfill its mission to serve rural America and support and strengthen the rural communities through our partnerships within the Farm Credit System as well as our public-private partnership work aimed at increasing investment in rural America. As a cooperatively owned bank, CoBank keeps its focus beyond the short-term and on maintaining the financial strength of the bank, operating efficiently and delighting our customers who have placed tremendous trust in us as their financial partner. We are grateful for the business of our customer-owners and thank you for your ongoing support.

Everett Dobrinski
Chair of the Board

Robert B. Engel
Chief Executive Officer

May 8, 2015

Financial Highlights
CoBank, ACB

($ in Thousands)

	March 31, 2015 (Unaudited)	December 31, 2014
Total Loans	$ 80,669,122	$ 80,382,497
Less: Allowance for Loan Losses	490,391	481,156
Net Loans	80,178,731	79,901,341
Total Assets	105,534,186	107,428,401
Total Shareholders' Equity	7,548,493	7,369,663

For the Three Months Ended March 31, (Unaudited)	2015	2014
Net Interest Income	$ 315,285	$ 308,966
Provision for Loan Losses	10,000	-
Net Fee Income	26,549	23,727
Net Income	232,226	231,271
Net Interest Margin	1.23 %	1.27 %
Return on Average Assets	0.88	0.93
Return on Average Common Shareholders' Equity	13.97	15.23
Return on Average Total Shareholders' Equity	12.66	13.89
Average Total Loans	$ 80,631,363	$ 76,430,747
Average Earning Assets	103,706,813	98,771,493
Average Total Assets	106,872,043	100,346,906

Management's Discussion and Analysis
of Financial Condition and Results of Operations
CoBank, ACB

Business Overview

CoBank, ACB (CoBank or the Bank) 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 cooperative lending institutions 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).

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. We provide a broad range of loans and other financial services through three operating segments: Agribusiness, Strategic Relationships and Rural Infrastructure.

The following discussion and analysis should be read in conjunction with the accompanying condensed consolidated quarterly financial statements and related notes and with our 2014 Annual Report to Shareholders.

Consolidated Results of Operations

Net income increased $0.9 million to $232.2 million for the three months ended March 31, 2015, compared to $231.3 million during the same period in 2014. The increase in earnings primarily resulted from a higher level of prepayment income, net of losses on extinguishments of debt, and higher net interest income. These factors were largely offset by a provision for loan losses and an increase in operating expenses in the 2015 period.

Net interest income increased 2 percent to $315.3 million for the three months ended March 31, 2015, compared to $309.0 million for the same period in 2014. The increase in net interest income was primarily driven by higher average loan volume, partially offset by lower spreads in our lending and investment portfolios and a reduction in the amount of income from net accretion of asset and liability fair value adjustments resulting from the application of business combination accounting standards in connection with our 2012 merger with U.S. AgBank, FCB. Net accretion for the three months ended March 31, 2015 was $11.2 million compared to $14.5 million in the same period of 2014.

Average loan volume was $80.6 billion during the first three months of 2015 compared to $76.4 billion in the same period of 2014. The 5 percent increase in average loan volume primarily resulted from growth in lending to energy and communications customers in our Rural Infrastructure operating segment, affiliated Associations in our Strategic Relationships operating segment, and food and agribusiness companies in our Agribusiness operating segment.

Net interest margin declined to 1.23 percent for the three months ended March 31, 2015 from 1.27 percent for the same period in 2014. The reduction in our net interest margin included the impact of lower merger-related accretion, spread compression in our investment portfolio and slightly lower spreads in many sectors of our loan portfolio, reflective of increased competition for the business of our customers.

We recorded a $10.0 million provision for loan losses in the first quarter of 2015 compared to no provision in the 2014 period. The 2015 provision for loan losses resulted from increased lending activity as well as slight deterioration in credit quality impacting a limited number of customers in our Agribusiness operating segment. Notwithstanding the provision for loan losses, overall loan quality remains strong. Adversely classified loans and related accrued interest were 1.76 percent of total loans and related accrued interest at March 31, 2015 compared to 1.84 percent at December 31, 2014. Adversely classified loans at both March 31, 2015 and December 31, 2014 include a wholesale loan to one of our affiliated Associations, which is described in Note 11. The adverse classification of this wholesale loan did not impact our provision for loan losses or allowance for credit losses, as we do not anticipate any losses related to this affiliated Association. Excluding the impact of this Association loan, adversely classified loans and related accrued interest represented 0.75 percent of total loans and accrued interest as of March 31, 2015 compared to 0.73 percent as of December 31, 2014. Nonaccrual loans decreased to $126.1 million at March 31, 2015 from $130.3 million at December 31, 2014 primarily due to the payoff of a communications loan during the current period. Loan recoveries, net of charge offs, totaled $0.3 million in the first three months of 2015 compared to $0.2 million during the same period of 2014.

Noninterest income increased to $47.0 million for the three months ended March 31, 2015 from $38.3 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. While it is our general practice to extinguish debt to offset the current and prospective impact of prepayments in our loan and investment portfolios, the availability in the market of similarly-tenored debt, coupled with the timing of prepayments, do not always allow us to fully offset the impact of prepayments. Our net fee income increased to $26.5 million for the three months ended March 31, 2015 compared to $23.7 million for the same period in 2014 primarily due to increased fee income in our Agribusiness and Rural Infrastructure operating segments. Other noninterest income decreased by $2.5 million in the three months ended March 31, 2015, as compared to the same period in 2014, primarily due to the impact of gains recognized from the sale of investment securities during the 2014 period somewhat offset by an increased level of patronage income received from other System institutions in 2015. During the first quarter of 2014, we sold three impaired non-agency investment securities with a combined book value of $23.1 million for gains totaling $4.9 million. There were no sales of investment securities during the current period.

Total operating expenses for the first quarter of 2015 increased to $74.7 million from $69.7 million for the same period in 2014. Higher operating expenses included an increase in Farm Credit Insurance Fund (Insurance Fund) premium expense of $1.9 million, due to higher Insurance Fund premium rates and growth in our average loan volume. Insurance Fund premium rates are set by the Farm Credit System Insurance Corporation (Insurance Corporation) and were 13 basis points of adjusted insured debt obligations in the 2015 period compared to 12 basis points throughout 2014. The increase in Insurance Fund premium rates resulted from growth in overall System assets in 2014 and the Insurance Corporation’s projections for continued growth in 2015. Our information services and purchased services expenses increased by a combined $1.6 million due to increased expenditures to enhance our service offerings, including further development of our cash management platform. General and administrative expenses increased $1.0 million due to greater levels of contributions to civic, charitable and other organizations that benefit the people, communities and industries we serve in rural America. Other operating expenses increased by $1.2 million due to a greater level of spending for customer-facing activities. Our employee compensation expense was $35.7 million for the first three months of 2015, generally consistent with the $36.2 million in the same period of 2014. As of March 31, 2015, we had 848 employees.

Our income tax expense decreased to $45.3 million for the three months ended March 31, 2015, compared to $46.3 million for the same prior-year period. Our effective tax rates were 16.3 percent and 16.7 percent for the three months ended March 31, 2015 and 2014, respectively.

Notwithstanding the higher level of earnings in the first quarter of 2015, our annualized return on average common shareholders' equity decreased to 13.97 percent for the three months ended March 31, 2015 from 15.23 percent for the same period in 2014. This decrease resulted from higher overall levels of common equity due to strong earnings over the past year. Our annualized return on average assets decreased to 0.88 percent for the three months ended March 31, 2015, compared to 0.93 percent for the same period in 2014 due to spread compression in our loan and investment portfolios and a higher level of cash balances held during the first quarter of 2015.

Operating Segment Financial Review

We provide financial services to agricultural cooperatives; other food and agribusiness companies; farmer-owned financial institutions; rural energy, communications and water cooperatives and companies; rural community facilities; and other businesses that serve rural America. We conduct lending operations through three operating segments: Agribusiness, Strategic Relationships and Rural Infrastructure.

Loans outstanding and the allowance for loan losses by operating segment at March 31, 2015 and 2014 are reported in Notes 3 and 10 to the accompanying condensed consolidated financial statements. Net interest income on investment securities, which we hold primarily as a liquidity reserve, and gains and losses on investment securities are allocated to all operating segments, whereas the underlying investment securities are not allocated to the operating segments. Net income by operating segment is summarized in the following table and is more fully detailed in Note 10 to the accompanying condensed consolidated financial statements.

Net Income by Operating Segment ($ in Thousands)

For the Three Months Ended March 31,	2015	2014
Operating Segment:		
Agribusiness	$ 102,421	$ 106,487
Strategic Relationships	62,539	65,531
Rural Infrastructure	69,410	61,286
Total Operating Segments	234,370	233,304
Corporate/Other	(2,144)	(2,033)
Total	$ 232,226	$ 231,271

Agribusiness

The Agribusiness operating segment includes loans and other financial services provided to a diverse market of cooperatives and other businesses in various agricultural sectors including grain handling and marketing, farm supply, fruits, nuts, vegetables, forest products, dairy, livestock, biofuels and food processing. Agribusiness loans outstanding totaled $25.0 billion at March 31, 2015, compared to $24.4 billion at December 31, 2014. The increase in loans outstanding was driven by increased lending to food and agribusiness companies. The Agribusiness segment also includes our Agricultural Export Finance Division, which provides trade finance to support U.S. exporters for international trade of agricultural products. As of March 31, 2015, the Agricultural Export Finance Division had $4.1 billion in loans outstanding, 42 percent of which were guaranteed by the U.S. government. Additionally, our Agribusiness segment includes Farm Credit Leasing Services Corporation (FCL), a wholly-owned subsidiary, which provides lease products and related services to Association partners, agribusinesses, agricultural producers and rural infrastructure companies. As of March 31, 2015, FCL had $2.6 billion in leases outstanding.

Agribusiness average loan volume increased to $25.3 billion for the first quarter of 2015 from $24.4 billion for the same period of 2014. Growth in Agribusiness lending primarily stems from increased lending to food and agribusiness companies, increased lending in the protein sector and increased leasing activity. These factors were somewhat offset by lower levels of seasonal inventory financing at many grain cooperatives driven by lower grain commodity prices, and a decline in the level of agricultural export financing.

Agribusiness net income decreased 4 percent in the first three months of 2015 to $102.4 million from $106.5 million for the same period in 2014. The decrease in earnings was largely due to the provision for loan losses recorded in 2015 and an increase in operating expenses, partially offset by a higher level of noninterest income.

Agribusiness net interest income increased by $0.8 million to $153.9 million for the three months ended March 31, 2015 due to the impact of higher average loan volume, somewhat offset by a decrease in lending and investment spreads.

Agribusiness recorded an $8.0 million provision for loan losses during the first quarter of 2015 compared to no provision for loan losses in the same prior-year period. The current provision for loan losses was due to an increase in lending activity as well as slight deterioration in credit quality impacting a limited number of customers. Nonaccrual loans increased to $51.6 million at March 31, 2015, as compared to $48.9 million at December 31, 2014. Loan recoveries, net of charge-offs, totaled $0.2 million for the three months ended March 31, 2015, compared to $1.3 million for the three months ended March 31, 2014.

Agribusiness noninterest income increased to $28.9 million for the first three months of 2015, as compared to $25.9 million in the same period of 2014 primarily as a result of greater fee income and an increase in patronage received from other System institutions. These items were partially offset by gains on the sale of investment securities during the 2014 period.

Agribusiness operating expenses increased to $44.2 million for the first quarter of 2015 from $40.9 million in the same period of 2014 due to the increase in Insurance Fund premiums and the increases in other operating expenses described on page 5.

Strategic Relationships

The Strategic Relationships operating segment includes loans from the direct funding relationships we have with our affiliated Association customer-owners and our funding relationships with other System institutions. Our affiliates include Associations operating in 23 states serving the Northwest, West, Southwest, Rocky Mountains, Mid-Plains, and Northeast regions of the United States. As of March 31, 2015, the Strategic Relationships portfolio totaled $38.8 billion, compared to $39.9 billion at December 31, 2014. The decline in outstanding loan volume resulted from a typical seasonal decline in Association lending to agricultural producers. At March 31, 2015, loans outstanding included $34.9 billion in wholesale loans to our affiliated Associations and $3.9 billion of participations in wholesale loans made by other System banks to certain of their affiliated Associations, $3.7 billion of which are participations in wholesale loans made by the Farm Credit Bank of Texas.

Strategic Relationships average loan volume increased 4 percent to $38.8 billion for the three-month period ended March 31, 2015, compared to $37.3 billion for the same prior-year period. The increase was primarily the result of growth in lending to certain affiliated Associations driven by lending to agricultural producers.

Strategic Relationships net income decreased to $62.5 million for the first three months of 2015, as compared to $65.5 million for the same prior-year period. The decrease resulted from lower noninterest income, an increase in operating expenses and lower net interest income.

Net interest income decreased by $0.6 million to $71.3 million for the first quarter of 2015 due to lower levels of merger-related accretion and a decrease in investment spreads, somewhat offset by the impact of growth in average loan volume.

Loan quality in Strategic Relationships is strong. As a wholesale lender to Associations, we benefit from the diversification of the Association loan portfolios and a strong collateral position. In addition, the earnings, capital and loan loss reserves of the Associations provide a buffer from losses in their respective loan portfolios. Lower spreads in the Strategic Relationships operating segment are commensurate with the lower risk profile and lower regulatory capital requirements. Notwithstanding the downgrade of an affiliated

Association wholesale loan as discussed in Note 11, no provisions for loan losses or allowance for credit losses have been recorded related to any of our Association wholesale loans.

Strategic Relationships noninterest income decreased to $0.3 million for the first three months of 2015 compared to $1.7 million for the same prior-year period as the prior-year period included gains on the sale of investment securities. Operating expenses increased to $9.0 million for the three months ended March 31, 2015, compared to $8.1 million recorded in the 2014 period due to the impact of increased Insurance Fund premiums on investment securities and the increases in other operating expenses described on page 5.

Rural Infrastructure

The Rural Infrastructure operating segment includes loans and other financial services provided to cooperatives and other companies in the power and energy, communications and water and waste water industries as well as to vital community facilities in rural America. Customers include rural electric generation and transmission cooperatives, electric distribution cooperatives, renewable energy providers, independent power producers, investor-owned utilities, pipeline and local distribution companies, rural local exchange carriers, wireless providers, data transport networks, cable television systems, data centers, rural water and waste water companies, and rural health care and other community facilities. There are significant needs for investment in infrastructure to support the businesses and people of rural America. Fulfilling these needs will require the combined resources of both public and private investors and lenders. To that end, CoBank remains committed to working with commercial banks, government agencies and others to provide support for rural infrastructure needs and further the flow of capital into rural America. Rural Infrastructure loans outstanding totaled $16.8 billion at March 31, 2015, compared to $16.1 billion at December 31, 2014. The increase in loans outstanding was primarily driven by growth in lending to electric distribution and communications customers.

Rural Infrastructure average loan volume increased 12 percent to $16.5 billion for the first three months of 2015, compared to $14.7 billion for the same prior-year period. Growth in Rural Infrastructure average loan volume resulted primarily from increased lending to communications, electric distribution and power supply customers.

Rural Infrastructure net income increased 13 percent to $69.4 million for the first quarter of 2015 from $61.3 million for the same period in 2014. The increase was primarily the result of an increase in net interest income and higher noninterest income. The increase was somewhat offset by a provision for loan losses during the first three months of 2015.

Rural Infrastructure net interest income increased by $6.1 million as a result of the increase in average loan volume, somewhat offset by the decrease in lending and investment spreads.

Rural Infrastructure recorded a $2.0 million provision for loan losses during the first quarter of 2015, as compared to no provision for loan losses for the same period in 2014. The current provision for loan losses was primarily due to overall increased lending activity. Nonaccrual loans in the Rural Infrastructure segment decreased to $74.5 million at March 31, 2015 from $81.4 million at December 31, 2014 due to the payoff of a communications loan. Rural Infrastructure recorded loan recoveries, net of charge-offs, of $0.1 million for the three months ended March 31, 2015, compared to charge-offs, net of recoveries, of $1.1 million for the same period of 2014.

Rural Infrastructure noninterest income increased to $18.0 million for the first three months of 2015 from $10.4 million for the same period in 2014 due to higher prepayment income, net of losses on early extinguishments of debt, and a higher level of fee income, partially offset by gains on the sale of investment securities during the 2014 period.

Rural Infrastructure operating expenses increased to $21.6 million for the first quarter of 2015 compared to $19.9 million for the same prior-year period due to the increase in Insurance Fund premiums and the increases in other operating expenses described on page 5.

Credit Quality, Liquidity, Capital Resources and Other

Loan Quality

The following table presents loans and related accrued interest receivable, classified by management pursuant to our regulator's Uniform Loan Classification System, as a percent of total loans and related accrued interest.

Loan Quality Ratios

	March 31, 2015			December 31, 2014		
	Wholesale Loans (1)	Commercial Loans (2)	Total Bank	Wholesale Loans (1)	Commercial Loans (2)	Total Bank
Acceptable	97.88 %	96.60 %	97.22 %	97.76 %	96.62 %	97.20 %
Special Mention	-	1.95	1.02	-	1.92	0.96
Substandard	2.12	1.38	1.73	2.24	1.38	1.80
Doubtful	-	0.07	0.03	-	0.08	0.04
Loss	-	-	-	-	-	-
Total	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

(1) Represents loans in our Strategic Relationships operating segment

(2) Represents loans in our Agribusiness and Rural Infrastructure operating segments

Our overall loan quality measures remained strong in the first three months of 2015. The level of adversely classified loans ("Substandard", "Doubtful" and "Loss") and related accrued interest as a percent of total loans and related accrued interest decreased from 1.84 percent at December 31, 2014 to 1.76 percent at March 31, 2015. The Substandard wholesale loans reflected in the table above relate to one affiliated Association loan which totaled $819.7 million and $891.3 million at March 31, 2015 and December 31, 2014, respectively. Pursuant to our regulatory requirements, we classify our wholesale loans using the same credit rating methodology as is used with our commercial loans. Our loans to affiliated Associations are collateralized by substantially all of the Association assets, and the earnings, capital and loan loss reserves of the Associations provide us a buffer against losses in their retail loan portfolios. As a result of the collateralization and other mitigating factors described above, we do not anticipate any losses on that Association's wholesale loan, which is discussed further in Note 11. As of March 31, 2015, CoBank has not made any provision for loan loss or recorded any allowance for credit loss related to any of our wholesale loans.

We recorded a $10.0 million provision for loan losses in the first quarter of 2015 compared to no provision for loan losses during the 2014 period. The 2015 provision for loan losses resulted from increased lending activity as well as slight deterioration in credit quality impacting a limited number of customers in our Agribusiness operating segment. Total loan recoveries, net of charge offs, were $0.3 million for the first three months of 2015 compared to $0.2 million in the 2014 period. Nonaccrual loans decreased to $126.1 million at March 31, 2015 from $130.3 million at December 31, 2014 primarily due to the payoff of a communications loan during the current period. Our total allowance for credit losses (ACL), which includes the allowance for loan losses and the reserve for unfunded commitments, was $607.1 million at March 31, 2015 compared to $596.8 million at December 31, 2014. Our ACL as a percent of total loans was 0.75 percent at March 31, 2015 compared to 0.74 percent at December 31, 2014. ACL as a percent of non-guaranteed loans outstanding and excluding loans to Associations was 1.51 percent at March 31, 2015 compared to 1.54 percent at December 31, 2014.

While the overall credit quality of our loan portfolio remains strong and has been favorable in recent years, concentrations within our loan portfolio can cause the level of our loan quality, nonaccrual loans, charge-offs and provisions for loan losses or loan loss reversals to vary significantly from period to period. 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 these producers and processors.

Liquidity and Investments

Our liquidity management objectives are to provide a reliable source of funding to borrowers, meet maturing debt obligations, provide additional liquidity if market conditions deteriorate and fund operations on a cost-effective basis. While we believe that sufficient resources are available to meet liquidity management objectives through our debt maturity structure, holdings of liquid assets and access to the capital markets via the Federal Farm Credit Banks Funding Corporation, the volatility of our loan volume may cause our liquidity needs to vary significantly from day to day.

We monitor our liquidity position by assuming no ability to issue debt and calculating the number of days into the future we could meet maturing debt obligations by using available cash and eligible investments. System banks are required by regulation to maintain a minimum of 90 days of liquidity (cash and readily marketable investments generally discounted by 5 to 10 percent of market value) on a continuous basis and to establish an incremental liquidity reserve. At March 31, 2015, our liquidity was 168 days, compared to 172 days at December 31, 2014.

We hold cash and investment securities primarily to maintain a liquidity reserve and to manage short-term surplus funds. Our investment securities totaled $23.3 billion at March 31, 2015 compared to $24.3 billion at December 31, 2014. The following table summarizes our investment securities and related unrealized gains/(losses) by asset class.

Investment Securities ($ in Millions)

	March 31, 2015			December 31, 2014		
	Amortized Cost	Fair Value	Unrealized Gains (Losses)	Amortized Cost	Fair Value	Unrealized Gains (Losses)
U.S. Treasury Debt	$ 6,749	$ 6,833	$ 84	$ 7,587	$ 7,625	$ 38
U.S. Agency Debt	5,687	5,763	76	5,649	5,680	31
Residential Mortgage-Backed:						
Ginnie Mae	1,333	1,343	10	1,460	1,472	12
U.S. Agency	7,397	7,433	36	7,581	7,587	6
FHA/VA Non-Wrapped Reperformer	393	379	(14)	403	391	(12)
Non-Agency	142	156	14	149	166	17
Commercial Mortgage-Backed:						
U.S. Agency	1,053	1,055	2	1,007	1,007	-
Agricultural Mortgage-Backed:						
Farmer Mac	145	142	(3)	153	150	(3)
Asset-Backed	66	94	28	71	96	25
Corporate Bonds	145	147	2	145	146	1
Total	$ 23,110	$ 23,345	$ 235	$ 24,205	$ 24,320	$ 115

Credit risk in our investment portfolio primarily exists in investment securities that are not either explicitly or implicitly guaranteed by the U.S. government, which include our FHA/VA non-wrapped reperformer mortgage-backed securities (i.e. investment securities where residential mortgage loans serving as collateral were cured after a default), non-agency mortgage-backed securities (MBS), asset-backed securities (ABS) and corporate bonds. These securities collectively total $775.4 million (fair value) or 3 percent of our total investment securities as of March 31, 2015. Credit risk in our investment portfolio also arises from the inability of guarantors and third-party providers of other credit enhancements to meet their contractual obligations to us.

Pursuant to FCA regulations, non-agency MBS and ABS, which include our FHA/VA non-wrapped reperformer MBS, that are no longer rated triple-A by at least one major rating agency, corporate bonds that no longer carry one of the two highest ratings by at least one major rating agency or any investment whose market value is less than 80 percent of book value must be excluded from our liquidity reserve. As a result, as of March 31, 2015, $624.2 million of non-agency MBS and ABS securities were not included in our liquidity reserve. Another $146.0 million of investment securities, primarily representing Farmer Mac MBS, were not included in our liquidity reserve as of March 31, 2015, pursuant to regulation.

We recorded no impairment losses on investment securities during the first quarter of 2015 and 2014. Increasing levels of defaults and foreclosures on residential mortgages, a decline in home prices or weak economic conditions may result in downward adjustments to the fair value of certain investment securities and the need to record future impairment losses against earnings.

As all of our investment securities are classified as "available for sale", we recognize changes in the fair value of our investment securities in accumulated other comprehensive income (loss), a component of shareholders' equity, unless losses are credit-related and considered other-than-temporary, in which case that portion of the loss is recorded in earnings. We recorded unrealized gains of $119.7 million for the first three months of 2015, compared to unrealized gains of $44.2 million for the same prior-year period. The unrealized gains recorded in both periods primarily reflect the impact of market interest rate changes on the fair value of fixed rate securities.

During the first quarter of 2014, we sold one ABS and two non-agency MBS with a combined book value of $23.1 million for total proceeds of $28.0 million. The resulting $4.9 million gain is recorded in Other Noninterest Income in the accompanying condensed consolidated statement of income for the three months ended March 31, 2014. These securities had been previously impaired and were excluded from our liquidity reserve, and were sold due to favorable market conditions.

An additional source of liquidity is cash provided by our operating activities (primarily generated from net interest income in excess of operating expenses), which totaled $252.0 million and $200.4 million for the first quarter of 2015 and 2014, respectively.

The assets of the Insurance Fund would be used to repay maturing Federal Farm Credit Banks Consolidated Systemwide bonds, medium term notes and discount notes (collectively referred to as Systemwide Debt Securities), if no other sources existed to repay such debt. The Insurance Corporation has an agreement with the Federal Financing Bank, a federal instrumentality subject to the supervision and direction of the U.S. Treasury, pursuant to which the Federal Financing Bank would advance funds to the Insurance Corporation. Under its existing statutory authority, the Insurance Corporation may use these funds to provide assistance to the System banks in exigent market circumstances which threaten the banks' ability to pay maturing debt obligations. The agreement provides for advances of up to $10 billion and terminates on September 30, 2015 unless otherwise extended. The decision whether to seek funds from the Federal Financing Bank is in the discretion of the Insurance Corporation, and each funding obligation of the Federal Financing Bank is subject to various terms and conditions and, as a result, there can be no assurance that funding would be available if needed by the System.

Capital Resources

We believe that a sound capital position is critical to our long-term financial success and future growth. Our shareholders' equity is primarily composed of common and preferred stock and retained earnings, and totaled $7.5 billion at March 31, 2015, as compared to $7.4 billion at December 31, 2014.

At March 31, 2015, our permanent capital, total surplus, core surplus and net collateral ratios exceeded regulatory minimums, as depicted in the following table. The components of these ratios are described in our 2014 Annual Report.

Capital Ratios

	Regulatory Minimums		March 31, 2015		December 31, 2014	
Permanent Capital Ratio	7.00	%	15.56	%	15.70	%
Total Surplus Ratio	7.00		14.62		14.81	
Core Surplus Ratio (1)	5.59		10.47		10.47	
Net Collateral Ratio (2)	104.00		107.49		107.22	

(1) The regulatory minimum core surplus ratio is 3.5 percent, but the FCA requires the higher 5.59 percent during a period in which we include a portion of our common stock as core surplus.

(2) The regulatory minimum net collateral ratio is 103.0 percent, but the FCA requires the higher 104.0 percent during a period in which we have subordinated debt outstanding.

Pursuant to FCA guidance, a portion of our common stock is included in core surplus, subject to certain conditions. This inclusion will continue on a temporary basis until December 31, 2017 or the point at which the FCA changes its capital regulations in a manner that would be inconsistent with this treatment. The FCA requires that we also calculate our core surplus ratio excluding common stock and has established a 3.0 percent minimum for such ratio. As of March 31, 2015, our core surplus ratio excluding common stock was 8.94 percent.

We may from time to time seek to retire our outstanding debt or equity securities through calls, cash purchases and/or exchanges, in open market purchases, privately negotiated transactions or otherwise. We may also issue new debt or equity securities. Such calls, repurchases, exchanges or new issuances, if any, will depend on prevailing market conditions, the Bank's capital position and liquidity requirements, contractual restrictions, changes to capital regulations and other factors.

As described in our 2014 Annual Report, in 2013, the FCA announced its intent to revise sections of its capital regulations to conform more closely to the reform measures developed by the Basel Committee on Banking supervision (the "Basel Committee") in "Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems" ("Basel III"). On May 8, 2014, the FCA Board approved a proposed rule to modify the regulatory capital requirements for System banks, including CoBank, and Associations. The stated objectives of the proposed rule are as follows:

- To modernize capital requirements while ensuring that institutions continue to hold sufficient regulatory capital to fulfill their mission as government-sponsored enterprises;
- To ensure that the System's capital requirements are comparable to the Basel III framework and the standardized approach that the federal banking regulatory agencies have adopted, but also to ensure that the rules recognize the cooperative structure and the organization of the System;
- To make System regulatory capital requirements more transparent; and
- To meet certain requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act").

As currently drafted, the proposed rule would, among other things, eliminate the core surplus and total surplus requirements and introduce common equity tier 1, tier 1 and total capital (tier 1 + tier 2) risk-based capital ratio requirements. The proposal would add a minimum tier 1 leverage ratio for all System institutions, which would replace the existing net collateral ratio for System banks. In addition, the proposal would establish a capital conservation buffer, modify and expand risk weightings and, for System banks only, require additional public disclosures. The revisions to the risk weightings of exposures would include alternatives to the use of credit ratings, as required by the Dodd-Frank Act. The proposed effective date is January 1, 2016.

The public comment period for the proposed capital rule ended on February 16, 2015. While uncertainty exists as to the final form of the proposed rule, based on our preliminary assessment, we do not believe the new rule will impose any significant constraints on our business strategies or growth prospects.

Interest Rate Risk Management

Interest rate risk is primarily managed by adjusting the Bank's mix of interest-sensitive assets and liabilities through various strategies and through the utilization of interest rate risk management products, including interest rate swaps and other financial instruments (derivatives). We do not use derivatives for speculative or trading purposes. Derivatives are recorded at fair value as assets or liabilities on our consolidated balance sheets. Changes in the fair value of these derivatives are accounted for as gains or losses through current period earnings or as a component of accumulated other comprehensive income (loss), depending on the use of the derivatives and whether they qualify for hedge accounting treatment. Net changes in the fair value of derivatives and hedged items recorded in the consolidated statements of income totaled gains of $2.4 million and $3.4 million in the first three months of 2015 and 2014, respectively. Changes in the fair value of derivatives recorded in other comprehensive income (loss) totaled losses of $2.8 million and $15.3 million in the first three months of 2015 and 2014, respectively.

Business Outlook

Notwithstanding our strong financial performance in the first quarter of 2015, we face market conditions that could make the lending and earnings environment less favorable for CoBank in the future. Growth in the U.S. economy remains modest and the global markets are volatile, particularly given heightened geopolitical risks. Long-term interest rates remain low by historical standards and continue to negatively impact the returns on invested capital and investment securities. Monetary policy changes by the Federal Reserve and the diverging policies of other central banks around the world create further uncertainty regarding interest rates and asset valuations. Greater liquidity in debt funding markets and a renewed focus by banks on commercial lending has intensified competition across most of the industries we serve. Grain commodity prices are returning to historical levels which are significantly lower than they have been in the past few years and are subject to volatility driven by weather conditions and many other factors. Customers in many of the industries we serve are impacted by unpredictable commodity prices and agricultural yields, fluctuations in the value of the U.S. dollar, weather and ongoing political and regulatory uncertainty. Many of our energy customers are impacted by slow growth in demand in most parts of the country, price volatility of various fuel sources, emerging regulation of carbon emissions and increasing renewable energy and distributed generation sources. Rapidly changing technology and customer demands create uncertainty in the communications industry. These challenges could reduce the credit quality and/or influence the level of loan demand in certain sectors of our loan portfolio.

We continue to focus on delivering the credit and financial services our customers need to thrive and grow, enhancing our enterprise risk management capabilities to help us manage through periods of volatility and maintaining our financial strength. We believe that our strong capital, liquidity and earnings will continue to provide the capacity to serve customers in all market conditions and to effectively lower the net cost of borrowing for our customers through consistent and reliable patronage payments. We will continue our disciplined approach to managing risk and will closely monitor asset quality. We will also continue to maintain prudent expense discipline. Nevertheless, we will make the necessary investments in people, processes, systems and activities to strengthen our value proposition, to meet the needs of our customers by enhancing the delivery platforms for our products, and to better fulfill our mission in rural America.

Under the guidance of our Board of Directors and through the focus of a proven executive management team, we expect to achieve continued success by creating mutually beneficial partnerships with other System institutions, increasing market share, maintaining effective access to the agency debt capital markets, educating policy makers and other key stakeholders of the critical mission of the Farm Credit System, optimizing current lending authorities and seeking strategic alliances with financial service providers and other organizations.

Forward-Looking Statements

Certain of the statements contained in this quarterly report that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Our actual results may differ materially from those included in the forward-looking statements that relate to our plans, projections, expectations and intentions. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "estimate," "plan," "project," "may," "will," "should," "would," "could" or similar expressions. Although we believe that the information expressed or implied in such forward-looking statements is reasonable, we can give no assurance that such projections and expectations will be realized or the extent to which a particular plan, projection or expectation may be realized. These forward-looking statements are based on current knowledge and are subject to various risks and uncertainties, including, but not limited to:

- Changes that negatively impact the agricultural, energy, communications, water and leasing industries;
- The level of interest rates and relationships between various interest rate indices and actions taken by the Federal Reserve to manage the monetary policy of the United States;
- Currency fluctuations that impact the value of the U.S. dollar in global markets;
- Weak U.S. economic conditions;
- Adverse food safety and weather events, disease, and other unfavorable conditions that periodically occur and impact agricultural productivity and income;
- Changes in levels of global crop production, exports, usage and inventories;
- Credit performance of the loan portfolio;
- Performance of underlying collateral, including farmland values;
- Loan portfolio growth and seasonal factors;
- Weaknesses in other developed and emerging economies;
- Government policies and political developments in the United States and other countries in which we do business;
- Geopolitical uncertainties that may impact the industries we lend to, or, economic, fiscal or monetary conditions;
- Changes in the U.S. government's support of the Farm Credit System, the agricultural industry, agricultural exports and rural economies;
- Legislative or regulatory actions that affect current and ongoing operations of the banking, financial services, agricultural, energy, communications, water and leasing industries;
- Legislative or regulatory actions that affect our relationships with our employees;
- Regulatory actions, including amendments to, and interpretations of, risk-based capital guidelines;
- Actions taken by the U.S. Congress relative to Government Sponsored Enterprises (GSEs), including the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal Agricultural Mortgage Corporation (Farmer Mac);
- Actions taken by the U.S. government to manage U.S. fiscal policy, including tax reform;
- A decrease in the credit outlook or ratings of U.S. government debt and agency debt, including Systemwide Debt Securities;
- Cybersecurity risks, including a failure or breach of our operational or security systems or infrastructure, that could adversely affect our business, financial performance and reputation;
- Changes in assumptions underlying the valuations of financial instruments;
- Changes in the bases for our estimates underlying the allowance for credit losses;

- Failure of our investment portfolio to perform as expected or deterioration in the credit quality of such investments;
- The resolution of legal proceedings and related matters;
- Environmental-related conditions or laws impacting our lending activities;
- Nonperformance by counterparties under our derivative contracts; and
- Our ability to continue to partner with various System entities in light of ongoing consolidation within the System and the industries we serve.

We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Condensed Consolidated Statements of Income
CoBank, ACB

($ in Thousands) (Unaudited)

	For the Three Months Ended March 31,	
	2015	2014
Interest Income		
Loans	$ 448,561	$ 433,023
Investment Securities	86,332	86,794
Total Interest Income	534,893	519,817
Interest Expense	219,608	210,851
Net Interest Income	315,285	308,966
Provision for Loan Losses	10,000	-
Net Interest Income After Provision for Loan Losses	305,285	308,966
Noninterest Income/Expense		
Net Fee Income	26,549	23,727
Prepayment Income	13,778	5,115
Losses on Early Extinguishments of Debt	(7,104)	(6,843)
Other, Net	13,753	16,269
Total Noninterest Income	46,976	38,268
Operating Expenses		
Employee Compensation	35,729	36,220
Insurance Fund Premium	14,644	12,790
Information Services	5,336	4,309
General and Administrative	4,435	3,390
Occupancy and Equipment	2,099	2,075
Farm Credit System Related	3,592	3,866
Purchased Services	3,256	2,648
Other	5,610	4,398
Total Operating Expenses	74,701	69,696
Income Before Income Taxes	277,560	277,538
Provision for Income Taxes	45,334	46,267
Net Income	$ 232,226	$ 231,271

The accompanying notes are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income
CoBank, ACB

($ in Thousands) (Unaudited)

	For the Three Months Ended March 31,	
	2015	2014
Net Income	$ 232,226	$ 231,271
Other Comprehensive Income (Loss), Net of Tax:		
Net Change in Unrealized Losses/Gains on Investment Securities Not Other-Than-Temporarily Impaired	94,846	(9,165)
Net Change in Unrealized Losses/Gains on Other-Than-Temporarily Impaired Investment Securities	1,117	48,798
Net Change in Unrealized Losses/Gains on Interest Rate Swaps and Other Financial Instruments	(1,496)	(13,111)
Net Pension Adjustment	1,154	(538)
Other Comprehensive Income	95,621	25,984
Comprehensive Income	$ 327,847	$ 257,255

The accompanying notes are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Balance Sheets
CoBank, ACB

($ in Thousands)

	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Total Loans	$ 80,669,122	$ 80,382,497
Less: Allowance for Loan Losses	490,391	481,156
Net Loans	80,178,731	79,901,341
Cash	733,249	1,855,634
Investment Securities	23,345,046	24,319,943
Interest Rate Swaps and Other Financial Instruments	467,988	455,656
Accrued Interest Receivable and Other Assets	809,172	895,827
Total Assets	$ 105,534,186	$ 107,428,401
Liabilities		
Bonds and Notes	$ 95,833,763	$ 97,580,306
Subordinated Debt	904,685	904,685
Interest Rate Swaps and Other Financial Instruments	137,436	111,620
Reserve for Unfunded Commitments	116,750	115,680
Accrued Interest Payable and Other Liabilities	993,059	1,346,447
Total Liabilities	$ 97,985,693	$ 100,058,738
Commitments and Contingent Liabilities (Note 9)		
Shareholders' Equity		
Preferred Stock	1,125,000	1,125,000
Common Stock	2,760,246	2,768,546
Unallocated Retained Earnings	3,573,888	3,482,379
Accumulated Other Comprehensive Income (Loss)	89,359	(6,262)
Total Shareholders' Equity	$ 7,548,493	$ 7,369,663
Total Liabilities and Shareholders' Equity	$ 105,534,186	$ 107,428,401

The accompanying notes are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows
CoBank, ACB

($ in Thousands) (Unaudited)

For the Three Months Ended March 31,	2015	2014
Cash Flows Provided by Operating Activities		
Net Income	$ 232,226	$ 231,271
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Provision for Loan Losses	10,000	-
Deferred Income Taxes	(818)	10,434
Depreciation and Amortization/Accretion, Net	17,442	22,345
Net Gains on Sales of Investment Securities	-	(4,198)
Decrease in Accrued Interest Receivable and Other Assets	91,689	45,251
Decrease in Accrued Interest Payable and Other Liabilities	(101,979)	(97,310)
Net Losses (Gains) on Interest Rate Swaps and Other Financial Instruments	144	(1,345)
Proceeds from Termination of Interest Rate Swaps	4,358	-
Purchase of Interest Rate Caps	-	(5,146)
Other	(1,060)	(916)
Net Cash Provided by Operating Activities	252,002	200,386
Cash Flows Provided by (Used in) Investing Activities		
Net Increase in Loans	(299,670)	(3,916,697)
Net Decrease (Increase) in Investment Securities	1,087,430	(999,993)
Net Cash Provided by (Used in) Investing Activities	787,760	(4,916,690)
Cash Flows (Used in) Provided by Financing Activities		
Net (Retirements) Issuances of Bonds and Notes	(1,741,254)	4,333,442
Net Retirements of Common Stock	(32,454)	(33,325)
Cash Patronage Distribution Paid	(376,464)	(346,193)
Preferred Stock Dividends Paid	(11,931)	(13,891)
Other	(44)	13
Net Cash (Used in) Provided by Financing Activities	(2,162,147)	3,940,046
Net Decrease in Cash	(1,122,385)	(776,258)
Cash at Beginning of Period	1,855,634	1,335,024
Cash at End of Period	$ 733,249	$ 558,766
Supplemental Disclosures:		
Schedule of Noncash Investing and Financing Activities		
Net Change in Accrued Securities Purchases	$ -	$ 26,202
Net Change in Unrealized Gains on Investment Securities, Before Taxes	119,699	44,205
Net Change in Unrealized Losses on Interest Rate Swaps, Other Financial Instruments and Hedged Items, Before Taxes	(2,793)	(15,265)
Patronage in Common Stock	24,153	23,283

The accompanying notes are an integral part of the condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Shareholders' Equity
CoBank, ACB

($ in Thousands) (Unaudited)

For the Three Months Ended March 31,	2015	2014
Balance at Beginning of Period	$ 7,369,663	$ 6,704,616
Comprehensive Income	327,847	257,255
Preferred Stock:		
Dividends	(14,767)	(13,872)
Common Stock:		
Issuances	23	20
Redemptions	(32,477)	(33,345)
Cash Patronage Accrued	(101,752)	(97,373)
Other	(44)	13
Balance at End of Period	$ 7,548,493	$ 6,817,314

The accompanying notes are an integral part of the condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

CoBank, ACB

(Unaudited) ($ in Thousands, Except Share and Per Share Amounts and as Noted)

Note 1 – Organization, Lending Authority and Significant Accounting Policies

The accompanying condensed consolidated financial statements include the accounts of CoBank, ACB and its wholly-owned subsidiaries, CoBank, FCB and Farm Credit Leasing Services Corporation (FCL), collectively hereinafter referred to as CoBank or the Bank. All material inter-company accounts and transactions have been eliminated. In our opinion, all adjustments considered necessary for a fair presentation of the interim financial condition, results of operations and cash flows have been made. These adjustments are of a normal recurring nature, unless otherwise disclosed. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted.

CoBank is a member of the Farm Credit System (System). We provide loans, leases and other financial services to 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.

These unaudited quarterly condensed consolidated financial statements should be read in conjunction with the 2014 Annual Report, which includes a description of our organization and lending authority. Also included in the 2014 Annual Report is a summary of significant accounting policies. These quarterly condensed consolidated financial statements have been prepared in accordance with these same accounting policies.

CoBank is the funding bank for certain System Associations, which are collectively referred to as our "affiliated Associations." The accompanying condensed consolidated financial statements exclude financial information of our affiliated Associations. CoBank and our affiliated Associations are collectively referred to as the "District." We separately publish certain unaudited combined financial information of the District, including a condensed statement of condition and statement of income, which can be found on our website at www.cobank.com. Such information is not incorporated by reference into, and should not be considered part of, this quarterly report. Additional information about our affiliated Associations and District financial information is contained in Note 11 to these condensed consolidated financial statements.

Copies of CoBank's financial reports are available on request by calling or visiting one of our banking center locations and through our website at www.cobank.com. Copies of financial reports of our affiliated Associations and the System are available on their respective websites.

We have evaluated subsequent events through May 8, 2015, which is the date the financial statements were issued.

Note 2 – Recently Issued or Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance entitled "Revenue from Contracts with Customers." The guidance governs revenue recognition from contracts with customers and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Financial instruments and other contractual rights within the scope of other guidance issued by the FASB are excluded from the scope of this new revenue recognition guidance. As such, a majority of our contracts would be excluded from the scope of this new guidance. The guidance becomes effective for the first interim reporting period within the annual reporting periods after December 15, 2016. We are in the process of reviewing the guidance to determine the effect, if any, on our consolidated financial position, results of operations or cash flows.

In April 2015, the FASB issued guidance entitled "Simplifying the Presentation of Debt Issuance Costs." The guidance requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. For public business entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted. We anticipate the adoption of this standard will have a minor impact on our balance sheet presentation, but will not impact our results of operations or overall financial condition.

Note 3 – Loans, Loan Quality and Allowance for Credit Losses

Loans Outstanding

Loans outstanding by operating segment are shown below.

($ in Millions)

	March 31, 2015	December 31, 2014
Agribusiness	$ 24,994	$ 24,359
Strategic Relationships	38,831	39,919
Rural Infrastructure	16,844	16,104
Total	$ 80,669	$ 80,382

Allowance for Credit Losses

The following tables present the changes in the components of our allowance for credit losses and details of ending balances. The allowance for credit losses includes the allowance for loan losses and the reserve for unfunded commitments. The elements of our allowance for credit losses are presented by operating segment.

	Agribusiness	Strategic Relationships[1]	Rural Infrastructure	Total
March 31, 2015				
Allowance for Loan Losses				
Beginning Balance at January 1, 2015	$ 329,633	$ -	$ 151,523	$ 481,156
Charge-offs	(380)	-	-	(380)
Recoveries	625	-	60	685
Provision for Loan Losses	8,000	-	2,000	10,000
Transfers (to) from Reserve for Unfunded Commitments[2]	411	-	(1,481)	(1,070)
Ending Balance at March 31, 2015	338,289	-	152,102	490,391
Reserve for Unfunded Commitments				
Beginning Balance at January 1, 2015	104,672	-	11,008	115,680
Transfers from (to) Allowance for Loan Losses[2]	(411)	-	1,481	1,070
Ending Balance at March 31, 2015	104,261	-	12,489	116,750
Allowance for Credit Losses	$ 442,550	$ -	$ 164,591	$ 607,141
Allowance for Credit Losses				
Ending Balance, Allowance for Credit Losses Related to Loans:				
Individually Evaluated for Impairment	$ 15,495	$ -	$ 17,391	$ 32,886
Collectively Evaluated for Impairment	427,055	-	147,200	574,255
Total	$ 442,550	$ -	$ 164,591	$ 607,141
Loans				
Ending Balance for Loans and Related Accrued Interest:				
Individually Evaluated for Impairment	$ 51,599	$ 38,899,799	$ 74,511	$ 39,025,909
Collectively Evaluated for Impairment	25,008,248	-	16,838,146	41,846,394
Total	$ 25,059,847	$ 38,899,799	$ 16,912,657	$ 80,872,303

[1] As a result of a strong collateral position with respect to loans to Associations, along with the earnings, capital and loss reserves of Associations that serve as an additional layer of protection against losses, no allowance for credit losses is recorded in our Strategic Relationships operating segment.

[2] These transfers generally occur as a result of advances on or repayments of seasonal lines of credit or other loans.

	Agribusiness	Strategic Relationships[1]	Rural Infrastructure	Total
March 31, 2014				
Allowance for Loan Losses				
Beginning Balance at January 1, 2014	$ 284,967	$ -	$ 162,159	$ 447,126
Charge-offs	-	-	(1,587)	(1,587)
Recoveries	1,297	-	462	1,759
Provision for Loan Losses	-	-	-	-
Transfers from (to) Reserve for Unfunded Commitments[2]	15,583	-	4,074	19,657
Ending Balance at March 31, 2014	301,847	-	165,108	466,955
Reserve for Unfunded Commitments				
Beginning Balance at January 1, 2014	111,897	-	55,695	167,592
Transfers (to) from Allowance for Loan Losses[2]	(15,583)	-	(4,074)	(19,657)
Ending Balance at March 31, 2014	96,314	-	51,621	147,935
Allowance for Credit Losses	$ 398,161	$ -	$ 216,729	$ 614,890
Allowance for Credit Losses				
Ending Balance, Allowance for Credit Losses Related to Loans:				
Individually Evaluated for Impairment	$ 14,000	$ -	$ 21,200	$ 35,200
Collectively Evaluated for Impairment	384,161	-	195,529	579,690
Total	$ 398,161	$ -	$ 216,729	$ 614,890
Loans				
Ending Balance for Loans and Related Accrued Interest:				
Individually Evaluated for Impairment	$ 69,733	$ 37,245,980	$ 80,354	$ 37,396,067
Collectively Evaluated for Impairment	25,482,485	-	14,847,873	40,330,358
Total	$ 25,552,218	$ 37,245,980	$ 14,928,227	$ 77,726,425

[1] As a result of a strong collateral position with respect to loans to Associations, along with the earnings, capital and loss reserves of Associations that serve as an additional layer of protection against losses, no allowance for credit losses is recorded in our Strategic Relationships operating segment.

[2] These transfers generally occur as a result of advances on or repayments of seasonal lines of credit or other loans.

The information in the tables under the Credit Quality, Aging Analysis and Impaired Loans captions is presented by operating segment, with guaranteed and non-guaranteed loans in our Agribusiness segment separately identified.

Credit Quality

The following table presents our loans and related accrued interest, classified by management pursuant to our regulator's Uniform Loan Classification System.

March 31, 2015	Agribusiness Non-Guaranteed	Agribusiness Guaranteed	Strategic Relationships	Rural Infrastructure	Total
Acceptable	$ 22,280,656	$ 1,716,495	$ 38,080,079	$ 16,546,912	$ 78,624,142
Special Mention	644,646	-	-	177,071	821,717
Substandard	416,455	-	819,720 (1)	160,551	1,396,726
Doubtful	1,595	-	-	28,123	29,718
Loss	-	-	-	-	-
Total	$ 23,343,352	$ 1,716,495	$ 38,899,799	$ 16,912,657	$ 80,872,303
December 31, 2014					
Acceptable	$ 21,593,972	$ 1,827,260	$ 39,123,062	$ 15,796,112	$ 78,340,406
Special Mention	614,017	-	-	163,413	777,430
Substandard	379,622	-	891,325 (1)	180,848	1,451,795
Doubtful	1,595	-	-	29,173	30,768
Loss	-	-	-	-	-
Total	$ 22,589,206	$ 1,827,260	$ 40,014,387	$ 16,169,546	$ 80,600,399

(1) Represents the total wholesale loan balance to an affiliated Association who experienced a sudden significant increase in delinquencies in a discrete portion of its retail loan portfolio during 2014. Accordingly, this loan has been downgraded to Substandard.

Aging Analysis

The following table presents an aging of past due loans and related accrued interest.

March 31, 2015	Agribusiness Non-Guaranteed	Agribusiness Guaranteed	Strategic Relationships	Rural Infrastructure	Total
30-89 Days Past Due	$ 23,733	$ -	$ -	$ -	$ 23,733
90 Days Past Due	3,375	-	-	21,791	25,166
Total Past Due	$ 27,108	$ -	$ -	$ 21,791	$ 48,899
Current	23,316,244	1,716,495	38,899,799	16,890,866	80,823,404
Total	$ 23,343,352	$ 1,716,495	$ 38,899,799	$ 16,912,657	$ 80,872,303
Accruing Loans 90 Days or More Past Due	$ 277	$ -	$ -	$ -	$ 277
December 31, 2014					
30-89 Days Past Due	$ 14,459	$ -	$ -	$ -	$ 14,459
90 Days Past Due	3,016	-	-	22,176	25,192
Total Past Due	$ 17,475	$ -	$ -	$ 22,176	$ 39,651
Current	22,571,731	1,827,260	40,014,387	16,147,370	80,560,748
Total	$ 22,589,206	$ 1,827,260	$ 40,014,387	$ 16,169,546	$ 80,600,399
Accruing Loans 90 Days or More Past Due	$ 239	$ -	$ -	$ -	$ 239

Impaired Loans

Impaired loan information is shown in the following table. Loans past due 90 days or more and still accruing interest are adequately secured and in the process of collection.

March 31, 2015	Agribusiness Non-Guaranteed	Agribusiness Guaranteed[1]	Strategic Relationships[1]	Rural Infrastructure	Total
Nonaccrual Loans[2]	$ 51,599	$ -	$ -	$ 74,511	$ 126,110
Accruing Loans 90 Days or More Past Due	277	-	-	-	277
Restructured Loans	-	-	-	-	-
Total Impaired Loans	$ 51,876	$ -	$ -	$ 74,511	$ 126,387
December 31, 2014					
Nonaccrual Loans[2]	$ 48,904	$ -	$ -	$ 81,436	$ 130,340
Accruing Loans 90 Days or More Past Due	239	-	-	-	239
Restructured Loans	-	-	-	-	-
Total Impaired Loans	$ 49,143	$ -	$ -	$ 81,436	$ 130,579

[1] There were no impaired loans in our Agribusiness Guaranteed or Strategic Relationships portfolios for any of the periods presented.

[2] Included in nonaccrual loans at March 31, 2015 and December 31, 2014 are $61.8 million and $61.9 million, respectively, of loans that qualify as troubled debt restructurings.

The following tables present information on impaired loans and related amounts in the allowance for loan losses.

March 31, 2015	Agribusiness Non-Guaranteed	Agribusiness Guaranteed[1]	Strategic Relationships[1]	Rural Infrastructure	Total
Impaired Loans With No Related Allowance for Loan Losses					
Carrying Amount	$ 16,555	$ -	$ -	$ 46,363	$ 62,918
Unpaid Principal	23,633	-	-	54,394	78,027
Average Balance	14,362	-	-	50,181	64,543
Interest Income Recognized	430	-	-	789	1,219
Impaired Loans With Related Allowance for Loan Losses					
Carrying Amount	35,321	-	-	28,148	63,469
Unpaid Principal	42,375	-	-	34,163	76,538
Allowance for Loan Losses	13,895	-	-	17,391	31,286
Average Balance	34,936	-	-	28,244	63,180
Interest Income Recognized	-	-	-	-	-
Total Impaired Loans					
Carrying Amount	51,876	-	-	74,511	126,387
Unpaid Principal	66,008	-	-	88,557	154,565
Allowance for Loan Losses	13,895	-	-	17,391	31,286
Average Balance	49,298	-	-	78,425	127,723
Interest Income Recognized	430	-	-	789	1,219

[1] There were no impaired loans in our Agribusiness Guaranteed or Strategic Relationships portfolios for any of the periods presented.

December 31, 2014	Agribusiness Non-Guaranteed	Agribusiness Guaranteed[1]	Strategic Relationships[1]	Rural Infrastructure	Total
Impaired Loans With No Related Allowance for Loan Losses					
Carrying Amount	$ 14,080	$ -	$ -	$ 47,064	$ 61,144
Unpaid Principal	21,267	-	-	54,397	75,664
Average Balance	16,019	-	-	48,725	64,744
Interest Income Recognized	3,956	-	-	2,317	6,273
Impaired Loans With Related Allowance for Loan Losses					
Carrying Amount	35,063	-	-	34,372	69,435
Unpaid Principal	41,704	-	-	40,740	82,444
Allowance for Loan Losses	13,100	-	-	18,462	31,562
Average Balance	25,976	-	-	24,703	50,679
Interest Income Recognized	-	-	-	-	-
Total Impaired Loans					
Carrying Amount	49,143	-	-	81,436	130,579
Unpaid Principal	62,971	-	-	95,137	158,108
Allowance for Loan Losses	13,100	-	-	18,462	31,562
Average Balance	41,995	-	-	73,428	115,423
Interest Income Recognized	3,956	-	-	2,317	6,273

[1] There were no impaired loans in our Agribusiness Guaranteed or Strategic Relationships portfolios for any of the periods presented.

Commitments on Impaired Loans

There were $22.4 million in commitments available to be drawn by borrowers whose loans were classified as impaired at March 31, 2015.

Troubled Debt Restructurings

Troubled debt restructurings (TDRs) are loans in which we have granted a concession because the borrower is experiencing financial difficulty. Concessions may include payment deferrals, term extensions and/or interest rate reductions. As of March 31, 2015, all TDRs are classified as nonaccrual loans. TDRs classified as nonaccrual loans, along with other impaired loans, may be returned to accruing status upon meeting specific criteria, as more fully described in our 2014 Annual Report. During the three months ended March 31, 2015 and 2014, respectively, there were no modifications that qualified as TDRs. Included in nonaccrual loans at March 31, 2015 and December 31, 2014 are $61.8 million and $61.9 million, respectively, of existing loans that qualify as troubled debt restructurings.

Note 4 – Investment Securities

A summary of the amortized cost and fair value of investment securities available-for-sale is as follows:

($ in Millions)

March 31, 2015	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury Debt	$ 6,749	$ 84	$ -	$ 6,833
U.S. Agency Debt	5,687	84	(8)	5,763
Residential Mortgage-Backed Securities (MBS):				
Ginnie Mae	1,333	10	-	1,343
U.S. Agency	7,397	77	(41)	7,433
FHA/VA Non-Wrapped Reperformer	393	2	(16)	379
Non-Agency	142	15	(1)	156
Commercial MBS:				
U.S. Agency	1,053	2	-	1,055
Agricultural MBS:				
Farmer Mac	145	-	(3)	142
Asset-Backed	66	29	(1)	94
Corporate Bonds	145	2	-	147
Total	$ 23,110	$ 305	$ (70)	$ 23,345

($ in Millions)

December 31, 2014	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury Debt	$ 7,587	$ 39	$ (1)	$ 7,625
U.S. Agency Debt	5,649	61	(30)	5,680
Residential MBS:				
Ginnie Mae	1,460	12	-	1,472
U.S. Agency	7,581	67	(61)	7,587
FHA/VA Non-Wrapped Reperformer	403	2	(14)	391
Non-Agency	149	18	(1)	166
Commercial MBS:				
U.S. Agency	1,007	1	(1)	1,007
Agricultural MBS:				
Farmer Mac	153	-	(3)	150
Asset-Backed	71	26	(1)	96
Corporate Bonds	145	1	-	146
Total	$ 24,205	$ 227	$ (112)	$ 24,320

A summary of the contractual maturity, amortized cost, fair value and weighted average yield of investment securities by type at March 31, 2015 is as follows:

($ in Millions)

	Contractual Maturity				
March 31, 2015	In One Year or Less	One to Five Years	Five to Ten Years	After Ten Years	Total
U.S. Treasury Debt Securities					
Amortized Cost	$ 3,414	$ 1,426	$ 1,909	$ -	$ 6,749
Fair Value	3,416	1,453	1,964	-	6,833
Weighted Average Yield	0.24 %	1.59 %	2.10 %	- %	1.05 %
U.S. Agency Debt Securities					
Amortized Cost	$ -	$ 3,658	$ 1,731	$ 298	$ 5,687
Fair Value	-	3,730	1,735	298	5,763
Weighted Average Yield	- %	1.60 %	1.28 %	0.57 %	1.45 %
Ginnie Mae Residential MBS					
Amortized Cost	$ -	$ -	$ 22	$ 1,311	$ 1,333
Fair Value	-	-	23	1,320	1,343
Weighted Average Yield	- %	- %	3.25 %	1.28 %	1.31 %
U.S. Agency Residential MBS					
Amortized Cost	$ -	$ 43	$ 41	$ 7,313	$ 7,397
Fair Value	-	43	41	7,349	7,433
Weighted Average Yield	- %	1.70 %	1.32 %	1.75 %	1.74 %
FHA/VA Non-Wrapped Reperformer Residential MBS					
Amortized Cost	$ -	$ -	$ -	$ 393	$ 393
Fair Value	-	-	-	379	379
Weighted Average Yield	- %	- %	- %	4.84 %	4.84 %
Non-Agency Residential MBS					
Amortized Cost	$ -	$ 4	$ -	$ 138	$ 142
Fair Value	-	4	-	152	156
Weighted Average Yield	- %	0.64 %	- %	5.40 %	5.26 %
U.S. Agency Commercial MBS					
Amortized Cost	$ -	$ 114	$ 939	$ -	$ 1,053
Fair Value	-	116	939	-	1,055
Weighted Average Yield	- %	1.65 %	0.49 %	- %	0.61 %
Farmer Mac Agricultural MBS					
Amortized Cost	$ -	$ -	$ -	$ 145	$ 145
Fair Value	-	-	-	142	142
Weighted Average Yield	- %	- %	- %	2.47 %	2.47 %
Asset-Backed Securities					
Amortized Cost	$ -	$ -	$ -	$ 66	$ 66
Fair Value	-	-	-	94	94
Weighted Average Yield	- %	- %	- %	12.10 %	12.10 %
Corporate Bonds					
Amortized Cost	$ 50	$ 95	$ -	$ -	$ 145
Fair Value	50	97	-	-	147
Weighted Average Yield	0.92 %	1.75 %	- %	- %	1.46 %
Total					
Amortized Cost	$ 3,464	$ 5,340	$ 4,642	$ 9,664	$ 23,110
Fair Value	3,466	5,443	4,702	9,734	23,345

While the substantial majority of our residential MBS and asset-backed securities (ABS) have contractual maturities in excess of 10 years, expected maturities for these securities are shorter than contractual maturities because borrowers have the right to call or prepay obligations with or without penalties.

The following table shows the fair value and gross unrealized losses for investments in a loss position aggregated by investment category, and the length of time the securities have been in a continuous unrealized loss position at March 31, 2015 and December 31, 2014. The continuous loss position is based on the date the impairment first occurred.

	Less Than 12 Months		Greater Than 12 Months	
($ in Millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2015				
U.S. Treasury Debt	$ 120	$ -	$ -	$ -
U.S. Agency Debt	475	(2)	753	(6)
Residential MBS:				
Ginnie Mae	43	-	80	-
U.S. Agency	516	(2)	2,246	(39)
FHA/VA Non-Wrapped Reperformer	50	-	215	(16)
Non-Agency	10	-	16	(1)
Commercial MBS:				
U.S. Agency	679	-	-	-
Agricultural MBS:				
Farmer Mac	-	-	142	(3)
Asset-Backed	-	-	8	(1)
Corporate Bonds	10	-	-	-
Total	$ 1,903	$ (4)	$ 3,460	$ (66)
December 31, 2014				
U.S. Treasury Debt	$ 495	$ (1)	$ -	$ -
U.S. Agency Debt	1,753	(4)	1,334	(26)
Residential MBS:				
Ginnie Mae	16	-	84	-
U.S. Agency	541	(2)	2,428	(59)
FHA/VA Non-Wrapped Reperformer	-	-	223	(14)
Non-Agency	7	-	18	(1)
Commercial MBS:				
U.S. Agency	640	(1)	-	-
Agricultural MBS:				
Farmer Mac	-	-	150	(3)
Asset-Backed	1	-	9	(1)
Corporate Bonds	10	-	20	-
Total	$ 3,463	$ (8)	$ 4,266	$ (104)

We do not intend to sell the securities in unrealized loss positions, nor is it likely that we will be required to sell such securities, for regulatory, liquidity or other purposes, before an anticipated recovery of our cost basis occurs.

Credit Losses on Impaired Investment Securities

The following table details the activity related to the credit loss component of investment securities that have been written down for other-than-temporary impairment.

Credit Losses on Impaired Investments		($ in Millions)
Balance at December 31, 2014	$	57
Additional Credit Impairments Related to Securities Previously Impaired		-
Initial Credit Impairments Related to Securities Not Previously Impaired		-
Sales of Investments with Credit Impairments		-
Subsequent Amortization (Accretion) for Increases in Cash Flows Expected to be Collected		-
Balance at March 31, 2015	$	57

For these impaired investment securities, we estimate the component of unrealized losses attributable to credit losses primarily using a third-party cash flow model. The model requires key assumptions related to underlying collateral, including the degree and timing of prepayments and defaults, and loss severity. Assumptions used are influenced by such factors as interest rates and the performance, type and age of collateral. For prepayment assumptions, we use the lower of the three- or six-month historical voluntary prepayment rate. Prepayment rates used ranged from zero to 16 percent (conditional prepayment rate) for impaired investment securities at March 31, 2015. We apply historical performance information to estimate future defaults using a default timing curve. Default rates ranged from 7 percent to 52 percent for impaired investment securities at March 31, 2015. Loss severity assumptions are based on 12-month historical severities. Loss severity ranged from 16 percent to 100 percent for impaired investment securities at March 31, 2015.

Acquired Investment Securities

We hold certain credit-impaired investment securities acquired in our 2012 merger with U.S AgBank, FCB. The carrying amount of these investment securities was $490.9 million and $509.9 million at March 31, 2015 and December 31, 2014, respectively. These investments are subject to the provisions of Accounting Standards Codification (ASC) 310-30, Accounting for Certain Loans or Debt Securities Acquired in a Transfer, pursuant to which the difference between contractually required payments and the cash flows expected to be collected at acquisition is considered a non-accretable amount. This difference is neither accreted into income nor recorded on our consolidated balance sheets.

Quarterly, we evaluate estimated cash flows expected to be collected from acquired credit-impaired investment securities. Increases in expected cash flows will generally result in an increase in interest income over the remaining life of the investment. Decreases in expected cash flows due to credit deterioration will generally result in other-than-temporary impairment charges recognized against earnings. During the first three months of 2015, we recorded no impairment losses related to our acquired credit-impaired investment securities.

The excess of cash flows expected to be collected over fair value is referred to as “accretable amounts” and is recognized in interest income over the remaining life of the investment using the effective yield method, with the majority being recognized in diminishing amounts in the first five years following the merger.

Changes in Accretable Amounts of Acquired Credit-Impaired Investment Securities	($ in Millions)			
		2015		2014
Balance at January 1	$	(133)	$	(165)
Interest Recognized in Earnings		7		9
Reclassifications from Nonaccretable Amount for Investments with Improvements in Expected Cash Flows		-		-
Total Other-Than-Temporary Impairment Losses Included in Earnings		-		-
Balance at March 31	$	(126)	$	(156)

Note 5 – Changes in Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the three months ended March 31, 2015 and 2014 are presented in the following tables.

Changes in Accumulated Other Comprehensive Income (Loss) by Component [1]

	Unrealized Gains/(Losses) On Investment Securities		Unrealized Gains/(Losses) on Interest Rate Swaps and Other Financial Instruments	Net Pension Adjustment	Total
	Non-OTTI	OTTI			
Balance at January 1, 2015	$ 72,859	$ 18,049	$ (33,460)	$ (63,710)	$ (6,262)
Other comprehensive income (loss) before reclassifications	94,846	1,117	(1,603)	-	94,360
Amounts reclassified from accumulated other comprehensive income (loss)	-	-	107	1,154	1,261
Net current-period other comprehensive income (loss)	94,846	1,117	(1,496)	1,154	95,621
Balance at March 31, 2015	$ 167,705	$ 19,166	$ (34,956)	$ (62,556)	$ 89,359

[1] Amounts are presented net of tax. Amounts reclassified shown in parentheses indicate a decrease in accumulated other comprehensive income or an increase in accumulated other comprehensive loss.

Changes in Accumulated Other Comprehensive Income (Loss) by Component [1]

	Unrealized Gains/(Losses) On Investment Securities		Unrealized Gains/(Losses) on Interest Rate Swaps and Other Financial Instruments	Net Pension Adjustment	Total
	Non-OTTI	OTTI			
Balance at January 1, 2014	$ 27,884	$ (31,646)	$ (2,246)	$ (32,537)	$ (38,545)
Other comprehensive income (loss) before reclassifications	(9,765)	53,003	(12,071)	(907)	30,260
Amounts reclassified from accumulated other comprehensive income (loss)	600	(4,205)	(1,040)	369	(4,276)
Net current-period other comprehensive income (loss)	(9,165)	48,798	(13,111)	(538)	25,984
Balance at March 31, 2014	$ 18,719	$ 17,152	$ (15,357)	$ (33,075)	$ (12,561)

[1] Amounts are presented net of tax. Amounts reclassified shown in parentheses indicate a decrease in accumulated other comprehensive income or an increase in accumulated other comprehensive loss.

The following tables present the effect of reclassifications from accumulated other comprehensive income (loss) to net income for the three-month periods ended March 31, 2015 and 2014.

Reclassifications from Accumulated Other Comprehensive Income (Loss)			
For the Three Months Ended March 31, 2015		Amount Reclassified from Accumulated Other Comprehensive Income (Loss)	Location of Gain/Loss Recognized in Income Statement
Unrealized gains (losses) on interest rate swaps and other financial instruments:			
Interest rate contracts	$	(465)	Interest Expense
Foreign exchange contracts		442	Interest Income
Tax effect		(84)	Provision for Income Taxes
Pension and other benefit plans:			
Net actuarial gain/loss		(1,712)	Operating Expenses - Employee Compensation
Prior service cost/credit		(149)	Operating Expenses - Employee Compensation
Tax effect		707	Provision for Income Taxes
Total reclassifications	$	(1,261)	
For the Three Months Ended March 31, 2014			
Unrealized gains (losses) on non-OTTI investment securities:			
Sales gains and losses	$	(707)	Noninterest Income - Other, Net
Holding gains and losses		-	Noninterest Income - Other, Net
Tax effect		107	Provision for Income Taxes
Unrealized gains (losses) on OTTI investment securities:			
Sales gains and losses		4,906	Noninterest Income - Other, Net
Holding gains and losses		-	Noninterest Income - Net OTTI Losses Included in Earnings
Tax effect		(701)	Provision for Income Taxes
Unrealized gains (losses) on interest rate swaps and other financial instruments:			
Interest rate contracts		(180)	Interest Expense
Foreign exchange contracts		1,905	Interest Income
Tax effect		(685)	Provision for Income Taxes
Pension and other benefit plans:			
Net actuarial gain/loss		(449)	Operating Expenses - Employee Compensation
Prior service cost/credit		(146)	Operating Expenses - Employee Compensation
Tax effect		226	Provision for Income Taxes
Total reclassifications	$	4,276	

Note 6 – Derivative Financial Instruments and Hedging Activities

Risk Management Objectives and Strategies

We maintain an overall interest rate risk management strategy that incorporates the use of derivative financial instruments to manage liquidity and to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. Our goal is to manage interest rate sensitivity by modifying the repricing frequency or effective maturity of certain balance sheet assets and liabilities. We also maintain a foreign exchange risk management strategy to reduce the impact of currency fluctuations on our relatively nominal amount of foreign currency-denominated loans. As a result of interest rate and foreign exchange rate fluctuations, fixed-rate assets and liabilities will appreciate or depreciate in market value. The effect of this unrealized appreciation or depreciation is expected to be substantially offset by gains and losses on the derivative instruments that are linked to these assets and liabilities. Interest rate and foreign exchange fluctuations also cause interest income and interest expense of variable-rate assets and liabilities to increase or decrease. The effect of this variability in earnings is expected to be substantially offset by gains and losses on the derivative instruments that are linked to these assets and liabilities.

Uses of Derivatives

To achieve risk management objectives and satisfy the financing needs of our borrowers, we execute various derivative transactions with other financial institutions. Derivatives (primarily interest rate swaps) are used to manage liquidity and the interest rate risk arising from maturity and repricing mismatches between assets and liabilities. Under interest rate swap arrangements, we agree with a third-party to exchange, at specified intervals, payment streams calculated on a specified notional amount, with at least one payment stream based on a specified floating-rate index. We use a variety of interest rate swaps including the exchange of floating-rate for fixed-rate swaps and fixed-rate for floating-rate swaps with payment obligations tied to specific indices. In addition, we execute foreign exchange spot and forward contracts to manage currency risk on loans denominated in foreign currencies. We also enter into derivatives for our customers as a service to enable them to transfer, modify or reduce their interest rate risk and foreign exchange risk by transferring such risk to us. We substantially offset this risk transference by concurrently entering into offsetting agreements with counterparties.

The notional amounts of derivatives at March 31, 2015 and related activity for the first quarter of 2015 are shown in the following table.

Activity in the Notional Amounts of Derivative Financial Instruments

($ in Millions)	Swaps	Caps	Spots and Forwards	Total
December 31, 2014	$ 19,755	$ 2,961	$ 208	$ 22,924
Additions /Accretion	3,269	4	551	3,824
Maturities /Amortization	(456)	(3)	(604)	(1,063)
Terminations	(370)	-	-	(370)
March 31, 2015	$ 22,198	$ 2,962	$ 155	$ 25,315

The notional amounts of derivatives at March 31, 2014 and related activity for the first three months of 2014 are shown in the following table.

Activity in the Notional Amounts of Derivative Financial Instruments				
($ in Millions)	Swaps	Caps	Spots and Forwards	Total
December 31, 2013	$ 21,982	$ 2,684	$ 279	$ 24,945
Additions /Accretion	542	37	1,139	1,718
Maturities /Amortization	(1,434)	(40)	(1,174)	(2,648)
Terminations	(84)	-	-	(84)
March 31, 2014	$ 21,006	$ 2,681	$ 244	$ 23,931

Accounting for Derivative Instruments and Hedging Activities

We record derivatives as assets or liabilities at their fair value on the consolidated balance sheets. We record changes in the fair value of a derivative in current period earnings or accumulated other comprehensive income (loss), depending on the use of the derivative and whether it qualifies for hedge accounting. For fair-value hedge transactions that hedge changes in the fair value of assets or liabilities, changes in the fair value of the derivative will generally be offset in the statement of comprehensive income by changes in the hedged item's fair value attributable to the risk being hedged. For cash-flow hedge transactions, in which we hedge the variability of future cash flows related to a variable-rate asset or liability, changes in the fair value of the derivative are reported in accumulated other comprehensive income (loss). The gains and losses on the derivatives that we report in accumulated other comprehensive income (loss) will be reclassified as earnings in the period in which earnings are affected by the variability of the cash flows of the hedged item. We record the ineffective portion of all hedges in current period earnings.

For our customer transactions, which are not designated as hedging instruments, we record the related changes in fair value in current period earnings. We substantially offset this risk transference by concurrently entering into offsetting agreements with counterparties, with the changes in fair value of these transactions also recorded in current period earnings.

Fair Value Hedges

The majority of the fair value hedging activity relates to entering into interest rate swaps primarily to convert our non-prepayable fixed-rate debt to floating-rate debt to achieve our liquidity management strategy. The amount converted depends on contractual interest rates and maturities. For the remaining fair value hedges, we enter into receive-fixed, pay-floating swaps to align our equity positioning strategy with our risk management strategy. For fair value hedges, the amount of hedge ineffectiveness is recognized as net interest income in current period earnings.

Cash Flow Hedges

We purchase interest rate caps primarily to hedge cap risk embedded within a portion of our floating-rate investment securities. The interest rate caps hedge floating-rate debt cash flows that fund the cash flows from floating-rate investment securities. If the strike rates in the purchased interest rate caps are exceeded, we receive cash flows on the derivative to hedge our floating-rate funding exposure above such strike levels. We also enter into foreign exchange spot and forward contracts to manage currency risk on loans denominated in foreign currencies. Typically, foreign currency contracts are purchased to fund the principal cash flows of the loan and simultaneously sold to lock in the principal and interest cash flows upon repricing or maturity date of the loan. For cash flow hedges, the amount of hedge ineffectiveness, the amount excluded from effectiveness assessment, and the amounts reclassified from accumulated other comprehensive income (loss) into current period earnings are all reflected in net interest income. At March 31, 2015, we expect that $2.8 million of expense will be reclassified from other comprehensive income into earnings in the next 12 months, based on the anticipated cash flows of existing financial instruments. The maximum term over which we are hedging our exposure to the variability of future cash flows for all forecasted transactions is approximately 19 years.

Derivatives Not Designated as Hedges

Derivative agreements with our customers and the related offsetting derivative agreements with counterparties are not designated as hedging instruments and do not receive hedge accounting treatment. Accordingly, any changes in the fair value of these customer related derivatives are recognized immediately as noninterest income/expense in current period earnings.

Counterparty Credit Risk

The use of derivatives for risk management introduces credit risk related to counterparties and market risk related to movements in interest rates. Generally, when the fair value of a derivative contract is positive, we are exposed to counterparty credit risk.

To minimize the risk of credit losses, all derivative transactions with swap dealers are governed by master swap agreements, which include bilateral collateral arrangements, requiring the Bank or our counterparties to post collateral on a daily basis with thresholds set at zero for all active counterparties. The master swap agreements also include netting agreements requiring the net settlement of covered contracts with the same counterparty in the event of default by the other party. The “net” mark-to-market exposure represents the netting of the positive and negative exposures with that counterparty. Notwithstanding these protections, we are exposed to intra-day credit risk with these counterparties. Derivative transactions with our customers are typically secured through our loan agreements.

We record derivative exposures and related cash collateral balances at gross amounts in our consolidated balance sheets. Pursuant to our master swap agreements, as of March 31, 2015, our counterparties had posted $191.0 million in cash and $39.9 million in securities as collateral with us. We estimate that the amount of losses related to derivatives we could be exposed to in the event of nonperformance by dealer counterparties to our derivative positions, net of collateral held by us, was $6.4 million at March 31, 2015.

Hedge Terminations

During the three months ended March 31, 2015, we terminated approximately $341.2 million in notional value of interest rate swaps for asset-liability management purposes. These swaps were accounted for as fair value hedges. We terminated interest rate swaps with customers and offsetting dealer counterparties totaling notional value of $29.1 million during the first quarter of 2015. Proceeds from the customer terminations were offset by payments for the offsetting dealer terminations.

A summary of the impact of derivative financial instruments on our condensed consolidated balance sheets as of March 31, 2015 and December 31, 2014 is shown in the following tables.

Fair Value of Derivative Financial Instruments

As of March 31, 2015	Fair Value of Derivative Assets[1]	Fair Value of Derivative Liabilities[2]
Derivatives Designated as Hedging Instruments		
Interest Rate Contracts	$ 286,841	$ 182
Foreign Exchange Contracts	4,152	69
Total Derivatives Designated as Hedging Instruments	$ 290,993	$ 251
Derivatives Not Designated as Hedging Instruments		
Interest Rate Contracts	$ 174,620	$ 134,529
Foreign Exchange Contracts	2,375	2,656
Total Derivatives Not Designated as Hedging Instruments	$ 176,995	$ 137,185
Total Derivatives	$ 467,988	$ 137,436

(1) These assets make up the "Interest Rate Swaps and Other Financial Instruments" assets in the condensed consolidated balance sheet at March 31, 2015.

(2) These liabilities make up the "Interest Rate Swaps and Other Financial Instruments" liabilities in the condensed consolidated balance sheet at March 31, 2015.

Fair Value of Derivative Financial Instruments

As of December 31, 2014	Fair Value of Derivative Assets[1]	Fair Value of Derivative Liabilities[2]
Derivatives Designated as Hedging Instruments		
Interest Rate Contracts	$ 303,669	$ 3,538
Foreign Exchange Contracts	3,692	9
Total Derivatives Designated as Hedging Instruments	$ 307,361	$ 3,547
Derivatives Not Designated as Hedging Instruments		
Interest Rate Contracts	$ 146,589	$ 106,281
Foreign Exchange Contracts	1,706	1,792
Total Derivatives Not Designated as Hedging Instruments	$ 148,295	$ 108,073
Total Derivatives	$ 455,656	$ 111,620

(1) These assets make up the "Interest Rate Swaps and Other Financial Instruments" assets in the condensed consolidated balance sheet at December 31, 2014.

(2) These liabilities make up the "Interest Rate Swaps and Other Financial Instruments" liabilities in the condensed consolidated balance sheet at December 31, 2014.

A summary of the impact of derivative financial instruments on our condensed consolidated statements of income and comprehensive income for the three months ended March 31, 2015 and 2014 is shown below.

Derivative Financial Instruments in Fair Value Hedging Relationships		
	Net Amount of Gain or (Loss) Recognized in Income on Derivatives and Hedged Items (1)	
Three Months Ended March 31,	2015	2014
Interest Rate Contracts	$ 735	$ 1,842
Total	$ 735	$ 1,842

(1) Located in Interest Expense in the condensed consolidated statements of income for the three months ended March 31, 2015 and 2014.

Derivative Financial Instruments in Cash Flow Hedging Relationships			
Three Months Ended March 31, 2015	Amount of Gain or (Loss) Recognized in Accumulated Other Comprehensive Income (Loss) on Derivatives(1)	Amount of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) to Income on Derivatives(1)	Amount of Gain or (Loss) Recognized in Income on Derivatives(2)
Interest Rate Contracts	$ (3,217)	$ (465) (3)	$ -
Foreign Exchange Contracts	402	442 (4) (5)	(54) (4)
Total	$ (2,815)	$ (23)	$ (54)

(1) Effective portion

(2) Ineffective portion and amount excluded from effectiveness assessment

(3) Located in Interest Expense in the condensed consolidated statement of income for the three months ended March 31, 2015

(4) Located in Interest Income – Loans in the condensed consolidated statement of income for the three months ended March 31, 2015

(5) Fully offset by a ($442) loss on foreign currency denominated loans (hedged items) which is also located in Interest Income - Loans in the condensed consolidated statement of income for the three months ended March 31, 2015

Derivative Financial Instruments in Cash Flow Hedging Relationships			
Three Months Ended March 31, 2014	Amount of Gain or (Loss) Recognized in Accumulated Other Comprehensive Income (Loss) on Derivatives[1]	Amount of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) to Income on Derivatives[1]	Amount of Gain or (Loss) Recognized in Income on Derivatives[2]
Interest Rate Contracts	$ (14,690)	$ (180) [3]	$ -
Foreign Exchange Contracts	1,150	1,905 [4] [5]	(180) [4]
Total	$ (13,540)	$ 1,725	$ (180)

(1) Effective portion

(2) Ineffective portion and amount excluded from effectiveness assessment

(3) Located in Interest Expense in the condensed consolidated statement of income for the three months ended March 31, 2014

(4) Located in Interest Income – Loans in the condensed consolidated statement of income for the three months ended March 31, 2014

(5) Fully offset by a ($1,905) loss on foreign currency denominated loans (hedged items) which is also located in Interest Income - Loans in the condensed consolidated statement of income for the three months ended March 31, 2014

Derivative Financial Instruments Not Designated as Hedging Relationships		
	Net Amount of Gain or (Loss) Recognized in Income On Derivatives[1]	
Three Months Ended March 31,	2015	2014
Interest Rate Contracts	$ 1,885	$ 1,572
Foreign Exchange Contracts	(177)	17
Total	$ 1,708	$ 1,589

(1) Located in Other Noninterest Income/Expense in the condensed consolidated statements of income for the three months ended March 31, 2015 and 2014

Asset/Liability Offsetting

As noted previously, derivative transactions with swap dealers include bilateral collateral and netting agreements that require the net settlement of covered contracts. Derivative transactions with customers are collateralized through loan agreements. Notwithstanding collateral and netting provisions, our derivative assets and liabilities are not offset in the accompanying condensed consolidated balance sheets. The amount of collateral received or pledged is calculated on a net basis, by counterparty.

The following table summarizes derivative assets and liabilities, related accrued interest and amounts of collateral exchanged pursuant to our agreements.

Offsetting of Financial and Derivative Instruments

	Gross Amounts of Assets/Liabilities Presented in the Condensed Consolidated Balance Sheets	Amounts Not Offset In the Condensed Consolidated Balance Sheets: Cash Collateral Received/ Pledged[1]	Amounts Not Offset In the Condensed Consolidated Balance Sheets: Investment Securities Received/Pledged as Collateral[1]	Net Amount
As of March 31, 2015				
Assets:				
Interest Rate Swaps and Other Financial Instruments:				
Dealer	$ 302,302	$ 190,993	$ 39,868	$ 71,441
Customer	165,686	-	-	165,686
Accrued Interest Receivable on Derivative Contracts	53,065	-	-	53,065
Liabilities:				
Interest Rate Swaps and Other Financial Instruments:				
Dealer	129,826	21,520	-	108,306
Customer	7,610	-	-	7,610
Accrued Interest Payable on Derivative Contracts	4,917	-	-	4,917
As of December 31, 2014				
Assets:				
Interest Rate Swaps and Other Financial Instruments:				
Dealer	$ 324,808	$ 238,560	$ 60,094	$ 26,154
Customer	130,848	-	-	130,848
Accrued Interest Receivable on Derivative Contracts	68,411	-	-	68,411
Liabilities:				
Interest Rate Swaps and Other Financial Instruments:				
Dealer	102,288	15,290	-	86,998
Customer	9,332	-	-	9,332
Accrued Interest Payable on Derivative Contracts	4,920	-	-	4,920

[1] Cash collateral received is recognized in the condensed consolidated balance sheets whereas investment securities received are not recognized in the condensed consolidated balance sheets as of March 31, 2015 and December 31, 2014, respectively.

Note 7 – Fair Value Measurements

The fair value of financial instruments represents the estimated amount to be received to sell an asset or paid to transfer or extinguish a liability (an exit price) in active markets among willing participants at the reporting date. The FASB has established a three-level fair value hierarchy aimed at maximizing the use of observable inputs – that is, inputs that reflect the assumptions market participants would use in pricing an asset or liability.

A description of the methods, assumptions and inputs to the valuation process used to determine or estimate the fair value of each class of financial instruments within the three-level hierarchy follows.

Level 1

Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Our Level 1 assets at March 31, 2015 consist of assets held in a trust fund related to deferred compensation and nonqualified retirement plans. The trust fund includes investments in securities that are actively traded and have quoted net asset value prices that are directly observable in the marketplace.

Level 2

Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices in markets that are not active; and inputs that are observable, or can be corroborated, for substantially the full term of the asset or liability. Our Level 2 assets and liabilities at March 31, 2015 include our derivative contracts, collateral balances related to derivative contracts, U.S. Treasury and agency debt investment securities, non-agency MBS, the substantial majority of agency MBS, and corporate bonds.

The fair value of our derivative financial instruments is the estimated amount to be received to sell a derivative asset or paid to transfer or extinguish a derivative liability in active markets among willing participants at the reporting date. Estimated fair value is determined through internal market valuation models. These models use an income approach and incorporate benchmark interest rate curves (primarily the USD LIBOR/swap curve), volatilities, counterparty credit quality and other inputs that are observable directly or indirectly in the marketplace. We compare internally calculated derivative valuations to broker/dealer quotes to substantiate the results. The fair value of collateral assets and liabilities related to derivative contracts is their face value, plus accrued interest, as these instruments are cash balances; therefore, fair value approximates face value.

The fair value of our investment securities classified as Level 2 is determined by a third-party pricing service that uses valuation models to estimate current market prices. Inputs and assumptions related to these models are typically observable in the marketplace. Such models incorporate prepayment assumptions and underlying collateral information to generate cash flows that are discounted using appropriate benchmark interest rate curves and volatilities. These third-party valuation models also incorporate information regarding non-binding broker/dealer quotes, available trade information, historical cash flows, credit ratings and other market information. Such valuations represent an estimated exit price, or price to be received by a seller in active markets to sell the investment securities to a willing participant. The estimated fair value of investment securities also appears in Note 4.

The following table presents information about valuation techniques and inputs to Level 2 fair value measurements.

Information About Valuation Techniques and Inputs to Level 2 Fair Value Measurements		
	Valuation Technique	Inputs
Investment Securities	Third-Party Pricing Service	Prepayment Rate
		Default Rate
		Loss Severity
		Benchmark Yield Curve
		Quoted Prices
Interest Rate Swaps and Other Financial Instruments	Discounted Cash Flow	Benchmark Yield Curve
		Counterparty Credit Risk
		Volatility
Collateral Assets and Collateral Liabilities	Carrying Value	Par/Principal Plus Accrued Interest

Level 3

Level 3 inputs are unobservable and supported by limited or no market activity. Our Level 3 assets at March 31, 2015 include our Farmer Mac MBS, FHA/VA non-wrapped reperformer MBS, ABS and a small portion of agency MBS. Based on the lack of active trading volume and an orderly market for these securities, we classified these securities as Level 3. Fair value for all Farmer Mac MBS is calculated internally using third-party models. Fair value for FHA/VA non-wrapped reperformer MBS is determined by taking the lower of the value calculated internally using third-party models and the value determined by a third-party pricing service. Fair value for the remaining investment securities classified as Level 3 is determined by a third-party pricing service that uses valuation models to estimate current market prices. Inputs into all of these valuation models include underlying collateral data and projected losses as well as information for prepayment speeds and discounting spreads. Due to the lack of marketplace information, the inputs into these valuation models primarily represent management assumptions, with some corroboration to market inputs where information is available.

Level 3 assets at March 31, 2015 also include $21.9 million of loans originally measured at cost, which were written down to fair value as a result of impairment. The valuation of these assets requires a determination of the fair value of the underlying collateral, which may include the use of independent appraisals or other market-based information to develop a management estimate of fair value. As a result, these fair value measurements fall under Level 3 in the fair value hierarchy; however, they are excluded from the ‘Assets and Liabilities Measured at Fair Value on a Recurring Basis’ tables on pages 44 and 45 because they are not measured on a recurring basis.

Our Level 3 liabilities at March 31, 2015 include standby letters of credit whose market value is internally calculated based on information that is not observable either directly or indirectly in the marketplace.

No transfers into or out of the three levels of assets occurred during the three months ended March 31, 2015 and 2014.

The following table presents quantitative information about Level 3 fair value measurements as of March 31, 2015.

Quantitative Information About Valuation Techniques and Unobservable Inputs to Level 3 Fair Value Measurements				
($ in Millions)	Fair Value	Valuation Technique	Unobservable Inputs	Range
Assets				
Investment Securities:				
U.S. Agency Mortgage-Backed	$ 56	Third-Party Pricing Service	Prepayment Rate	*
FHA/VA Non-Wrapped Reperformer Mortgage-Backed	379	Third-Party Pricing Service	Prepayment Rate	6-10 percent *
			Lifetime Default Rate	1-19 percent *
			Loss Severity	11-13 percent *
Farmer Mac Mortgage-Backed	142	Discounted Cash Flow	Prepayment Rate	8-11 percent
			Mark-to-Market Spread	1 percent
Asset-Backed	94	Third-Party Pricing Service	Prepayment Rate	*
			Lifetime Default Rate	*
			Loss Severity	*
Impaired Loans	22	Appraisal	Income/Expense Data	**
			Comparable Sales	**
			Replacement Cost	**
Liabilities				
Standby Letters of Credit	$ 9	Discounted Cash Flow	Mark-to-Market Spread	0.2-2 percent

* Excludes ranges which are determined by a third-party pricing service

** Range of inputs are unique to each collateral property

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the assets and liabilities that are measured at fair value on a recurring basis at March 31, 2015 and December 31, 2014 for each of the fair value hierarchy levels.

Assets and Liabilities Measured at Fair Value on a Recurring Basis				
March 31, 2015				
($ in Millions)	Level 1	Level 2	Level 3	Total
Assets				
Investment Securities:				
U.S. Treasury Debt	$ -	$ 6,833	$ -	$ 6,833
U.S. Agency Debt	-	5,763	-	5,763
Residential Mortgage-Backed:				
Ginnie Mae	-	1,343	-	1,343
U.S. Agency	-	7,377	56	7,433
FHA/VA Non-Wrapped Reperformer	-	-	379	379
Non-Agency	-	156	-	156
Commercial Mortgage-Backed:				
U.S. Agency	-	1,055	-	1,055
Agricultural Mortgage-Backed:				
Farmer Mac	-	-	142	142
Asset-Backed	-	-	94	94
Corporate Bonds	-	147	-	147
Interest Rate Swaps and Other Financial Instruments	-	468	-	468
Assets Held in Trust (included in Other Assets)	61	-	-	61
Collateral Assets (included in Other Assets)	-	22	-	22
Total Assets	$ 61	$ 23,164	$ 671	$ 23,896
Liabilities				
Interest Rate Swaps and Other Financial Instruments	$ -	$ 137	$ -	$ 137
Collateral Liabilities (included in Bonds and Notes)	-	191	-	191
Standby Letters of Credit (included in Other Liabilities)	-	-	9	9
Total Liabilities	$ -	$ 328	$ 9	$ 337

Assets and Liabilities Measured at Fair Value on a Recurring Basis

December 31, 2014

($ in Millions)	Level 1	Level 2	Level 3	Total
Assets				
Investment Securities:				
U.S. Treasury Debt	$ -	$ 7,625	$ -	$ 7,625
U.S. Agency Debt	-	5,680	-	5,680
Residential Mortgage-Backed:				
Ginnie Mae	-	1,472	-	1,472
U.S. Agency	-	7,530	57	7,587
FHA/VA Non-Wrapped Reperformer	-	-	391	391
Non-Agency	-	166	-	166
Commercial Mortgage-Backed:				
U.S. Agency	-	1,007	-	1,007
Agricultural Mortgage-Backed:				
Farmer Mac	-	-	150	150
Asset-Backed	-	3	93	96
Corporate Bonds	-	146	-	146
Interest Rate Swaps and Other Financial Instruments	-	456	-	456
Assets Held in Trust (included in Other Assets)	61	-	-	61
Collateral Assets (included in Other Assets)	-	15	-	15
Total Assets	$ 61	$ 24,100	$ 691	$ 24,852
Liabilities				
Interest Rate Swaps and Other Financial Instruments	$ -	$ 112	$ -	$ 112
Collateral Liabilities (included in Bonds and Notes)	-	239	-	239
Standby Letters of Credit (included in Other Liabilities)	-	-	9	9
Total Liabilities	$ -	$ 351	$ 9	$ 360

The following table presents the changes in Level 3 assets and liabilities measured at fair value on a recurring basis.

Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis

($ in Millions)	Agency Mortgage-Backed Securities	Farmer Mac Mortgage-Backed Securities	FHA/VA Non-Wrapped Reperformer Mortgage-Backed Securities	Asset-Backed Securities	Standby Letters of Credit
Balance at December 31, 2014	$ 57	$ 150	$ 391	$ 93	$ 9
Total Gains or Losses (Realized/Unrealized):					
Included in Other Comprehensive Income	-	-	(3)	3	-
Issuances	-	-	-	-	1
Settlements	(1)	(8)	(13)	(3)	(1)
Accretion	-	-	4	1	-
Balance at March 31, 2015	$ 56	$ 142	$ 379	$ 94	$ 9
Balance at December 31, 2013	$ 55	$ 179	$ 440	$ 106	$ 10
Total Gains or Losses (Realized/Unrealized):					
Included in Other Noninterest Expense	-	-	-	2	-
Included in Other Comprehensive Income	9	-	(2)	-	-
Sales	-	-	-	(7)	-
Issuances	-	-	-	-	2
Settlements	(3)	(9)	(15)	(3)	(2)
Accretion	-	-	5	1	-
Balance at March 31, 2014	$ 61	$ 170	$ 428	$ 99	$ 10

Estimated Fair Value of Certain Other Financial Instruments

The following table presents the estimated fair value of financial instruments that are recorded in the condensed consolidated balance sheets at cost, as well as certain off-balance sheet financial instruments, as of March 31, 2015 and December 31, 2014.

($ in Millions)

	March 31, 2015			December 31, 2014		
	Carrying Amount	Estimated Fair Value	Fair Value Hierarchy	Carrying Amount	Estimated Fair Value	Fair Value Hierarchy
Financial Assets:						
Net Loans	$ 80,179	$ 82,129	Level 3	$ 79,901	$ 81,416	Level 3
Financial Liabilities:						
Bonds and Notes	$ 95,834 [1]	$ 96,975 [1]	Level 3	$ 97,580 [2]	$ 98,367 [2]	Level 3
Subordinated Debt	905	926	Level 3	905	929	Level 3
Off-Balance Sheet Financial Instruments:						
Commitments to Extend Credit	$ -	$ (109)	Level 3	$ -	$ (114)	Level 3

[1] Includes $191 million in collateral liabilities carried at fair value as of March 31, 2015.

[2] Includes $239 million in collateral liabilities carried at fair value as of December 31, 2014.

Net Loans

Our loan portfolio includes fixed- and floating-rate loans. Since no active trading market exists for most of our loans, fair value is estimated by discounting the expected future cash flows using current interest rates at which similar loans would be made to borrowers with similar credit risk.

Bonds and Notes

Bonds and notes are not all traded in the secondary market and those that are traded may not have readily available quoted market prices. Therefore, the fair value of the instruments is estimated by calculating the discounted value of the expected future cash flows. The discount rates used are based on the sum of quoted market yields for the U.S. Treasury yield curve and an estimated yield-spread relationship between Farm Credit debt securities and U.S. Treasury securities. We estimate an appropriate yield-spread taking into consideration bank and security dealer yield indications, observed new government sponsored enterprise debt security pricing, and pricing levels in the related USD interest rate swap market.

Subordinated Debt

The fair value of subordinated debt is estimated based upon quotes obtained from a broker/dealer.

Commitments to Extend Credit

The fair value of commitments to extend credit is estimated by applying a risk-adjusted spread percentage to these obligations.

The following table presents information about valuation techniques and inputs to other fair value measurements.

Information About Valuation Techniques and Inputs to Other Fair Value Measurements

	Valuation Technique	Input
Net Loans	Discounted Cash Flow	Prepayment Rate
		Mark-to-Market Spread
		Benchmark Yield Curve
		Probability of Default
		Loss Given Default
Bonds and Notes	Discounted Cash Flow	Benchmark Yield Curve
		Farm Credit Spread
Subordinated Debt	Non-binding Broker/Dealer Quote	Price for Similar Security
Commitments to Extend Credit	Discounted Cash Flow	Mark-to-Market Spread

Note 8 – Employee Benefit Plans

We have employer-funded, qualified defined benefit pension plans, which are noncontributory and cover employees hired prior to January 1, 2007. We also have noncontributory, unfunded nonqualified supplemental executive retirement plans covering certain senior officers and specified other senior managers, as well as a noncontributory, unfunded nonqualified executive retirement plan designed to provide enhanced retirement benefits to two senior officers employed pursuant to employment agreements. We have a 401(k) retirement savings plan pursuant to which we match a certain percentage of employees' elective contributions. In addition, under this plan, employees hired on or after January 1, 2007 receive additional, non-elective employer defined contributions. For eligible senior managers, including our senior officers, we also have a nonqualified deferred compensation plan, which includes benefits not provided under the employee savings plan due to certain Internal Revenue Code limitations.

All retirement-eligible employees are also currently eligible for other postretirement benefits, which primarily include access to health care benefits. Substantially all participants pay the full premiums associated with these other postretirement health care benefits. Participant contributions are adjusted annually.

We contributed $0.7 million to our funded qualified defined benefit pension plans during the three months ended March 31, 2015, and anticipate that we will contribute approximately $3.1 million more to such plans during the remainder of 2015. We expect to contribute a total of $0.5 million, net of collected retiree premiums, to our other postretirement benefit plans in 2015. We contributed $0.3 million to our trust funds related to our nonqualified retirement plans during the three months ended March 31, 2015, and anticipate that we will contribute approximately $2.6 million more to such plans during the remainder of 2015. Our actual contributions could differ from the estimates noted above.

Note 9 – Commitments and Contingent Liabilities

Due to the often volatile seasonal borrowing requirements of our Agribusiness customers, which are impacted by changing commodity prices, farmer delivery patterns, weather and other factors, we provide a significant amount of revolving loan commitments. At March 31, 2015, commitments to extend credit and commercial letters of credit were $32.5 billion and $551.7 million, respectively.

Under the Farm Credit Act, we are primarily liable for the portion of outstanding Federal Farm Credit Banks Consolidated Systemwide bonds, medium term notes and discount notes (collectively referred to as Systemwide Debt Securities) issued by CoBank. Additionally, we are contingently liable for the outstanding Systemwide Debt Securities issued by the other System banks. Total Systemwide Debt Securities of the System were $222.2 billion at March 31, 2015.

There are several mechanisms in place affecting exposure to statutory joint and several liabilities. System banks are statutorily required to maintain eligible assets at a level at least equal in value to the total amount of debt for which such System bank is primarily liable. In addition, in the event of a default by a System bank, the Insurance Fund would be required to make timely payment of principal and interest on Systemwide Debt Securities, to the extent that net assets are available in the Insurance Fund, before the joint and several liability of the System banks would be triggered. At March 31, 2015, the aggregated assets of the Insurance Fund totaled $3.8 billion. Finally, System banks must maintain certain financial criteria in order to participate in Systemwide debt issuances. If these criteria are not met, a troubled System bank’s access to and participation in Systemwide debt issuances could be limited or denied.

On at least a quarterly basis, we assess our liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. For those matters where it is probable that we will incur a loss and the amount of the loss can be reasonably estimated, we record a liability in our consolidated financial statements. For other matters, where a loss is not probable or the amount of the loss is not estimable, we will not accrue legal reserves. While the outcome of legal proceedings is inherently uncertain, based on information currently available, advice of legal counsel and available insurance coverage, we believe that our established legal reserves are adequate as of March 31, 2015 and the liabilities arising from our legal proceedings will not have a material adverse effect on the consolidated financial position, consolidated results of operations or consolidated cash flows of the Bank. However, in the event of unexpected future developments, it is possible that the ultimate resolution of these matters, if unfavorable, may be material to the Bank’s consolidated financial position, consolidated results of operations or consolidated cash flows.

Note 10 – Segment Financial Information

We conduct our lending operations through three operating segments: Agribusiness, Strategic Relationships and Rural Infrastructure.

The accompanying tables present condensed disaggregated information for the segments. Allocations of resources and corporate items, as well as measurement of financial performance, are made at these operating segment levels. We also allocate to our segments net interest income on investment securities as well as gains and losses on investment securities. Information to reconcile the total reportable segments to the total CoBank financial statements is shown as “other.” Inter-segment transactions are insignificant.

We do not hold significant assets in any foreign country. Substantially all of our agricultural export finance loans are U.S. dollar-denominated and 42 percent of these loans are guaranteed by the U.S. government.

For the three-month periods ended March 31, 2015 and 2014, no customer made up 10 percent or more of our gross or net interest income.

Segment Financial Information

For the Three Months Ended March 31, 2015

	Agribusiness	Strategic Relationships	Rural Infrastructure	Subtotal	Other	Total CoBank
Results of Operations ($ in Thousands):						
Net Interest Income	$ 153,917	$ 71,274	$ 92,190	$ 317,381	$ (2,096)	$ 315,285
Provision for Loan Losses	8,000	-	2,000	10,000	-	10,000
Noninterest Income	28,866	276	17,969	47,111	(135)	46,976
Operating Expenses	44,152	9,011	21,574	74,737	(36)	74,701
Provision for Income Taxes	28,210	-	17,175	45,385	(51)	45,334
Net Income	$ 102,421	$ 62,539	$ 69,410	$ 234,370	$ (2,144)	$ 232,226
Selected Financial Information at March 31, 2015 ($ in Millions):						
Loans	$ 24,994	$ 38,831	$ 16,844	$ 80,669	$ -	$ 80,669
Less: Allowance for Loan Losses	(338)	-	(152)	(490)	-	(490)
Net Loans	$ 24,656	$ 38,831	$ 16,692	$ 80,179	$ -	$ 80,179
Total Assets	$ 24,979	$ 38,904	$ 16,759	$ 80,642	$ 24,892 *	$ 105,534
*Other assets are comprised of:						
Investment Securities						$ 23,345
Other Assets						1,547

For the Three Months Ended March 31, 2014

	Agribusiness	Strategic Relationships	Rural Infrastructure	Subtotal	Other	Total CoBank
Results of Operations ($ in Thousands):						
Net Interest Income	$ 153,093	$ 71,886	$ 86,107	$ 311,086	$ (2,120)	$ 308,966
Provision for Loan Losses	-	-	-	-	-	-
Noninterest Income	25,914	1,718	10,374	38,006	262	38,268
Operating Expenses	40,949	8,073	19,860	68,882	814	69,696
Provision for Income Taxes	31,571	-	15,335	46,906	(639)	46,267
Net Income	$ 106,487	$ 65,531	$ 61,286	$ 233,304	$ (2,033)	$ 231,271
Selected Financial Information at March 31, 2014 ($ in Millions):						
Loans	$ 25,491	$ 37,144	$ 14,865	$ 77,500	$ -	$ 77,500
Less: Allowance for Loan Losses	(302)	-	(165)	(467)	-	(467)
Net Loans	$ 25,189	$ 37,144	$ 14,700	$ 77,033	$ -	$ 77,033
Total Assets	$ 25,483	$ 37,248	$ 14,761	$ 77,492	$ 24,137 *	$ 101,629
*Other assets are comprised of:						
Investment Securities						$ 22,696
Other Assets						1,441

Note 11 – Affiliated Associations

CoBank is 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. The Associations are not authorized by the Farm Credit Act to participate in the issuance of Systemwide Debt Securities. Therefore, we are the primary funding source for our affiliated Associations. As of March 31, 2015, we have 26 affiliated Association customer-owners serving 23 states across the Northwest, West, Southwest, Rocky Mountains, Mid-Plains, and Northeast regions of the United States.

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.

The Farm Credit Act and FCA regulations require us to exercise supervision over certain operating activities of our affiliated Associations. CoBank and our affiliated Associations operate under a creditor/debtor relationship evidenced by a General Financing Agreement (GFA) entered into separately with each Association. The GFA sets forth the creditor/debtor relationship between us and each Association and also references certain requirements contained in the Farm Credit Act and FCA regulations. The Associations' respective boards of directors are expected to establish and monitor the necessary policies and procedures to comply with all FCA regulations. In all other respects, the lending relationship with the Associations is substantially similar to that with our other borrowers.

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 our condensed consolidated financial statements.

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.

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, and the prior years included therein, 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.

As a result of these events, our wholesale loan to FCSSW, which totaled $819.7 million at March 31, 2015, was downgraded to the 'Substandard' credit quality classification. Pursuant to our regulatory requirements, we classify our wholesale loans using the same credit rating methodology as is used with our commercial loans. Our loans to affiliated Associations are collateralized by substantially all of the Association assets, and the earnings, capital and loan loss reserves of the Associations provide us a buffer against losses in their retail loan portfolios. While the ‘Substandard’ classification resulted from the increase in delinquencies during 2014, described above, as a result of the collateralization and other mitigating factors described above, we do not anticipate any losses on FCSSW’s wholesale loan. As of March 31, 2015, CoBank has not made any provision for loan loss or recorded any allowance for credit loss related to our wholesale loan to FCSSW.

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.

Controls and Procedures
CoBank, ACB

We maintain a system of disclosure controls and procedures. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information disclosed by us in our quarterly and annual reports is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate, to allow timely decisions to be made regarding disclosure. The chief executive officer and the chief financial officer have evaluated our disclosure controls and procedures as of the end of the period covered by this quarterly report and have concluded that our disclosure controls and procedures are effective as of that date.

We also maintain a system of internal controls. The term "internal controls," as defined by the American Institute of Certified Public Accountants' Codification of Statement on Auditing Standards, AU-C Section 315, means a process - effected by the board of directors, management and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable laws and regulations. We continually assess the adequacy of our internal control over financial reporting and enhance our controls in response to internal control assessments and internal and external audit and regulatory recommendations. There have been no significant changes in our internal controls or in other factors that could significantly affect such controls subsequent to the date we carried out our evaluations. In accordance with our internal control procedures, these financial statements were prepared under the oversight of the Audit Committee of our Board of Directors.

Certification Required by Farm Credit Administration Regulations

The undersigned have reviewed this quarterly report which has been prepared in accordance with all applicable statutory or regulatory requirements and certify that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.

Signed this 8th day of May, 2015.

/s/ EVERETT DOBRINSKI

Everett Dobrinski
Chair of the Board

/s/ ROBERT B. ENGEL

Robert B. Engel
Chief Executive Officer

/s/ DAVID P. BURLAGE

David P. Burlage
Chief Financial Officer

CERTIFICATION

I, Robert B. Engel, Chief Executive Officer of CoBank, ACB (CoBank or the Bank), a federally chartered instrumentality under the Farm Credit Act of 1971, as amended, certify that:

(1) I have reviewed this quarterly report of CoBank;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of CoBank as of, and for, the periods presented in this report;

(4) CoBank's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for CoBank and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
c. evaluated the effectiveness of the Bank's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
d. disclosed in this report any change in the Bank's internal control over financial reporting that occurred during the Bank's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Bank's internal control over financial reporting; and

(5) CoBank's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Bank's auditors and the audit committee of the Bank's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Bank's ability to record, process, summarize, and report financial information; and
b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control over financial reporting.

/s/ ROBERT B. ENGEL

Robert B. Engel
Chief Executive Officer

Dated: May 8, 2015

CERTIFICATION

I, David P. Burlage, Chief Financial Officer of CoBank, ACB (CoBank or the Bank), a federally chartered instrumentality under the Farm Credit Act of 1971, as amended, certify that:

(1) I have reviewed this quarterly report of CoBank;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of CoBank as of, and for, the periods presented in this report;

(4) CoBank's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for CoBank and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the Bank's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the Bank's internal control over financial reporting that occurred during the Bank's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Bank's internal control over financial reporting; and

(5) CoBank's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Bank's auditors and the audit committee of the Bank's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Bank's ability to record, process, summarize, and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control over financial reporting.

/s/ DAVID P. BURLAGE

David P. Burlage
Chief Financial Officer

Dated: May 8, 2015

Senior Management

CoBank, ACB

Robert B. Engel, Chief Executive Officer

Thomas E. Halverson, Chief Banking Officer

Agribusiness

Amy H. Gales, Regional Agribusiness Banking Group [(1)]

Leili Ghazi, Agribusiness Division – West

Michael W. Hechtner, Agribusiness Division – Central

Lynn M. Scherler, Agribusiness Division – South

G. David Sparks, Agribusiness Division – East

Jonathan B. Logan, Corporate Agribusiness Banking Group

Karen S. Lowe, Agricultural Export Finance Division

Rural Infrastructure

Brian A. Goldstein, Project Finance Banking Division

Todd E. Telesz, Power, Energy and Utilities Banking Division

Robert F. West, Communications Banking Division

Mary E. McBride, President

Antony M. Bahr, Banking Services Group [(2)]

Michael A. Romanowski, Farm Credit Leasing Services Corporation [(3)]

Leonard G. Sahling, Knowledge Exchange Division

David P. Burlage, Chief Financial Officer

Timothy D. Steidle, Treasury Division

Michael R. Vestal, Controller Division

Nivin A. Elgohary, Electric Distribution, Water and Community Facilities Banking Division [(4)]

Andrew D. Jacob, Chief Regulatory, Legislative and Compliance Officer

Arthur C. Hodges, Jr., Corporate Communications Division

L. Todd VanHoose, Government Affairs

Daniel L. Key, Chief Credit Officer

S. Richard Dill, Special Assets Division

Lori L. O'Flaherty, Chief Risk Officer

Timothy A. Green, Asset Review Division

Katia V. Hoffer, Enterprise Risk Management Division

Steven W. Wittbecker, Internal Audit Division

Robert L. O'Toole, Chief Human Resources Officer

John Svisco, Chief Business Services Officer

Joseph M. Rogers, Digital Business Solutions Division

Todd E. Wilson, Enterprise Solutions and Services Division

Ann E. Trakimas, Chief Operating Officer

James R. Bernsten, Information Technology Division

Christian J. Clayton, Legal and Loan Processing

M. Mashenka Lundberg, General Counsel

Stephen B. Secor, Operations Division

(1) The Strategic Relationships operating segment is included in the Regional Agribusiness Banking Group.

(2) The Banking Services Group includes the Bank's Capital Markets Division.

(3) Farm Credit Leasing Services Corporation is included in our Agribusiness operating segment.

(4) The Electric Distribution, Water and Community Facilities Banking Division is included in our Rural Infrastructure operating segment.

Office Locations

CoBank, ACB

CoBank National Office
5500 S. Quebec Street
Greenwood Village, CO 80111
P. O. Box 5110
Denver, CO 80217
(303) 740-4000
(800) 542-8072

Farm Credit Leasing Services Corporation
600 Highway 169 South, Suite 300
Minneapolis, MN 55426
(952) 417-7800
(800) 444-2929

Washington, DC Office
50 F Street, N.W., Suite 900
Washington, DC 20001
(202) 650-5860

U.S. Regional Offices

Ames Banking Center
2515 University Boulevard, Suite 104
Ames, IA 50010
(515) 292-8828

Atlanta Banking Center **
900 Circle 75 Parkway, Suite 1400
Atlanta, GA 30339-5946
(770) 618-3200
(800) 255-7429
FCL: (770) 618-3226

Austin Banking Center
4801 Plaza on the Lake Drive
Austin, TX 78746
(512) 483-9273

Enfield Banking Center **
240B South Road
Enfield, CT 06082-4451
(860) 814-4043
(800) 876-3227
FCL: (860) 814-4049

Fargo Banking Center
4143 26th Avenue South, Suite 101
Fargo, ND 58104
(701) 277-5007
(866) 280-2892

Florida Farm Credit Leasing Office *
11903 Southern Blvd., Suite 200
West Palm Beach, FL 33411
(678) 592-5394

Louisville Banking Center **
1601 UPS Drive, Suite 102
Louisville, KY 40223
(502) 423-5650
(800) 262-6599
FCL: (800) 942-3309

Lubbock Banking Center **
5715 West 50th
Lubbock, TX 79414
P.O. Box 6770
Lubbock, TX 79493
(806) 788-3700
FCL: (806) 788-3705

Minneapolis Banking Center **
600 Highway 169 South, Suite 300
Minneapolis, MN 55426
(952) 417-7900
(800) 282-4150
FCL: (800) 444-2929

Ohio Farm Credit Leasing Office *
1220 Irmscher Boulevard
Celina, OH 45822
(855) 838-9961 Ext. 23969

Omaha Banking Center **
11422 Miracle Hills Drive, Suite 300
Omaha, NE 68154-4404
(402) 492-2000
(800) 346-5717

Sacramento Banking Center **
1478 Stone Point Drive, Suite 450
Roseville, CA 95661
(916) 380-3524
(800) 457-0942
FCL: (800) 289-7080

Spokane Banking Center
1700 South Assembly Street,
Suite 103
Spokane, WA 99224-2121
P.O. Box 2720
Spokane, WA 99220-2720
(509) 363-8700
(800) 378-5577

Sterling Banking Center
229 South 3rd Street
Sterling, CO 80751
(970) 521-2774

St. Louis Banking Center **
1650 Des Peres Road, Suite 120
St. Louis, MO 63131
(314) 835-4200
(800) 806-4144
FCL: (800) 853-5480

Wichita Banking Center **
245 North Waco, Suite 130
Wichita, KS 67202
P.O. Box 2940
Wichita, KS 67201-2940
(316) 290-2000
(800) 322-3654
FCL: (800) 322-6558

International

Singapore Representative Office
10 Hoe Chiang Road
#05-01 Keppel Towers
Singapore 089315
(65) 6534-5261

* *Farm Credit Leasing office only*
** *Farm Credit Leasing office within this CoBank location*

CoBank's 2015 Quarterly and Annual Reports to Shareholders are available free of charge on request by calling or visiting one of our banking center locations and through our website at www.cobank.com on approximately May 8, 2015, August 7, 2015, November 6, 2015, and March 1, 2016 (Annual Report).