NEWS RELEASE

COBANK REPORTS FIRST QUARTER FINANCIAL RESULTS

U.S. AgBank Merger Delivers Immediate Benefits

Net Earnings Increase 9 Percent To $230.5 Million

DENVER (May 2, 2012) — CoBank, a cooperative bank serving agribusinesses, rural infrastructure providers and Farm Credit associations throughout the United States, today announced financial results for the first quarter of 2012.

Results for the quarter reflected the impact of CoBank's January 1, 2012 merger with U.S. AgBank, through which the bank acquired U.S. AgBank's assets and liabilities, including approximately $20 billion in wholesale loans to 25 Farm Credit associations. The merger increased average loan volume as well as net interest income, net income and certain other key measures of financial performance. The positive impact from the merger more than offset a year-over-year decline in agribusiness lending, caused by lower average prices for grains and other commodities and reduced inventory financing requirements at agricultural cooperatives.

Including the impact of the merger, CoBank's quarterly net income rose 9 percent to $230.5 million, compared with $212.1 million in the first quarter of last year. Net interest income for the quarter was $313.1 million, compared with $301.2 million a year ago. Average loan volume for the first quarter was $69.4 billion, compared to $54.9 billion for the same period in 2011.

"As expected, our merger with U.S. AgBank is delivering immediate financial benefits," said Robert B. Engel, president and chief executive officer. "Over time, those benefits will become even more significant, given the increased financial strength of the combined bank and market conditions that will continue to be unpredictable. We're very pleased with our results for the quarter, and remain focused on meeting the borrowing needs of customers across all the industries we finance."

At quarter end, 1.02 percent of the bank's loans were classified as adverse assets, compared with 1.25 percent at December 31, 2011. Nonaccrual loans decreased to $125.0 million, compared to $134.9 million at the end of the year. During the first quarter, the bank recorded a $5.0 million provision for loan losses, compared to $12.5 million in the first quarter of 2011.

"Credit quality in CoBank's loan portfolio is at historically high levels," said David P. Burlage, CoBank's chief financial officer. "Conditions are generally strong in the U.S. rural economy and most of the industries we serve. Additionally, we saw further improvement to credit quality in the first quarter due to the addition of U.S. AgBank's high quality wholesale association loan portfolio."

The bank's allowance for credit losses now totals $545.4 million, or 1.66 percent of non-guaranteed loans outstanding excluding loans to Farm Credit associations.

Capital and liquidity levels at CoBank remain well in excess of regulatory minimums. As of March 31, 2012, shareholders' equity totaled $6.0 billion, and the bank's permanent capital ratio was 15.32 percent, compared with the 7.00 percent minimum established by the Farm Credit Administration (FCA). At quarter end, cash and investments totaled $18.8 billion and days liquidity was 180 days. No impairment losses in the investment portfolio were taken during the quarter.

Engel noted that, despite strong financial performance in the first quarter, CoBank continues to face challenges to revenue growth. Lower commodity prices and changing farmer delivery patterns have diminished the need for and level of seasonal borrowing by agricultural cooperatives, and continued weakness in the housing market and overall economy is suppressing capital investment and demand for credit from rural infrastructure providers. In addition, many farmers and ranchers around the country are currently opting to finance operations with cash rather than credit, reducing loans at Farm Credit associations served by the bank.

"Demand for loans in the industries we serve is, as always, closely tied to external economic factors and conditions, many of which remain volatile and uncertain," Engel said. "Under the guidance of our board, we continue to build the financial strength of the bank, provide our customers with exceptional value and manage the enterprise for the long term."

About CoBank

CoBank is a cooperative bank serving vital industries across rural America. The bank provides loans, leases, export financing and other financial services to agribusinesses and rural power, water and communications providers in all 50 states. The bank also provides wholesale loans and other financial services to affiliated Farm Credit associations serving more than 70,000 farmers, ranchers and other rural borrowers in 23 states around the country.

CoBank is a member of the Farm Credit System, a nationwide network of banks and retail lending associations chartered to support the borrowing needs of U.S. agriculture and the nation's rural economy. Headquartered outside Denver, Colorado, CoBank serves customers from regional banking centers across the U.S. and also maintains an international representative office in Singapore.

For more information about CoBank, visit the bank's web site at www.cobank.com.

Contact

Arthur Hodges
Senior Vice President, Corporate Communications
303-740-4061
ahodges@cobank.com

Dan Haley
Director of Corporate Communications
303-793-2239
dhaley@cobank.com

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

BALANCE SHEET INFORMATION

	March 31, 2012 (Unaudited)	December 31, 2011
Loans	$ 69,985	$ 46,285
Less: Allowance for loan losses	414	388
Net loans	69,571	45,897
Cash	1,320	2,772
Investment securities	17,467	12,995
Interest rate swaps and other financial instruments	1,053	1,049
Accrued interest receivable and other assets	684	577
Total assets	$ 90,095	$ 63,290
Bonds and notes	$ 81,847	$ 56,104
Subordinated debt	1,000	1,000
Interest rate swaps and other financial instruments	122	137
Reserve for unfunded commitments	131	154
Accrued interest payable and other liabilities	949	999
Total liabilities	84,049	58,394
Shareholders' equity	6,046	4,896
Total liabilities and shareholders' equity	$ 90,095	$ 63,290

STATEMENT OF INCOME INFORMATION

For the three months ended March 31,	2012	2011
	(Unaudited)	
Interest income	$ 519	$ 486
Interest expense	206	185
Net interest income	313	301
Provision for loan losses	5	13
Net interest income after provision for loan losses	308	288
Noninterest income	32	34
Operating expenses	59	53
Provision for income taxes	51	57
Net income	$ 230	$ 212