2011 Quarterly Report

MARCH 31, 2011

Dear CoBank Customer-Owner:

We're pleased to report that CoBank achieved another period of exceptional financial performance in the first quarter of 2011. Quarterly net income rose 26 percent to $212.1 million, compared with $168.7 million in the first quarter of last year. Net interest income for the quarter was $301.2 million, compared with $230.7 million a year ago. Average loan volume for the first quarter was $54.9 billion, compared to $44.7 billion for the same period in 2010.

Sharply higher prices for grains and other agricultural commodities had a strong impact on the bank's financial results during the quarter. Generally, rising commodity prices increase seasonal borrowing requirements for grain and farm supply cooperatives and our other agribusiness customers. At the same time, the bank saw increased loan demand from rural electric cooperatives around the country and from its two largest Farm Credit association customers, which serve farmers, ranchers and other rural borrowers in the northeastern and northwestern United States.

Credit quality in the bank's loan portfolio continued to improve due to better conditions in certain of the industries we serve along with the resolution of a limited number of troubled loans. At quarter end, 1.61 percent of the bank's loans were classified as adverse assets, compared with 1.71 percent at December 31, 2010. Nonaccrual loans improved to $156.3 million at March 31, 2011, compared to $167.0 million at the end of 2010. During the first quarter, the bank recorded a $12.5 million provision for loan losses, the same amount recorded in the first quarter of 2010. At March 31, 2011, CoBank had a $511.2 million reserve for credit exposure, which serves as an important layer of protection for the bank's capital base, including the equity held by our customer-owners.

Capital levels at the bank remain strong and well in excess of regulatory minimums. As of March 31, 2011, shareholders' equity totaled $4.5 billion, and the bank's permanent capital ratio was 12.88 percent, compared with the 7.00 percent minimum established by the Farm Credit Administration (FCA), the bank's regulator.

At quarter end, CoBank held approximately $15.0 billion in cash and investments. The bank averaged 180 days of liquidity during the first three months of the year, compared with the 90-day regulatory minimum set by the FCA. No investment impairment losses were recorded in the period, compared with a $3.0 million impairment loss in the first quarter of 2010.

U.S. AgBank Merger Update

As previously announced, CoBank has executed a letter of intent to merge with U.S. AgBank, another bank in the Farm Credit System. The combined bank would have over $90 billion in assets and serve as a wholesale lender to Farm Credit associations that provide credit and financial services to more than 70,000 farmers, ranchers and other rural borrowers in 23 states. It would also serve as a direct lender to farmer-owned agricultural cooperatives, other agribusinesses and providers of rural electric, water and communications services throughout the country. The combined bank would do business under the CoBank name and remain headquartered in Colorado, with Bob Engel continuing in the role of chief executive officer.

On March 30, 2011, CoBank and U.S. AgBank submitted their merger application to the FCA for preliminary approval following unanimous votes by both banks' boards of directors. Under statute and applicable regulations, the FCA reviews merger proposals involving Farm Credit entities to ensure they don't pose safety and soundness issues, and also to ensure that disclosure materials prepared for stockholders adequately cover all key aspects of a given transaction.

On April 25, 2011, the FCA determined the merger application to be complete, triggering a 60-day statutory time period to act on the application. An issuance of preliminary approval by the FCA would enable CoBank and U.S. AgBank to conduct stockholder votes on the merger this summer. Assuming the merger is approved, the banks plan to close the transaction no earlier than October 1, 2011.

We strongly believe the merger will benefit all of our customers and position the bank as a safe, sound, well-diversified provider of credit to rural America for the long term. We look forward to submitting the merger proposal to our shareholders later this year and to bringing the two banks together to form an even stronger, more dependable financial services institution.

As always, we are focused on meeting the borrowing needs of our customers in market conditions that remain complex and highly volatile. We're pleased with the financial performance of the bank and with the growth in demand we've seen in our agribusiness, rural infrastructure and Farm Credit association portfolios. Our strong results are, we believe, directly attributable to the value the bank provides its customers as a stable, reliable lender that is deeply committed to their success.

We remain grateful for the business of our customer-owners and ever mindful of the enormous trust they place in CoBank. We thank you for your ongoing support and look forward to reporting to you on our future progress.

Everett Dobrinski
Chairman of the Board

Robert B. Engel
President and Chief Executive Officer

May 9, 2011

Financial Highlights
CoBank, ACB

($ in Thousands)

	March 31, 2011 (Unaudited)	December 31, 2010
Total Loans	$ 53,323,112	$ 49,992,338
Less: Allowance for Loan Losses	400,355	400,744
Net Loans	52,922,757	49,591,594
Total Assets	69,279,573	65,825,890
Total Shareholders' Equity	4,525,395	4,406,197

For the Three Months Ended March 31, (Unaudited)	2011	2010
Net Interest Income	$ 301,204	$ 230,720
Provision for Loan Losses	12,500	12,500
Net Fee Income	22,766	22,353
Net Income	212,061	168,659
Net Interest Margin	1.80 %	1.67 %
Return on Average Assets	1.22	1.17
Return on Average Common Shareholders' Equity	20.97	17.98
Return on Average Total Shareholders' Equity	19.15	16.51
Average Loans	$ 54,873,646	$ 44,731,369
Average Earning Assets	68,034,389	56,161,819
Average Assets	70,311,561	58,676,041

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 five banks of the Farm Credit System (System), a federally chartered network of borrower-owned lending institutions composed of cooperatives and related service organizations. We are cooperatively owned by our U.S. customers, who consist of agricultural cooperatives, rural energy, communications and water companies, farmer-owned financial institutions, including Agricultural Credit Associations (Associations), and other businesses that serve rural America. We provide a diversified range of financial services domestically and internationally to vital industries 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 2010 Annual Report to Shareholders.

Consolidated Results of Operations

CoBank recorded exceptionally strong financial results for the first three months of 2011. Net income increased 26 percent to $212.1 million for the three months ended March 31, 2011, compared to $168.7 million during the same period in 2010. Increased earnings were driven principally by greater net interest income resulting from strong loan growth in our Agribusiness operating segment and lower operating expenses. These favorable items were partially offset by a decrease in noninterest income, as the prior-year period included refunds of Farm Credit insurance fund premiums, and increased income tax expense.

Net interest income increased to $301.2 million for the three months ended March 31, 2011, compared to $230.7 million for the same period in 2010. The significant growth in net interest income primarily resulted from a $10.1 billion increase in average loan volume. The most substantial loan volume increase was in our Agribusiness operating segment due to higher prices for grains and certain other agricultural commodities that drove increased seasonal borrowing by agribusiness customers. To a lesser extent, we also experienced loan growth in our Rural Infrastructure and Strategic Relationships operating segments. Rural Infrastructure loan growth was primarily the result of increased volume in the electric distribution division, while Strategic Relationships loan volume increased due to growth at our two largest affiliated Associations. Net interest margin was 1.80 percent for the three months ended March 31, 2011, as compared to 1.67 percent for the same period in 2010, primarily reflecting significant growth in agribusiness loans.

We recorded a $12.5 million provision for loan losses in the first three months of both 2011 and 2010. The 2011 provision relates to our Agribusiness operating segment, reflecting the significant increase in loan volume and commitments, partially offset by a reversal of the reserve for credit exposure in our Rural Infrastructure operating segment. The 2010 provision reflected credit challenges related to a limited number of rural energy customers, somewhat offset by a reversal in the reserve for credit exposure in our Agribusiness operating segment. Our overall credit quality improved over the past year and in the first three months of 2011. Adverse assets declined to 1.61 percent of total loans and related accrued interest at March 31, 2011 compared to 1.71 percent at December 31, 2010 and 2.01 percent at March 31, 2010. Nonaccrual loans also improved, to $156.3 million at March 31, 2011 from $167.0 million at December 31, 2010 and $298.6 million at March 31, 2010. Net charge-offs for the first three months of 2011 were $1.8 million compared to $2.1 million for the same period in 2010. Our loan quality is discussed in further detail beginning on page 8.

Noninterest income decreased to $33.5 million for the three months ended March 31, 2011 from $58.8 million for the same period in 2010. Noninterest income is composed primarily of net fee income, loan prepayment fee income and miscellaneous gains and losses, reduced by losses on early extinguishments of debt and impairment losses on investment securities. The decrease in noninterest income resulted primarily from $33.3 million in refunds of Farm Credit insurance fund premiums that were recorded in the 2010 period. These refunds were classified as miscellaneous gains and losses, which are included in 'Other, Net' within the 'Noninterest Income/Expense' section of the accompanying condensed consolidated statement of income for the first quarter of 2010. There were no insurance fund premium refunds in the first quarter of 2011. We sold one of our investment securities that was previously impaired and recorded a gain on disposition of $4.5 million during the first three months of 2011. We recorded no impairment losses in our investment portfolio in the first three months of 2011, as compared to impairment losses of $3.0 million in the 2010 period.

Total operating expenses decreased by 20 percent for the three months ended March 31, 2011 to $53.2 million, compared to $66.8 million for the same period in 2010, due primarily to a $19.8 million decrease in general and administrative expenses. General and administrative expenses for the 2010 period included costs related to the settlement of a business dispute in our Rural Infrastructure operating segment. For the three months ended March 31, 2011, we recorded expenses of $3.7 million related to the proposed merger with U.S. AgBank. Merger expenses are primarily included in general and administrative and purchased services expenses. The proposed merger with U.S. AgBank is further discussed in "Recent Developments" on page 12. Employee compensation expense increased to $27.5 million for the three months ended March 31, 2011 compared to $23.7 million for the same period in 2010, primarily due to increased employee staffing levels and higher incentive compensation expense related to stronger financial performance. Insurance fund premium expense decreased slightly to $5.6 million for the three months ended March 31, 2011 from $6.2 million in the 2010 period, due primarily to lower premium rates. Premium rates for the three months ended March 31, 2011 were six basis points of average outstanding adjusted insured debt obligations compared to 10 basis points for the same period of the prior year. Partially offsetting the premium rate reduction was an increase in insured debt obligations which funded the increase in loan volume.

Our income tax expense increased to $56.9 million for the three months ended March 31, 2011, as compared to $41.5 million for the same prior-year period. Increased tax expense is a direct result of the improvement in our pre-tax earnings. Our effective tax rate was 21.2 percent and 19.8 percent for the three months ended March 31, 2011 and 2010, respectively, reflecting increased earnings in the taxable portion of CoBank's business activities.

Our annualized return on average common shareholders' equity, a reflection of our overall earnings, increased to 20.97 percent for the three months ended March 31, 2011 from 17.98 percent for the same period in 2010. As a result of the growth in agribusiness loans noted previously, our annualized return on average assets increased to 1.22 percent for the three months ended March 31, 2011, as compared to 1.17 percent for the same period in 2010.

Operating Segment Financial Review

We provide domestic and international financial services to farmer-owned cooperatives; farmer-owned financial institutions; providers of energy, communications and water services; and other related 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, 2011 and 2010 are reported in Notes 2 and 8 to the accompanying condensed consolidated financial statements. Net income by operating segment is summarized in the accompanying table and is more fully detailed in Note 8 to the accompanying condensed consolidated financial statements.

Net interest income on investment securities, federal funds sold, securities purchased under resale agreements and other highly-liquid funds is allocated to all operating segments, whereas the underlying investment assets are not allocated.

Net Income by Operating Segment ($ in Thousands)		
For the Three Months Ended March 31,	**2011**	**2010**
Operating Segment:		
Agribusiness	**$ 132,946**	$ 106,273
Strategic Relationships	**24,412**	25,571
Rural Infrastructure	**56,074**	37,921
Total Operating Segments	**213,432**	169,765
Corporate/Other	**(1,371)**	(1,106)
Total	**$ 212,061**	$ 168,659

Agribusiness

Agribusiness provides financial services to cooperatives and other businesses engaged in agricultural activities such as grain handling and marketing, farm supply, food processing, dairy, livestock, fruits, nuts, vegetables, cotton, biofuels and forest products. Our Agribusiness segment includes our International Division, which provides short-term and medium-term trade finance to support the export of U.S. agricultural products. As of March 31, 2011, we had $4.0 billion in international loans, 84 percent of which were guaranteed by the U.S. government. Our Agribusiness segment also includes Farm Credit Leasing Services Corporation (FCL), which provides lease-related financial services to Association partners, agribusinesses, agricultural producers and rural utilities. As of March 31, 2011, FCL had $1.7 billion in leases outstanding.

Average Agribusiness loan volume increased 51 percent to $27.6 billion for the first three months of 2011 from $18.2 billion for the same period of 2010. Agribusiness loan volume increased primarily as a result of higher prices for grains and certain other agricultural commodities that drove increased seasonal borrowing by agribusiness customers, particularly those in the farm supply, grain and marketing sectors. Generally, higher prices for agricultural commodities lead to increased financing requirements for many of these customers who borrow to finance inventory purchases and receivables.

Agribusiness net income increased 25 percent in the first three months of 2011 to $132.9 million from $106.3 million for the same period in 2010. This increase resulted primarily from a $75.7 million increase in net interest income due to the significant increase in loan volume, as described above. Agribusiness recorded a provision for loan losses of $18.0 million during the first three months of 2011, as compared to a reversal in the reserve for credit exposure of $6.0 million in the same prior-year period. The current period provision primarily reflects an increase in Agribusiness loan volume and commitments. Nonaccrual loans were $93.1 million at March 31, 2011 compared to $93.4 million at December 31, 2010. Agribusiness recorded net charge-offs of $0.7 million for the three months ended March 31, 2011 compared to $3.9 million for the same period of 2010.

Agribusiness noninterest income decreased to $22.9 million for the first three months of 2011, as compared to $34.0 million in the same period of 2010. The 2010 period included refunds of a portion of Insurance Fund premiums paid in prior years, as previously described on page 5. Operating expenses increased to $34.1 million for the first three months of 2011 from $25.3 million in the 2010 period due to greater employee compensation expense and merger expenses, as previously described. In addition, the prior-year period included a reversal of accrued legal settlement expenses. Income tax expense in the Agribusiness operating segment increased $5.2 million due to the growth in its pre-tax earnings.

Strategic Relationships

Strategic Relationships includes all loans from the direct funding relationships with our four affiliated Association customer-owners (Northwest Farm Credit Services, Farm Credit East, Yankee Farm Credit and Farm Credit of Maine) and our funding relationships with other System institutions. As of March 31, 2011, the Strategic Relationships portfolio included $11.2 billion in loans to our four affiliated Associations and $4.0 billion of participations in loans made by other System banks to certain of their affiliated Associations, including $3.4 billion of participations in loans made by the Farm Credit Bank of Texas.

Strategic Relationships average loan volume was $15.3 billion for the three month period ended March 31, 2011, as compared to $15.1 billion for three months ended March 31, 2010, due to growth at our two largest affiliated Associations. Strategic Relationships net income of $24.4 million for the first three months of 2011 was lower than the $25.6 million of net income for the same prior-year period due to modestly lower net interest income and the impact of merger expenses.

The overall loan quality in our Strategic Relationships portfolio remains strong. As a wholesale lender to Association customers, we benefit from the diversification of the Association loan portfolios and our strong collateral position. In addition, the earnings, capital and loan loss reserves of the Associations provide us a buffer from losses in their respective loan portfolios. Lower margins in the Strategic Relationships operating segment are commensurate with the lower risk profile and lower regulatory capital requirements. No provision for loan losses or reserve for credit exposure has been recorded related to any Association loan.

Rural Infrastructure

Rural Infrastructure provides financial services to companies in the energy, communications and water industries. Customers include rural electric generation and transmission cooperatives, electric distribution cooperatives, independent power producers, rural local exchange carriers, wireless providers, data transport networks, cable television systems, and water and waste water companies.

Rural Infrastructure average loan volume increased to $11.9 billion for the first three months of 2011 from $11.4 billion for the same period in 2010. Growth in Rural Infrastructure average loan volume primarily resulted from increased lending activity in the electric distribution sector driven by the refinancing of borrowings from other lenders and financing of capital expenditures. This growth was partially offset by a decline in loans to our communications customers, reflecting weak demand for debt capital and increased availability of government stimulus funding in certain sectors of the communications industry.

Rural Infrastructure net income increased 48 percent to $56.1 million for the first three months of 2011 from $37.9 million for the same period in 2010, largely due to a reversal in the reserve for credit exposure and a decrease in operating expenses. Rural Infrastructure recorded a $5.5 million reversal in the reserve for credit exposure in the three months ended March 31, 2011, as compared to an $18.5 million provision for loan losses in the same period of 2010. The 2011 reversal in the reserve for credit exposure primarily resulted from the resolution of a troubled loan in the communications sector. The 2010 provision for loan losses primarily resulted from credit challenges related to a limited number of rural energy customers. Nonaccrual loans in the Rural Infrastructure segment decreased to $63.2 million at March 31, 2011 from $73.6 million at December 31, 2010. Rural Infrastructure recorded net charge-offs of $1.1 million for the three months ended March 31, 2011 and recoveries, net of charge-offs, of $1.8 million for the same period of 2010.

Rural Infrastructure operating expenses of $15.0 million for the first three months of 2011 were significantly lower than the $37.1 million in the same prior-year period. The prior period amount included costs related to the settlement of a business dispute. Excluding such costs, operating expenses increased due to greater employee compensation and merger costs, as previously described. Noninterest income decreased to $10.6 million for the first three months of 2011, as compared to $24.1 million in the same period of 2010. The 2010 period included refunds of a portion of Insurance Fund premiums paid in prior years, as previously described on page 5. Rural Infrastructure income tax expense increased $10.5 million due to the growth in its pre-tax earnings.

Credit Quality, Liquidity, Capital Resources and Other

Loan Quality

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

Loan Quality Ratios

	March 31, 2011	December 31, 2010
Acceptable	**94.97 %**	94.76 %
Special Mention	**3.42**	3.53
Substandard	**1.54**	1.62
Doubtful	**0.07**	0.09
Loss	**-**	-
Total	**100.00 %**	100.00 %

Our overall credit quality continued to improve in the first three months of 2011. Adversely classified loans (substandard and doubtful) declined to 1.61 percent of total loans and related accrued interest at March 31, 2011 compared to 1.71 percent at December 31, 2010. The level of 'Special Mention' loans decreased to 3.42 percent at March 31, 2011 from 3.53 percent at December 31, 2010.

Total nonaccrual loans improved to $156.3 million at March 31, 2011, as compared to $167.0 million at December 31, 2010. We recorded a $12.5 million provision for loan losses for the three months ended March 31, 2011, primarily due to an increase in agribusiness loan volume and commitments. Net charge-offs for the first three months of 2011 totaled $1.8 million and were primarily associated with a limited number of communications and agribusiness customers. Our total reserve for credit exposure (RCE) was $511.2 million at March 31, 2011, compared to $500.5 million at December 31, 2010. RCE as a percent of total loans was 0.96 percent at March 31, 2011, compared to 1.00 percent at December 31, 2010. At March 31, 2011, RCE represented 1.47 percent of non-guaranteed loans outstanding when loans to Associations are excluded.

Liquidity and Investments

Our liquidity management objectives are designed to meet maturing debt obligations, provide a reliable source of funding to borrowers, provide additional liquidity if market conditions deteriorate for a period of time 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 could cause our liquidity 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 liquidating investments. During the first three months of 2011, we averaged 180 days liquidity, compared to the regulatory minimum of 90 days. At March 31, 2011, our liquidity was 185 days, compared to 198 days at December 31, 2010.

We hold cash and investment securities to maintain a liquidity reserve and to manage short-term surplus funds. Our investment securities totaled $13.7 billion at March 31, 2011 compared to $12.6 billion at December 31, 2010. The following table summarizes our investment securities and related unrealized gains/losses by asset class.

Investment Securities ($ in Millions)

	As of March 31, 2011			As of December 31, 2010		
	Amortized Cost	Fair Value	Unrealized Gains (Losses)	Amortized Cost	Fair Value	Unrealized Gains (Losses)
U.S. Treasury and Agency Debt	**$ 3,967**	**$ 4,007**	**$ 40**	$ 3,311	$ 3,358	$ 47
U.S. Agency Mortgage-Backed	**9,190**	**9,256**	**66**	8,673	8,739	66
Non-Agency Mortgage-Backed	**370**	**360**	**(10)**	424	402	(22)
Asset-Backed	**93**	**80**	**(13)**	143	118	(25)
Total	**$ 13,620**	**$ 13,703**	**$ 83**	$ 12,551	$ 12,617	$ 66

We do not intend to sell the securities in unrealized loss positions and we believe it is unlikely that we will be required to sell such securities for regulatory, liquidity or other purposes before a recovery of our cost basis occurs. Therefore, with the exception of certain securities discussed below, we do not consider these investments to be other-than-temporarily impaired at March 31, 2011. We regularly perform impairment assessments of our investment securities based on evaluations of both current and future market and credit conditions and expected cash flows of these securities. Subsequent changes in market and credit conditions or expected cash flows could change these evaluations.

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 $17.0 million ($10.5 million net of tax) for the first three months of 2011, compared to $50.8 million ($31.5 million net of tax) for the same prior-year period. The unrealized gains in 2011 resulted from a modest improvement in market conditions for certain of our investments. The unrealized gains in 2010 primarily relate to the impact of interest rate changes on the values of certain fixed-rate securities.

Credit risk in our investment portfolio is primarily limited to the 3 percent of investment securities that do not contain either an implied or explicit guarantee of the U.S. government, consisting of non-agency mortgage-backed securities (non-agency MBS) and asset-backed securities (ABS). The unrealized losses on such securities primarily relate to decreased market liquidity and widened credit spreads. Increasing levels of defaults and foreclosures on residential mortgages, continued high unemployment, and weak economic conditions may result in further downward adjustments to the fair value of our non-agency MBS and ABS and the need to record additional impairment losses in earnings. During the first three months of 2011, we recorded no impairment losses on our investment securities compared to $3.0 million in impairment losses in the same period of 2010. We sold one of our ABS securities that was previously impaired and recorded a gain on disposition of $4.5 million during the three months ended March 31, 2011.

Pursuant to Farm Credit Administration (FCA) regulations, mortgage- and asset-backed securities that are no longer rated triple-A by at least one major rating agency must be excluded from our liquidity reserve. In addition, such securities must be disposed of within six months of being downgraded unless approval to continue to hold these securities is obtained from the FCA. The total amortized cost and fair value of non-agency MBS and ABS no longer rated triple-A by at least one major rating agency was $351.0 million and $328.4 million, respectively, as of March 31, 2011. While these securities are not included in our liquidity reserve, the FCA has granted us approval to continue to hold them.

Capital Resources

We are primarily capitalized by holders of our common and preferred stock and by unallocated retained earnings. At March 31, 2011, our permanent capital, total surplus, core surplus and net collateral ratios exceeded the regulatory minimums, as depicted in the following table. The decrease in our permanent capital, total surplus and core surplus ratios since December 31, 2010 primarily resulted from the previously described increase in loan volume during the first quarter of 2011. The components of these ratios are described in our 2010 Annual Report.

Capital Ratios

	Regulatory Minumums		March 31, 2011		December 31, 2010	
Permanent Capital Ratio	**7.00**	**%**	**12.88**	%	14.30	%
Total Surplus Ratio	**7.00**		**12.58**		13.96	
Core Surplus Ratio	**3.50**		**7.65**		8.42	
Net Collateral Ratio	**104.00**	*****	**108.04**		108.03	

* The regulatory minimum net collateral ratio is 103.0 percent, but the FCA requires the higher 104.0 percent during the period in which we have Series A preferred stock or subordinated debt outstanding.

The FCA has issued Advance Notices of Proposed Rulemaking on capital adequacy which could ultimately lead to significant changes in the System's regulatory capital rules, including the treatment of a portion of our common stock as core surplus.

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 the execution of interest rate risk management products, including interest rate swaps and other financial instruments (derivatives). Derivatives are recorded at fair value as assets or liabilities on the 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 $0.9 million and $0.7 million in the first three months of 2011 and 2010, respectively. Changes in the fair value of derivatives recorded in other comprehensive income (loss) totaled gains of $1.2 million ($0.7 million net of tax), and losses of $4.4 million ($2.7 million net of tax), in the first three months of 2011 and 2010, respectively.

Collateral Related to Derivatives

Our derivative contracts require the Bank or our counterparties to post cash or securities as collateral when the fair values of the derivatives move based on changes in interest rates. The collateral exchanged between parties occurs daily with posting thresholds set at zero for all dealer counterparties. As a result of these derivative contracts, we are exposed to liquidity risk when changes in interest rates require us to post collateral to our counterparties. As of March 31, 2011, our counterparties had posted a net $697.4 million in cash and $104.8 million in securities as collateral with us. At March 31, 2011, a 200 basis point parallel increase in the USD LIBOR/swap curve would have required us to return substantially all of the collateral currently posted with us by our counterparties, which would reduce our days liquidity. Further increases in interest rates would require us to post collateral with our counterparties, which would reduce our net collateral ratio and further reduce our days liquidity.

Recent Accounting Pronouncement

In April 2011, the Financial Accounting Standards Board (FASB) issued guidance clarifying when a loan modification or restructuring is considered a troubled debt restructuring (TDR). The FASB’s guidance provides criteria that a lender should evaluate in determining whether a borrower is experiencing financial difficulties and when a restructuring constitutes a concession. For nonpublic entities, the guidance is effective for annual periods ending on or after December 15, 2012, including interim periods within those annual periods. Early adoption is permitted. The adoption of these provisions is not expected to have a material effect on our consolidated financial position, results of operations or cash flows, but may impact certain loan disclosures.

Recent Developments

Proposed Merger with U.S. AgBank, FCB

As discussed in our 2010 Annual Report, in December 2010, the boards of directors of CoBank and U.S. AgBank, FCB approved a Letter of Intent to pursue a merger. In March 2011, following unanimous votes by the boards of both banks, a merger application was submitted to the FCA. On April 25, 2011, the FCA determined the merger application to be complete, triggering a 60-day statutory time period to act on the application. An issuance of preliminary approval by the FCA would enable CoBank and U.S. AgBank to conduct stockholder votes on the merger this summer. If the merger is approved, the banks plan to close the transaction no earlier than October 1, 2011.

The merged bank would continue to do business under the CoBank name and be headquartered in Colorado, but it would maintain U.S. AgBank's existing presence and operations in Wichita, Kansas, and Sacramento, California. Robert B. Engel, CoBank's president and chief executive officer, would be the chief executive of the combined entity. U.S. AgBank had total assets of $24.4 billion and capital of $1.3 billion at March 31, 2011.

We believe the merger will create significant benefits for the combined bank and its customer owners. Full details about the transaction will be provided in disclosure materials that will be sent to voting stockholders in advance of the merger vote. Information and announcements about the merger are also available at the CoBank web site or at www.usagbankcobankmerger.com.

Downgrade of U.S. Sovereign Debt Credit Outlook

The Farm Credit System is a government sponsored enterprise and CoBank, as a member of the System, has historically benefited from the highly liquid, competitively priced debt funding available to us through the issuance of Systemwide debt securities. On April 18, 2011, Standard & Poor's, while affirming its "AAA" rating, revised its outlook for the long-term sovereign credit for the United States from stable to negative. The credit ratings of the government sponsored enterprises, including the System, are linked to the long-term sovereign rating of the United States. As a result, two days later, Standard & Poor's revised its outlook from stable to negative for all government sponsored enterprises, including the System, while affirming the "AAA" rating. Since this revision, we have continued to access, and we anticipate continued access to, the funding necessary to support our lending and business operations. However, downgrades of the U.S. sovereign credit outlook or rating could negatively impact funding costs, earnings and funding flexibility for CoBank and other System institutions.

Business Outlook

Our Board of Directors and management are committed to continuing our strong financial and operating performance and to fulfilling our mission to serve as a dependable provider of credit and other financial services to vital industries across rural America.

Our continued success will be achieved by delivering on our value proposition, creating opportunities to partner with other System institutions, increasing market share, maintaining effective access to the agency debt capital markets, optimizing current lending authorities and pursuing various strategic alliances with other financial services organizations.

CoBank remains cautious about the strength and sustainability of the economic recovery. GDP and job growth rates, while positive, remain anemic by historical standards. Customers in certain of the industries we serve continue to feel the impact of unpredictable and increasingly volatile agricultural commodity prices, a continued weak housing market, and regulatory and political uncertainty. These economic and other challenges for our customers could reduce the credit quality in certain sectors of our lending portfolio. Additionally, continued weakness in the housing market and/or persistently high unemployment could lead to further losses on our non-agency investment securities.

Despite these and other challenges, we are well capitalized and our liquidity position remains strong. We will continue our disciplined approach to managing risk and will closely monitor asset quality while emphasizing effective enterprise-wide risk management. We will also continue to enhance our financial condition through prudent expense discipline and the retention of a portion of our earnings.

We believe CoBank continues to experience significant opportunities across all the industries we serve. Under the guidance of our Board of Directors and through the focus of a proven executive management team, we look forward to continuing to deliver on our value proposition on behalf of our customers and to fulfilling our mission as a dependable and strategic source of credit and financial services to the nation's rural economy.

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. 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:

- Fluctuations in the agricultural, energy, communications, water, international and leasing sectors;
- Weak U.S. and global economic conditions;
- Legislative and regulatory actions;
- Government policies and developments in the U.S. and other countries in which we make loans;
- The effect of banking and financial services reforms;
- Possible amendments to, and interpretations of, risk-based capital guidelines;
- Environmental-related conditions or laws impacting our lending activities;
- Changes in the U.S. government’s support of the agriculture industry;
- Actions taken by the U.S. Congress relative to Government Sponsored Enterprises (GSEs), including the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac);
- Actions taken by the U.S. government to manage fiscal policy;
- Actions taken by the Federal Reserve to manage the monetary policy of the U.S.;
- A decrease in the credit outlook or ratings of U.S. government debt and agency debt, including Farm Credit System debt securities;
- The level of interest rates;
- Relationships between various interest rate indices;
- Changes in assumptions underlying the valuations of financial instruments;
- Changes in the bases for our estimates underlying the reserve for credit exposure;
- Credit performance of the loan portfolios, portfolio growth and seasonal factors;
- 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;
- Weather-related, disease and other adverse climatic or biological conditions that periodically occur that impact agricultural productivity and income;
- Nonperformance by counterparties to our derivative positions; and
- Our ability to successfully complete, integrate and profitably operate any business combinations or strategic alliances, including the proposed merger discussed on page 12.

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,	2011	2010
Interest Income		
Loans	**$ 418,362**	$ 339,441
Investment Securities	**68,033**	67,704
Total Interest Income	**486,395**	407,145
Interest Expense	**185,191**	176,425
Net Interest Income	**301,204**	230,720
Provision for Loan Losses	**12,500**	12,500
Net Interest Income After Provision for Loan Losses	**288,704**	218,220
Noninterest Income/ Expense		
Net Fee Income	**22,766**	22,353
Prepayment Income	**5,876**	2,441
Losses on Early Extinguishments of Debt	**(4,998)**	(1,994)
Total Other-Than-Temporary Impairment Losses	**-**	(1,329)
Portion of Loss Recognized in Other Comprehensive Loss	**-**	(1,671)
Net Other-Than-Temporary Impairment Losses Included in Earnings	**-**	(3,000)
Other, Net	**9,862**	38,961
Total Noninterest Income	**33,506**	58,761
Operating Expenses		
Employee Compensation	**27,474**	23,671
Insurance Fund Premium	**5,647**	6,202
Information Services	**3,891**	3,712
General and Administrative	**5,272**	25,055
Occupancy and Equipment	**1,605**	1,552
Farm Credit System Related	**1,857**	1,798
Purchased Services	**4,397**	2,044
Other	**3,057**	2,745
Total Operating Expenses	**53,200**	66,779
Income Before Income Taxes	**269,010**	210,202
Provision for Income Taxes	**56,949**	41,543
Net Income	**$ 212,061**	$ 168,659

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

Condensed Consolidated Balance Sheets

CoBank, ACB

($ in Thousands)

	March 31, 2011 (Unaudited)	December 31, 2010
Assets		
Total Loans	**$ 53,323,112**	$ 49,992,338
Less: Allowance for Loan Losses	**400,355**	400,744
Net Loans	**52,922,757**	49,591,594
Cash	**1,275,263**	1,922,586
Investment Securities	**13,702,670**	12,616,696
Interest Rate Swaps and Other Financial Instruments	**783,862**	1,001,365
Accrued Interest Receivable and Other Assets	**595,021**	693,649
Total Assets	**$ 69,279,573**	$ 65,825,890
Liabilities		
Bonds and Notes	**$ 62,717,886**	$ 59,324,313
Subordinated Debt	**1,000,000**	1,000,000
Interest Rate Swaps and Other Financial Instruments	**101,254**	92,580
Reserve for Unfunded Commitments	**110,843**	99,799
Accrued Interest Payable and Other Liabilities	**824,195**	903,001
Total Liabilities	**64,754,178**	61,419,693
Commitments and Contingent Liabilities (Note 7)		
Shareholders' Equity		
Preferred Stock	**700,000**	700,000
Common Stock	**1,567,622**	1,568,989
Unallocated Retained Earnings	**2,246,193**	2,137,394
Accumulated Other Comprehensive Income (Loss)	**11,580**	(186)
Total Shareholders' Equity	**4,525,395**	4,406,197
Total Liabilities and Shareholders' Equity	**$ 69,279,573**	$ 65,825,890

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

Condensed Consolidated Statements of Cash Flows
CoBank, ACB

($ in Thousands) (Unaudited)

For the Three Months Ended March 31,		2011		2010
Cash Flows Provided by Operating Activities				
Net Income	**$**	**212,061**	$	168,659
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Provision for Loan Losses		**12,500**		12,500
Deferred Income Taxes		**(20,876)**		(19,576)
Depreciation and Amortization/Accretion, Net		**2,614**		500
Losses on Impairment of Available-for-Sale Investments		**-**		3,000
Decrease (Increase) in Accrued Interest Receivable and Other Assets		**102,313**		(6,740)
Decrease in Accrued Interest Payable and Other Liabilities		**(32,803)**		(33,179)
Net Gains on Interest Rate Swaps and Other Financial Instruments		**(355)**		(403)
Proceeds from Termination of Interest Rate Swaps		**28,206**		-
Other		**(4,590)**		(149)
Net Cash Provided by Operating Activities		**299,070**		124,612
Cash Flows (Used in) Provided by Investing Activities				
Net (Increase) Decrease in Loans		**(3,328,941)**		528,714
Net (Increase) Decrease in Investment Securities		**(961,175)**		226,439
Net Cash (Used in) Provided by Investing Activities		**(4,290,116)**		755,153
Cash Flows Provided by (Used in) Financing Activities				
Net Issuances (Retirements) of Bonds and Notes		**3,583,819**		(825,138)
Net Retirements of Common Stock		**(29,495)**		(43,955)
Cash Patronage Distribution Paid		**(194,651)**		(185,940)
Preferred Stock Dividends Paid		**(15,950)**		(15,950)
Net Cash Provided by (Used In) Financing Activities		**3,343,723**		(1,070,983)
Net Decrease in Cash		**(647,323)**		(191,218)
Cash at Beginning of Period		**1,922,586**		923,083
Cash at End of Period	**$**	**1,275,263**	$	731,865
Supplemental Disclosures:				
Schedule of Noncash Investing and Financing Activities				
Net Change in Accrued Securities Purchases	**$**	**(103,950)**	$	(301,505)
Net Change in Unrealized Losses/Gains on Investment Securities, Before Taxes		**16,965**		50,805
Net Change in Unrealized Losses/Gains on Interest Rate Swaps, Other Financial Instruments and Hedged Items, Before Taxes		**1,189**		(4,387)
Patronage in Common Stock		**28,128**		22,330

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

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

($ in Thousands) (Unaudited)

For the Three Months Ended March 31,	2011	2010
Balance at Beginning of Period	**$ 4,406,197**	$ 4,057,629
Comprehensive Income:		
Net Income	**212,061**	168,659
Other Comprehensive Income, Net of Taxes:		
Net Change in Unrealized Losses/Gains on Investment Securities Not Other-Than-Temporarily Impaired	**2,412**	27,711
Other-Than-Temporarily Impaired Investment Securities	**8,106**	3,788
Net Change in Unrealized Losses/Gains on Interest Rate Swaps and Other Financial Instruments	**737**	(2,720)
Net Pension Adjustment	**511**	251
Comprehensive Income	**223,827**	197,689
Preferred Stock Dividends	**(15,950)**	(15,950)
Common Stock Issued	**24**	25
Common Stock Retired	**(29,519)**	(43,980)
Cash Patronage Accrued	**(59,184)**	(48,227)
Balance at End of Period	**$ 4,525,395**	$ 4,147,186

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

Notes to Condensed Consolidated Financial Statements

CoBank, ACB

(Unaudited) ($ in Thousands, Except 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 subsidiary, 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. Our results of operations for the three months ended March 31, 2011 are not necessarily indicative of results to be expected for the entire fiscal year.

The accompanying condensed consolidated financial statements exclude financial information of Northwest Farm Credit Services, ACA (Northwest) as well as the Farm Credit System (System) Associations in the Northeastern region of the United States (Northeast Associations), which are collectively referred to as our affiliated Associations. CoBank and our affiliated Associations are collectively referred to as the "District." The supplemental information on pages 39 and 40 includes certain combined financial information of our affiliated Associations and the District.

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.

These unaudited quarterly condensed consolidated financial statements should be read in conjunction with the 2010 Annual Report, which includes a description of our organization and lending authority. Also included in the 2010 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. Certain reclassifications have been made to amounts reported in the prior period to conform to the current period presentation.

We have evaluated subsequent events through May 9, 2011, which is the date the financial statements were issued.

Note 2 – Loans, Loan Quality and Reserve for Credit Exposure

Loans Outstanding

Loans outstanding by operating segment are shown below.

($ in Millions)

	March 31, 2011	December 31, 2010
Agribusiness	**$ 26,245**	$ 22,676
Strategic Relationships	**15,245**	15,392
Rural Infrastructure	**11,833**	11,924
Total	**$ 53,323**	$ 49,992

Reserve for Credit Exposure

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

	Agribusiness	Strategic Relationships[1]	Rural Infrastructure	Total
March 31, 2011				
Allowance for Loan Losses				
Beginning Balance	$ 284,217	$ -	$ 116,527	$ 400,744
Charge-offs	(1,908)	-	(1,314)	(3,222)
Recoveries	1,182	-	195	1,377
Provision (Reversal) for Loan Losses	18,000	-	(5,500)	12,500
Transfers from (to) Reserve for Unfunded Commitments	(12,034)	-	990	(11,044)
Ending Balance	289,457	-	110,898	400,355
Reserve for Unfunded Commitments				
Beginning Balance	68,599	-	31,200	99,799
Transfers from (to) Allowance for Loan Losses	12,034	-	(990)	11,044
Ending Balance	80,633	-	30,210	110,843
Reserve for Credit Exposure	$ 370,090	$ -	$ 141,108	$ 511,198
Reserve for Credit Exposure				
Ending Balance, Reserve for Credit Exposure Related to Loans:				
Individually Evaluated for Impairment	$ 20,543	$ -	$ 13,200	$ 33,743
Collectively Evaluated for Impairment	349,547	-	127,908	477,455
Acquired with Deteriorated Credit Quality	-	-	-	-
Total	$ 370,090	$ -	$ 141,108	$ 511,198
Loans				
Ending Balance for Loans and Related Accrued Interest:				
Individually Evaluated for Impairment	$ 93,102	$ 15,289,181	$ 63,160	$ 15,445,443
Collectively Evaluated for Impairment	26,226,147	-	11,835,193	38,061,340
Acquired with Deteriorated Credit Quality	-	-	-	-
Total	$ 26,319,249	$ 15,289,181	$ 11,898,353	$ 53,506,783

	Agribusiness	Strategic Relationships[1]	Rural Infrastructure	Total
March 31, 2010				
Allowance for Loan Losses				
Beginning Balance	$ 264,540	$ -	$ 105,277	$ 369,817
Charge-offs	(4,503)	-	(46)	(4,549)
Recoveries	576	-	1,847	2,423
Provision for Loan Losses	(6,000)	-	18,500	12,500
Transfers from (to) Reserve for Unfunded Commitments	5,585	-	(88)	5,497
Ending Balance	260,198	-	125,490	385,688
Reserve for Unfunded Commitments				
Beginning Balance	102,768	-	25,605	128,373
Transfers from (to) Allowance for Loan Losses	(5,585)	-	88	(5,497)
Ending Balance	97,183	-	25,693	122,876
Reserve for Credit Exposure	$ 357,381	$ -	$ 151,183	$ 508,564
Reserve for Credit Exposure				
Ending Balance, Reserve for Credit Exposure Related to Loans:				
Individually Evaluated for Impairment	$ 34,255	$ -	$ 48,359	$ 82,614
Collectively Evaluated for Impairment	323,126	-	102,824	425,950
Acquired with Deteriorated Credit Quality	-	-	-	-
Total	$ 357,381	$ -	$ 151,183	$ 508,564
Loans				
Ending Balance for Loans and Related Accrued Interest:				
Individually Evaluated for Impairment	$ 207,156	$ 15,080,482	$ 91,476	$ 15,379,114
Collectively Evaluated for Impairment	17,216,478	-	11,215,885	28,432,363
Acquired with Deteriorated Credit Quality	-	-	-	-
Total	$ 17,423,634	$ 15,080,482	$ 11,307,361	$ 43,811,477

[1] As a result of our 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 reserve for credit exposure is recorded in our Strategic Relationships operating segment.

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 by credit quality classification pursuant to our regulator's Uniform Loan Classification System.

March 31, 2011	Agribusiness Non-Guaranteed	Agribusiness Guaranteed	Strategic Relationships	Rural Infrastructure	Total
Acceptable	$ 21,152,472	$ 3,318,536	$ 14,739,305	$ 11,606,028	$ 50,816,341
Special Mention	1,250,553	8	399,776	177,303	1,827,640
Substandard	577,047	81	150,100	99,503	826,731
Doubtful	20,552	-	-	15,519	36,071
Loss	-	-	-	-	-
Total	$ 23,000,624	$ 3,318,625	$ 15,289,181	$ 11,898,353	$ 53,506,783
December 31, 2010					
Acceptable	$ 17,577,545	$ 3,385,473	$ 14,885,307	$ 11,688,197	$ 47,536,522
Special Mention	1,192,436	208	399,787	177,407	1,769,838
Substandard	564,926	266	150,100	99,416	814,708
Doubtful	16,813	-	-	25,920	42,733
Loss	-	-	-	-	-
Total	$ 19,351,720	$ 3,385,947	$ 15,435,194	$ 11,990,940	$ 50,163,801

Aging Analysis

The following tables present an aging of past due loans and related accrued interest.

March 31, 2011	Agribusiness Non-Guaranteed	Agribusiness Guaranteed	Strategic Relationships	Rural Infrastructure	Total
30-89 Days Past Due	$ 5,060	$ -	$ -	$ -	$ 5,060
90 Days Past Due	9,174	-	-	5,019	14,193
Total Past Due	$ 14,234	$ -	$ -	$ 5,019	$ 19,253
Current	22,986,390	3,318,625	15,289,181	11,893,335	53,487,531
Total Loans Outstanding	$ 23,000,624	$ 3,318,625	$ 15,289,181	$ 11,898,354	$ 53,506,784
Accruing Loans 90 Days or More Past Due	$ 739	$ -	$ -	$ -	$ 739
December 31, 2010					
30-89 Days Past Due	$ 8,606	$ -	$ -	$ -	$ 8,606
90 Days Past Due	5,664	-	-	33,716	39,380
Total Past Due	$ 14,270	$ -	$ -	$ 33,716	$ 47,986
Current	19,337,450	3,385,947	15,435,194	11,957,224	50,115,815
Total Loans Outstanding	$ 19,351,720	$ 3,385,947	$ 15,435,194	$ 11,990,940	$ 50,163,801
Accruing Loans 90 Days or More Past Due	$ 681	$ -	$ -	$ -	$ 681

Impaired Loans

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

March 31, 2011	Agribusiness Non-Guaranteed	Agribusiness Guaranteed[(1)]	Strategic Relationships[(1)]	Rural Infrastructure	Total
Nonaccrual Loans	$ 93,102	$ -	$ -	$ 63,160	$ 156,262
Accruing Loans 90 Days or More Past Due	739	-	-	-	739
Restructured Loans	-	-	-	-	-
Total Impaired Loans	**$ 93,841**	**$ -**	**$ -**	**$ 63,160**	**$ 157,001**
December 31, 2010					
Nonaccrual Loans	$ 93,373	$ -	$ -	$ 73,600	$ 166,973
Accruing Loans 90 Days or More Past Due	681	-	-	-	681
Restructured Loans	-	-	-	-	-
Total Impaired Loans	$ 94,054	$ -	$ -	$ 73,600	$ 167,654

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

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

March 31, 2011	Agribusiness Non-Guaranteed	Agribusiness Guaranteed[(1)]	Strategic Relationships[(1)]	Rural Infrastructure	Total
Impaired Loans With No Related Allowance for Loan Losses					
Carrying Amount	$ 14,647	$ -	$ -	$ 39,491	$ 54,138
Unpaid Principal	24,560	-	-	59,023	83,583
Average Balance	30,097	-	-	35,027	65,124
Interest Income Recognized	3,329	-	-	31	3,360
Impaired Loans With Related Allowance for Loan Losses					
Carrying Amount	79,194	-	-	23,669	102,863
Unpaid Principal	97,664	-	-	24,699	122,363
Allowance for Loan Losses	20,543	-	-	13,200	33,743
Average Balance	77,461	-	-	24,167	101,628
Interest Income Recognized	-	-	-	-	-
Total Impaired Loans					
Carrying Amount	93,841	-	-	63,160	157,001
Unpaid Principal	122,224	-	-	83,722	205,946
Allowance for Loan Losses	20,543	-	-	13,200	33,743
Average Balance	107,558	-	-	59,194	166,752
Interest Income Recognized	3,329	-	-	31	3,360

December 31, 2010	Agribusiness Non-Guaranteed	Agribusiness Guaranteed[(1)]	Strategic Relationships[(1)]	Rural Infrastructure	Total
Impaired Loans With No Related Allowance for Loan Losses					
Carrying Amount	$ 34,866	$ -	$ -	$ 20,952	$ 55,818
Unpaid Principal	47,004	-	-	39,939	86,943
Average Balance	106,480	-	-	28,357	134,837
Interest Income Recognized	4,405	-	-	1,059	5,464
Impaired Loans With Related Allowance for Loan Losses					
Carrying Amount	59,188	-	-	52,648	111,836
Unpaid Principal	76,519	-	-	65,223	141,742
Allowance for Loan Losses	16,918	-	-	23,200	40,118
Average Balance	65,001	-	-	61,777	126,778
Interest Income Recognized	-	-	-	-	-
Total Impaired Loans					
Carrying Amount	94,054	-	-	73,600	167,654
Unpaid Principal	123,523	-	-	105,162	228,685
Allowance for Loan Losses	16,918	-	-	23,200	40,118
Average Balance	171,481	-	-	90,134	261,615
Interest Income Recognized	4,405	-	-	1,059	5,464

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

There were $5.5 million in commitments to extend additional credit to borrowers whose loans were classified as impaired at March 31, 2011.

Note 3 – Investment Securities

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

($ in Millions)

March 31, 2011	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury and Agency Debt	**$ 3,967**	**$ 40**	**$ -**	**$ 4,007**
Mortgage-Backed:				
U.S. Agency	**9,190**	**117**	**(51)**	**9,256**
Non-Agency	**370**	**1**	**(11)**	**360**
Asset-Backed	**93**	**-**	**(13)**	**80**
Total	**$ 13,620**	**$ 158**	**$ (75)**	**$ 13,703**

($ in Millions)

December 31, 2010	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury and Agency Debt	$ 3,311	$ 47	$ -	$ 3,358
Mortgage-Backed:				
U.S. Agency	8,673	124	(58)	8,739
Non-Agency	424	2	(24)	402
Asset-Backed	143	-	(25)	118
Total	$ 12,551	$ 173	$ (107)	$ 12,617

A summary of the contractual maturity, amortized cost, fair value and weighted average yield of investment securities by type at March 31, 2011 is as follows:

U.S. Treasury and Agency Debt Securities

($ in Millions)	Amortized Cost	Fair Value	Weighted Average Yield
In One Year or Less	$ 1,591	$ 1,596	0.74 %
One to Five Years	1,876	1,881	0.76
Five to Ten Years	500	530	4.11
After Ten Years	-	-	-
Total	$ 3,967	$ 4,007	1.17

Mortgage-Backed Securities

($ in Millions)	Amortized Cost	Fair Value	Weighted Average Yield
In One Year or Less	$ -	$ -	- %
One to Five Years	123	125	2.12
Five to Ten Years	582	597	3.23
After Ten Years	8,855	8,894	2.37
Total	$ 9,560	$ 9,616	2.42

Asset-Backed Securities

($ in Millions)	Amortized Cost	Fair Value	Weighted Average Yield
In One Year or Less	$ -	$ -	- %
One to Five Years	-	-	-
Five to Ten Years	-	-	-
After Ten Years	93	80	4.13
Total	$ 93	$ 80	4.13

While the substantial majority of our mortgage-backed and asset-backed securities 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 tables show 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, 2011 and December 31, 2010. The continuous loss position is based on the date the impairment first occurred. Unrealized loss positions related to these securities, including those impaired for longer than 12 months, resulted primarily from widened credit spreads and decreased liquidity in the broader financial markets.

	Less Than 12 Months		Greater Than 12 Months	
($ in Millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2011				
U.S. Treasury and Agency Debt	**$ -**	**$ -**	**$ -**	**$ -**
Mortgage-Backed:				
U.S. Agency	**3,906**	**(47)**	**556**	**(4)**
Non-Agency	**-**	**-**	**226**	**(11)**
Asset-Backed	**-**	**-**	**78**	**(13)**
Total	**$ 3,906**	**$ (47)**	**$ 860**	**$ (28)**
December 31, 2010				
U.S. Treasury and Agency Debt	$ -	$ -	$ -	$ -
Mortgage-Backed:				
U.S. Agency	3,188	(56)	641	(2)
Non-Agency	-	-	315	(24)
Asset-Backed	-	-	115	(25)
Total	$ 3,188	$ (56)	$ 1,071	$ (51)

As of March 31, 2011, with the exception of our other-than-temporary impaired (OTTI) securities discussed below, we expect to collect all principal and interest payments on our investment securities. We do not intend to sell the securities in unrealized loss positions, and it is not likely that we will be required to sell such securities, for regulatory, liquidity or other purposes, before a recovery of our cost basis occurs.

During the three months ended March 31, 2011, we recorded no impairment losses in earnings compared to a $3.0 million impairment loss related to one security in the same period of 2010. As of March 31, 2011, we had nine OTTI investment securities with a total fair value of $145.1 million compared to ten OTTI investment securities with a total fair value of $184.3 million at December 31, 2010. During the three months ended March 31, 2011, we sold one OTTI investment security for proceeds of $41.3 million and recorded a gain on disposition of $4.5 million.

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, 2010	$ 59
Additional Credit Impairments Related to Securities Impaired as of December 31, 2010	-
Initial Credit Impairments Related to Securities Not Previously Impaired	-
Sales of Investments with Credit Impairments [1]	(20)
Subsequent Accretion for Increases in Cash Flows Expected to be Collected	-
Balance at March 31, 2011	$ 39

[1] During the three months ended March 31, 2011, we sold one security for proceeds of $41.3 million and recorded a gain on disposition of $4.5 million. We had previously recorded impairment losses of $20.2 million on this security.

For impaired investment securities, we estimate the component of unrealized losses attributable to credit losses 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 2 percent to 17 percent for impaired investment securities at March 31, 2011. We apply historical performance information to estimate future defaults using a default timing curve. Lifetime default rates ranged from 5 percent to 25 percent for impaired investment securities at March 31, 2011. Loss severity assumptions are based on actual performance, where available, or are obtained from an independent third-party. Loss severity ranged from 39 percent to 100 percent for impaired investment securities at March 31, 2011.

Note 4 – 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, 2011 and related activity for the first three months of 2011 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, 2010	$ 28,699	$ 2,056	$ 199	$ 30,954
Additions /Accretion	1,846	-	1,628	3,474
Maturities /Amortization	(2,671)	(35)	(1,376)	(4,082)
Terminations	(1,226)	(19)	-	(1,245)
March 31, 2011	$ 26,648	$ 2,002	$ 451	$ 29,101

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 income statement 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 periods 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 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, 2011, we expect that $2.3 million of expense will be reclassified from other comprehensive income into the income statement 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 six 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, the counterparty owes us, thus creating a performance risk. When the fair value of the derivative contract is negative, we owe the counterparty, and therefore assume no performance risk.

To minimize the risk of credit losses, all derivative transactions are governed by master swap agreements, which 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. The master swap agreements also include bilateral collateral arrangements, requiring the Bank or our counterparties to post collateral on a daily basis with thresholds set at zero. Derivative transactions with our customers are secured through our loan agreements. We record derivative exposures and related cash collateral balances at gross amounts in our consolidated balance sheets. As of March 31, 2011, our counterparties had posted a net $697.4 million in cash and $104.8 million in securities as collateral with us. The maximum amount of losses we could be exposed to in the event of nonperformance by dealer counterparties to our derivative positions, net of collateral held by us, was $0.6 million at March 31, 2011.

Hedge Terminations

During the three months ended March 31, 2011, we terminated approximately $1.2 billion in notional value of interest rate swaps for asset-liability management purposes. These swaps had been accounted for as fair value hedges. We received proceeds of $28.2 million as a result of the hedge contract terminations, which are reflected under operating activities in the condensed consolidated statement of cash flows. The previous fair value adjustments to the fixed rate debt that was hedged by these contracts will be amortized over the remaining life of the debt.

A summary of the impact of derivative financial instruments on our consolidated balance sheets as of March 31, 2011 and December 31, 2010 is shown below.

Fair Value of Derivative Financial Instruments

As of March 31, 2011	Fair Value of Derivative Assets[1]	Fair Value of Derivative Liabilities[2]
Derivatives Designated as Hedging Instruments		
Interest Rate Contracts	$ 712,212	$ 37,403
Foreign Exchange Contracts	686	4,730
Total Derivatives Designated as Hedging Instruments	$ 712,898	$ 42,133
Derivatives Not Designated as Hedging Instruments		
Interest Rate Contracts	$ 69,289	$ 57,645
Foreign Exchange Contracts	1,675	1,476
Total Derivatives Not Designated as Hedging Instruments	$ 70,964	$ 59,121
Total Derivatives	$ 783,862	$ 101,254

(1) These assets make up the "Interest Rate Swaps and Other Financial Instruments" assets in the condensed consolidated balance sheet as of March 31, 2011

(2) These liabilities make up the "Interest Rate Swaps and Other Financial Instruments" liabilities in the condensed consolidated balance sheet as of March 31, 2011

Fair Value of Derivative Financial Instruments				
As of December 31, 2010		**Fair Value of Derivative Assets**[1]		**Fair Value of Derivative Liabilities**[2]
Derivatives Designated as Hedging Instruments				
Interest Rate Contracts	$	917,346	$	19,017
Foreign Exchange Contracts		566		1,838
Total Derivatives Designated as Hedging Instruments	$	917,912	$	20,855
Derivatives Not Designated as Hedging Instruments				
Interest Rate Contracts	$	80,433	$	68,913
Foreign Exchange Contracts		3,020		2,812
Total Derivatives Not Designated as Hedging Instruments	$	83,453	$	71,725
Total Derivatives	$	1,001,365	$	92,580

(1) These assets make up the "Interest Rate Swaps and Other Financial Instruments" assets in the condensed consolidated balance sheet as of December 31, 2010

(2) These liabilities make up the "Interest Rate Swaps and Other Financial Instruments" liabilities in the condensed consolidated balance sheet as of December 31, 2010

A summary of the impact of derivative financial instruments on our consolidated income statements for the three months ended March 31, 2011 and 2010 is shown below.

Derivative Financial Instruments in Fair Value Hedging Relationships				
	Net Amount of Gain or (Loss) Recognized in Income on Derivative and Hedged Item[1]			
Three Months Ended March 31,		**2011**		**2010**
Interest Rate Contracts	**$**	**810**	$	765
Total	**$**	**810**	$	765

(1) Located in Interest Expense in the condensed consolidated income statements for the three months ended March 31, 2011 and 2010

Derivative Financial Instruments in Cash Flow Hedging Relationships						
Three Months Ended March 31, 2011		**Amount of Gain or (Loss) Recognized in OCI on Derivative**[1]		**Amount of Gain or (Loss) Reclassified from OCI to Income on Derivative**[1]		**Amount of Gain or (Loss) Recognized in Income on Derivative**[2]
Interest Rate Contracts	**$**	**(146)**	**$**	**(569)** [3]	**$**	**-**
Foreign Exchange Contracts		**(2,772)**		**(3,538)** [4] [5]		**(403)** [4]
Total	**$**	**(2,918)**	**$**	**(4,107)**	**$**	**(403)**

(1) Effective portion

(2) Ineffective portion and amount excluded from effectiveness assessment

(3) Located in Interest Expense in the condensed consolidated income statement for the three months ended March 31, 2011

(4) Located in Interest Income – Loans in the condensed consolidated income statement for the three months ended March 31, 2011

(5) Fully offset by a $3,538 gain on foreign currency denominated loans (hedged items) which is also located in Interest Income - Loans in the condensed consolidated income statement for the three months ended March 31, 2011

Derivative Financial Instruments in Cash Flow Hedging Relationships			
Three Months Ended March 31, 2010	**Amount of Gain or (Loss) Recognized in OCI on Derivative[1]**	**Amount of Gain or (Loss) Reclassified from OCI to Income on Derivative[1]**	**Amount of Gain or (Loss) Recognized in Income on Derivative[2]**
Interest Rate Contracts	$ (4,361)	$ (316) [3]	$ -
Foreign Exchange Contracts	(1,555)	(1,212) [4] [5]	(94) [4]
Total	$ (5,916)	$ (1,528)	$ (94)

[1] Effective portion

[2] Ineffective portion and amount excluded from effectiveness assessment

[3] Located in Interest Expense in the condensed consolidated income statement for the three months ended March 31, 2010

[4] Located in Interest Income – Loans in the condensed consolidated income statement for the three months ended March 31, 2010

[5] Fully offset by a $1,212 gain on foreign currency denominated loans (hedged items) which is also located in Interest Income - Loans in the condensed consolidated income statement for the three months ended March 31, 2010

Derivative Financial Instruments not Designated as Hedging Relationships		
	Net Amount of Gain or (Loss) Recognized in Income On Derivative[1]	
Three Months Ended March 31,	**2011**	**2010**
Interest Rate Contracts	**$ 124**	$ (104)
Foreign Exchange Contracts	**(9)**	(10)
Total	**$ 115**	$ (114)

[1] Located in Other Noninterest Income / Expense in the condensed consolidated income statements for the three months ended March 31, 2011 and 2010

Note 5 – Fair Value Measurements

The fair values of financial instruments represent 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 Financial Accounting Standards Board (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, 2011 consist of assets held in a trust fund related to deferred compensation, our supplemental executive retirement plan and our executive retirement plan. 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, 2011 include our derivative contracts, collateral balances related to derivative contracts and investment securities, excluding asset-backed securities.

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 values are 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 the majority of our investment securities 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 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 values of investment securities also appear in Note 3.

Level 3

Level 3 inputs are unobservable and supported by limited or no market activity. Our Level 3 assets at March 31, 2011 include our asset-backed investment securities which are not issued or guaranteed by the U.S. government or its agencies. Based on the lack of active trading volume and an orderly market for our asset-backed securities, we classified this portfolio as Level 3. Market values for such asset-backed securities are calculated internally using third-party models, with certain adjustments made in consideration of third-party pricing service results. Inputs into 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 observable market inputs.

Level 3 assets at March 31, 2011 also include $58.6 million of loans originally measured at cost, which were written down to fair value as a result of impairment, and $5.6 million of other property owned. 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 following tables because they are not measured on a recurring basis.

Our Level 3 liabilities at March 31, 2011 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.

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, 2011 and December 31, 2010 for each of the fair value hierarchy levels.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

March 31, 2011

($ in Millions)	Level 1	Level 2	Level 3	Total
Assets				
Investment Securities:				
U.S. Treasury Debt	$ -	$ 1,713	$ -	$ 1,713
U.S. Agency Debt	-	2,294	-	2,294
U.S. Agency Mortgage-Backed	-	9,256	-	9,256
Non-Agency Mortgage-Backed	-	360	-	360
Asset-Backed	-	-	80	80
Interest Rate Swaps and Other Financial Instruments	-	784	-	784
Assets Held in Trust (included in Other Assets)	34	-	-	34
Collateral Assets (included in Other Assets)	-	7	-	7
Total Assets	$ 34	$ 14,414	$ 80	$ 14,528
Liabilities				
Interest Rate Swaps and Other Financial Instruments	$ -	$ 101	$ -	$ 101
Collateral Liabilities (included in Bonds and Notes)	-	704	-	704
Standby Letters of Credit (included in Other Liabilities)	-	-	11	11
Total Liabilities	$ -	$ 805	$ 11	$ 816

Assets and Liabilities Measured at Fair Value on a Recurring Basis

December 31, 2010

($ in Millions)	Level 1	Level 2	Level 3	Total
Assets				
Investment Securities:				
U.S. Treasury Debt	$ -	$ 854	$ -	$ 854
U.S. Agency Debt	-	2,504	-	2,504
U.S. Agency Mortgage-Backed	-	8,739	-	8,739
Non-Agency Mortgage-Backed	-	402	-	402
Asset-Backed	-	-	118	118
Interest Rate Swaps and Other Financial Instruments	-	1,001	-	1,001
Assets Held in Trust (included in Other Assets)	34	-	-	34
Collateral Assets (included in Other Assets)	-	7	-	7
Total Assets	$ 34	$ 13,507	$ 118	$ 13,659
Liabilities				
Interest Rate Swaps and Other Financial Instruments	$ -	$ 93	$ -	$ 93
Collateral Liabilities (included in Bonds and Notes)	-	891	-	891
Standby Letters of Credit (included in Other Liabilities)	-	-	11	11
Total Liabilities	$ -	$ 984	$ 11	$ 995

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)	Asset-Backed Investment Securities	Standby Letters of Credit
Balance at December 31, 2010	$ 118	$ 11
Total Gains or Losses (Realized/Unrealized):		
Included in Other Noninterest Expense	**-**	**-**
Included in Other Comprehensive Loss	**12**	**-**
Purchases	**-**	**-**
Sales	**(41)**	**-**
Issuances	**-**	**1**
Settlements	**(9)**	**(1)**
Balance at March 31, 2011	**$ 80**	**$ 11**
Balance at December 31, 2009	$ 173	$ 10
Total Gains or Losses (Realized/Unrealized):		
Included in Other Noninterest Expense	(3)	-
Included in Other Comprehensive Loss	5	-
Purchases, Sales, Issuances and Settlements, Net	(19)	(1)
Balance at March 31, 2010	$ 156	$ 9

Estimated Fair Value of Financial Instruments

The following table presents the estimated fair values of financial instruments that are recorded in the consolidated balance sheets at cost, as well as certain off-balance sheet financial instruments, as of March 31, 2011 and December 31, 2010.

Estimated Fair Value of Financial Instruments

	March 31, 2011		December 31, 2010	
($ in Millions)	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial Assets:				
Net Loans	**$ 52,923**	**$ 53,987**	$ 49,592	$ 50,613
Financial Liabilities:				
Bonds and Notes	**$ 62,718**	**$ 64,155**	$ 59,324	$ 60,094
Subordinated Debt	**1,000**	**987**	1,000	953
Off-Balance Sheet Financial Instruments:				
Commitments to Extend Credit	**$ -**	**$ (77)**	$ -	$ (80)

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 regularly traded in the secondary market and those that are traded may not have readily available quoted market prices. To the extent that quoted market prices are not readily available, the fair value of these instruments is estimated by discounting expected future cash flows based on the quoted market price of similar maturity U.S. Treasury notes, assuming a constant estimated yield spread relationship between Systemwide bonds and notes and comparable U.S. Treasury notes.

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.

Note 6 – 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 a noncontributory, unfunded nonqualified supplemental executive retirement plan (SERP) covering senior officers and specified other senior managers, as well as a noncontributory, unfunded nonqualified executive retirement plan (ERP) 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 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 healthcare benefits. Substantially all participants pay the full premiums associated with these other postretirement healthcare benefits. Participant contributions are adjusted annually.

We expect to contribute approximately $4.0 million to our funded, qualified defined benefit pension plans in 2011 and a net $0.1 million, after reflecting collected retiree premiums, to our other postretirement benefit plans in 2011. We also expect to contribute approximately $2.0 million to our trust funds related to our SERP and ERP in 2011. Our actual contributions could differ from the estimates noted above.

Note 7 – Commitments and Contingent Liabilities

At March 31, 2011, various lawsuits were pending or threatened against the Bank, in which claims for monetary damages have been or may be asserted. In the opinion of management, based on information currently available and taking into account the advice of legal counsel, the ultimate liability, if any, of pending or threatened legal actions will not have a material adverse impact on our consolidated results of operations or financial position.

Under the Farm Credit Act of 1971, as amended, CoBank is primarily liable for its portion of Systemwide debt securities. Additionally, we are contingently liable for the Systemwide debt securities of the other System banks. Total Systemwide debt securities of the System were $189.6 billion at March 31, 2011.

There are several mechanisms in place affecting exposure to statutory joint and several liabilities. These mechanisms include:

- The statutory requirement for System banks 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;
- The Insurance Fund, a statutorily created insurance fund to assist in the timely payment of principal and interest on Systemwide debt securities in the event of a default by a System bank to the extent that net assets are available in the Insurance Fund. At March 31, 2011, the assets of the Insurance Fund aggregated $3.3 billion; and
- Maintenance of certain financial criteria by agreements which, if not met, could limit or ultimately deny a troubled System bank's access to and participation in System debt issuances.

Note 8 – 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. 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 international loans are U.S. dollar-denominated and the majority of these loans are guaranteed by a U.S. government-sponsored loan guarantee program.

For the three-month period ended March 31, 2011, no customer made up 10 percent or more of our gross or net interest income. For the three-month period ended March 31, 2010, interest earned from an affiliated Association, Northwest, represented 10 percent of our gross interest income and less than 10 percent of our net interest income. No other customer made up 10 percent or more of our gross or net interest income for the three-month period ended March 31, 2010.

Segment Financial Information

For the Three Months Ended March 31, 2011

		Agribusiness		Strategic Relationships		Rural Infrastructure		Subtotal		Other		Total CoBank
Results of Operations ($ in Thousands):												
Net Interest Income	$	201,448	$	28,002	$	73,215	$	302,665	$	(1,461)	$	301,204
Provision (Reversal) for Loan Losses		18,000		-		(5,500)		12,500		-		12,500
Noninterest Income		22,906		160		10,600		33,666		(160)		33,506
Operating Expenses		34,103		3,750		15,039		52,892		308		53,200
Provision for Income Taxes		39,305		-		18,202		57,507		(558)		56,949
Net Income	$	132,946	$	24,412	$	56,074	$	213,432	$	(1,371)	$	212,061
Selected Financial Information at March 31, 2011 ($ in Millions):												
Loans	$	26,245	$	15,245	$	11,833	$	53,323	$	-	$	53,323
Less: Allowance for Loan Losses		(289)		-		(111)		(400)		-		(400)
Net Loans	$	25,956	$	15,245	$	11,722	$	52,923	$	-	$	52,923
Total Assets	$	26,081	$	15,288	$	11,782	$	53,151	$	16,129 *	$	69,280
*Other assets are comprised of:												
Investment Securities											$	13,703
Other Assets												2,426

For the Three Months Ended March 31, 2010

		Agribusiness		Strategic Relationships		Rural Infrastructure		Subtotal		Other		Total CoBank
Results of Operations ($ in Thousands):												
Net Interest Income	$	125,711	$	28,861	$	77,182	$	231,754	$	(1,034)	$	230,720
Provision (Reversal) for Loan Losses		(6,000)		-		18,500		12,500		-		12,500
Noninterest Income		33,955		200		24,082		58,237		524		58,761
Operating Expenses		25,316		3,490		37,104		65,910		869		66,779
Provision for Income Taxes		34,077		-		7,739		41,816		(273)		41,543
Net Income	$	106,273	$	25,571	$	37,921	$	169,765	$	(1,106)	$	168,659
Selected Financial Information at March 31, 2010 ($ in Millions):												
Loans	$	17,376	$	15,029	$	11,240	$	43,645	$	-	$	43,645
Less: Allowance for Loan Losses		(260)		-		(126)		(386)		-		(386)
Net Loans	$	17,116	$	15,029	$	11,114	$	43,259	$	-	$	43,259
Total Assets	$	17,213	$	15,078	$	11,174	$	43,465	$	14,132 *	$	57,597
*Other assets are comprised of:												
Investment Securities											$	11,936
Other Assets												2,196

Supplemental District Financial Information

CoBank, ACB and Affiliated Associations

Our affiliated Associations operate independently and maintain an arms-length relationship with us, except to the limited extent that the Farm Credit Act requires us, as the funding bank, to monitor and approve certain activities of affiliated Associations. Accordingly, the financial information of affiliated Associations is not included in our consolidated financial statements. However, because of the interdependent manner in which CoBank and its affiliated Associations operate, we believe that presenting combined Bank and Association financial information is meaningful for purposes of additional analysis.

The Combining Balance Sheets and Income Statements, ratios and other financial information on pages 39 and 40 present condensed combined financial information of CoBank and its affiliated Associations, which are collectively referred to as the District. As part of the combining process, all significant transactions between CoBank and its affiliated Associations, including loans made by the Bank to the affiliated Associations and the interest income/interest expense related thereto, and investments of the affiliated Associations in the Bank and the earnings related thereto, have been eliminated.

District Results of Operations and Financial Condition

District net income increased to $275 million for the three months ended March 31, 2011 compared to $227 million during the same period in 2010. The combined net income of the Associations increased to $79 million for the three months ended March 31, 2011 compared to $74 million during the same period of 2010. The increase in combined Association net income was primarily the result of a decrease in the provision for loan losses and an improvement in net interest income, offset in part by lower noninterest income. The combined Associations' provision for loan losses decreased to $9 million in the first three months of 2011 compared to $22 million in the 2010 period, driven by a lower provision at our largest affiliated Association. Notwithstanding the lower provision for loan losses in 2011, credit challenges in the dairy, timber and nursery industries could lead to a decline in the credit quality of the Associations' retail loan portfolio and an increase in their provision for loan losses. Association net interest income increased by $8 million primarily due to higher average loan volume at our two largest affiliated Associations. Association noninterest income decreased by $13 million largely due to refunds of Farm Credit insurance fund premiums received in the 2010 period.

As of March 31, 2011, the combined Associations' shareholders' equity was $2.3 billion and capital levels at all Associations were well in excess of minimum regulatory capital requirements.

Supplemental District Financial Information
CoBank, ACB and Affiliated Associations

Combining Balance Sheets (Condensed)

($ in Millions) (Unaudited)

As of March 31, 2011	CoBank	Combined Affiliated Associations	Eliminations	Combined District
Investments	$ 13,703	$ -	$ -	$ 13,703
Loans	53,323	13,074	(11,163)	55,234
Less: Allowance for Loan Losses	(400)	(181)	-	(581)
Net Loans	52,923	12,893	(11,163)	54,653
Other Assets	2,654	733	(537)	2,850
Total Assets	$ 69,280	$ 13,626	$ (11,700)	$ 71,206
Bonds and Notes	$ 63,718	$ 11,248	$ (11,201)	$ 63,765
Reserve for Unfunded Commitments	111	7	-	118
Other Liabilities	926	88	(21)	993
Total Liabilities	64,755	11,343	(11,222)	64,876
Total Shareholders' Equity	4,525	2,283	(478)	6,330
Total Liabilities and Shareholders' Equity	$ 69,280	$ 13,626	$ (11,700)	$ 71,206
As of December 31, 2010				
Investments	$ 12,617	$ -	$ -	$ 12,617
Loans	49,992	13,149	(11,327)	51,814
Less: Allowance for Loan Losses	(400)	(176)	-	(576)
Net Loans	49,592	12,973	(11,327)	51,238
Other Assets	3,617	810	(582)	3,845
Total Assets	$ 65,826	$ 13,783	$ (11,909)	$ 67,700
Bonds and Notes	$ 60,324	$ 11,403	$ (11,364)	$ 60,363
Reserve for Unfunded Commitments	100	7	-	107
Other Liabilities	996	148	(68)	1,076
Total Liabilities	61,420	11,558	(11,432)	61,546
Total Shareholders' Equity	4,406	2,225	(477)	6,154
Total Liabilities and Shareholders' Equity	$ 65,826	$ 13,783	$ (11,909)	$ 67,700

Supplemental District Financial Information
CoBank, ACB and Affiliated Associations

Combining Statements of Income (Condensed)

($ in Millions) (Unaudited)

For the Three Months Ended March 31,	CoBank	Combined Affiliated Associations	Eliminations	Combined District
2011				
Net Interest Income	**$ 301**	**$ 106**	**$ -**	**$ 407**
Provision for Loan Losses	**13**	**9**	**-**	**22**
Noninterest Income	**34**	**28**	**(16)**	**46**
Operating Expenses	**53**	**44**	**-**	**97**
Provision for Income Taxes	**57**	**2**	**-**	**59**
Net Income	**$ 212**	**$ 79**	**$ (16)**	**$ 275**
2010				
Net Interest Income	$ 231	$ 98	$ -	$ 329
Provision for Loan Losses	13	22	-	35
Noninterest Income	59	41	(16)	84
Operating Expenses	67	42	-	109
Provision for Income Taxes	41	1	-	42
Net Income	$ 169	$ 74	$ (16)	$ 227

Key Financial Ratios – Combined CoBank District

(Unaudited)

For the Three Months Ended March 31,	2011	2010
Return on Average Assets	**1.52 %**	1.50 %
Return on Average Capital	**17.52**	15.77
Net Interest Margin	**2.33**	2.27
Operating Expenses as a Percent of Net Interest Income and Noninterest Income	**21.23**	26.49
Net Charge-offs as a Percent of Average Loans	**0.04**	0.11
	March 31, 2011	**December 31, 2010**
Reserve for Credit Exposure as a Percent of Loans	**1.27 %**	1.32 %
Capital as a Percent of Total Assets	**8.89**	9.09
Risk Funds as a Percent of Loans	**12.73**	13.19
Debt to Capital (:1)	**10.25**	10.00

Loan Quality Ratios – Combined CoBank District

(Unaudited)

	March 31, 2011	December 31, 2010
Acceptable	**92.03 %**	91.48 %
Special Mention	**4.76**	5.13
Substandard	**3.08**	3.24
Doubtful	**0.13**	0.15
Loss	**-**	-
Total	**100.00 %**	100.00 %

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 principal executive officer and our principal financial officer, as appropriate, to allow timely decisions to be made regarding disclosure. The president and 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 Section 319, 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 9th day of May, 2011.

/s/ EVERETT DOBRINSKI

Everett Dobrinski
Chairman of the Board

/s/ ROBERT B. ENGEL

Robert B. Engel
President and Chief Executive Officer

/s/ DAVID P. BURLAGE

David P. Burlage
Chief Financial Officer

CERTIFICATION

I, Robert B. Engel, President and 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
President and Chief Executive Officer

Dated: May 9, 2011

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 9, 2011

Leadership
CoBank, ACB

Robert B. Engel, President and Chief Executive Officer

Mary E. McBride, Chief Banking Officer
- ***Agribusiness***
- **Amy H. Gales,** Regional Agribusiness Banking Group*
  - **Robert E. Egerton,** Agribusiness Division – East
  - **Michael W. Hechtner,** Agribusiness Division – Central
  - **Mark C. Nonnenmacher**, Agribusiness Division – West
  - **Lynn M. Scherler,** Agribusiness Division – South
- **Jonathan B. Logan,** Corporate Agribusiness Banking Group
  - **Manuel Fernandez-Quevedo,** International Division

- ***Rural Infrastructure***
- **Paul A. Narduzzo,** Rural Infrastructure Banking Group
  - **Brett A. Challenger,** Energy and Water Services Banking Division
  - **Jennifer G. Goss,** Electric Distribution Banking Division
  - **Todd E. Telesz,** Power Supply Banking Division
  - **Robert F. West,** Communications Banking Division

- ***Banking Services***
- **Antony M. Bahr,** Banking Services Group
  - **Brian J. Klatt,** Capital Markets Division
  - **Russell D. Nelson,** Farm Credit Leasing Services Corporation**
  - **Candace A. Roper,** Knowledge Exchange Division
  - **Richard A. Scholz,** Non-Credit Services Division

Ann E. Trakimas, Chief Operating Officer
- ***Finance***
- **David P. Burlage,** Chief Financial Officer
  - **Timothy D. Steidle,** Treasury Division
  - **Michael R. Vestal,** Controller Division

- ***Business Support Services***
- **John Svisco,** Chief Administrative Officer
  - **James R. Bernsten,** Chief Information Officer
  - **Arthur C. Hodges, Jr.,** Corporate Communications Division
  - **Robert L. O'Toole,** Human Resources Division
  - **Todd E. Wilson,** Operations Division

- ***Regulatory, Legislative and Compliance***
- **Andrew D. Jacob**, Regulatory, Legislative and Compliance
  - **L. Todd VanHoose,** Legislative and Regulatory Affairs

Douglas E. Wilhelm, Chief Risk Officer
- **Rodney A. Brown,** Asset Review Division
- **Gary M. Fitzgerald,** Internal Audit Division
- **Andrew J. Romanow**, Deputy General Counsel

Lori L. O'Flaherty, Chief Credit Officer
- **Daniel L. Key**, Credit Approval Division
- **Ronald P. Seigley**, Special Assets Division

* The Strategic Relationships operating segment is included within the Regional Agribusiness Banking Group.
** Farm Credit Leasing Services Corporation is included in our Agribusiness operating segment.

Office Locations

CoBank, ACB

CoBank National Office and Denver Banking Center
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

California Farm Credit Leasing Office *
2345 East Earhart Avenue
Stockton, CA 95206
P.O. Box 31990
Stockton, CA 95213
(209) 944-7478

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

Fargo Banking Center
Goldmark Office Park
1711 Gold Drive South, Suite 230
Fargo, ND 58103
(701) 277-5007
(866) 280-2892

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
(877) 610-6987
FCL : (806) 788-3705

Maryland Farm Credit Leasing Office *
6546 MidAtlantic Lane
Salisbury, MD 21804
(800) 225-8325

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

North Carolina Farm Credit Leasing Office*
146 Victory Lane
Statesville, NC 28625
(443) 452-8666

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

Pennsylvania Farm Credit Leasing Office*
900 Bent Creek Boulevard
Mechanicsburg, PA 17050
(717) 620-2601

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
202 Poplar 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 230
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 2011 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 9, 2011, August 9, 2011, November 9, 2011, and March 1, 2012 (Annual Report).