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NEWS RELEASE

COBANK REPORTS SECOND QUARTER FINANCIAL RESULTS

DENVER (August 5, 2013) — CoBank, a cooperative bank serving agribusinesses, rural infrastructure providers and Farm Credit associations throughout the United States, today announced financial results for the second quarter and first six months of 2013.

Net income for the quarter decreased 16 percent to $212.0 million, from $252.4 million in the second quarter of 2012. For the first six months of 2013, net income decreased 13 percent to $420.8 million. The 2012 results included significantly higher noninterest income due to $44.6 million in refunds from the Farm Credit System Insurance Corporation received in the second quarter of 2012. The continuing low interest rate environment and increased insurance fund premium expenses also reduced earnings in 2013.

Net interest income declined in the second quarter by 3 percent to $296.7 million, from $307.1 million in the second quarter of 2012. For the first six months of 2013, net interest income decreased 3 percent to $599.1 million. The decreases were driven primarily by the continuing low interest rate environment, which has impacted the bank's returns on invested capital, its balance sheet positioning and its portfolio of liquidity investment securities. These decreases, however, were partially offset by increases in average loan volume.

Average loan volume for the quarter rose 3 percent to $71.6 billion, compared to $69.4 billion in the same period last year. For the first six months of 2013, average loan volume increased 4 percent. The increases were driven by higher levels of borrowing by affiliated Farm Credit associations and rural electric customers, which more than offset a decline in lending to agribusiness cooperatives. The decrease in agribusiness lending resulted primarily from lower grain inventories at many agribusiness cooperatives around the country, which reduced demand for seasonal financing. Total loan volume at June 30, 2013 was $71.2 billion.

"Overall, CoBank continues to perform well despite market conditions that remain challenging," said Bob Engel, CoBank's chief executive officer. "In the midst of a slow economy and increased competition, demand for credit and financial services has held steady across most of the industries we serve, and we're pleased with the overall growth we've seen in our loan portfolio. Like most banks, we are feeling the impact of low interest rates on our earnings, but we remain highly profitable and in a strong position to continue fulfilling our mission and meeting the needs of our customers."

Credit quality in the bank's loan portfolio remained favorable. At quarter end, 1.11 percent of the bank's loans were classified as adverse assets, compared to 1.01 percent at December 31, 2012. The bank's provision for loan losses during the second quarter of 2013 was $5.0 million, the same amount as in the second quarter of last year. Nonaccrual loans were $212.7 million, compared to $170.2 million at December 31, 2012. The bank's allowance for credit losses totaled $624.6 million at quarter end, or 1.99 percent of non-guaranteed loans when loans to Farm Credit associations are excluded.

Capital levels at the bank remain well in excess of regulatory minimums. As of June 30, 2013, shareholders' equity totaled $6.7 billion, and the bank's permanent capital ratio was 16.9 percent, compared with the 7.0 percent minimum established by the Farm Credit Administration (FCA), the bank's independent regulator. The bank redeemed $200 million of its Series C non-cumulative perpetual preferred stock subsequent to quarter end, given its high cost relative to other recent preferred stock issuances and the bank's strong overall capital position.

"We continue to monitor the capital markets closely for additional opportunities to optimize our capital structure and cost of capital," said David P. Burlage, CoBank's chief financial officer.

At quarter end, the bank held approximately $20.7 billion in cash and investments. The bank had 200 days of liquidity at June 30, 2013, compared with the 90-day FCA minimum.

Engel noted that it's impossible to predict when the interest rate environment will return closer to historical norms. "Over the past few months, the Federal Reserve has begun talking publicly about tapering its quantitative easing program, and the reaction of the market has been volatile," Engel said. "While the Fed and other central banks have exerted considerable influence over the level of interest rates, long-term rates will ultimately be determined by market forces that policymakers do not control. Though CoBank's business results will generally benefit if rates increase, we have the financial strength and flexibility to continue delivering on our promises regardless of the monetary environment."

About CoBank

CoBank is a $93 billion 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 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.

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

BALANCE SHEET INFORMATION

	June 30, 2013 (Unaudited)	December 31, 2012
Loans	$ 71,199	$ 71,980
Less: Allowance for loan losses	462	437
Net loans	70,737	71,543
Cash	444	1,254
Investment securities	20,239	17,999
Interest rate swaps and other financial instruments	776	1,005
Accrued interest receivable and other assets	928	677
Total assets	$ 93,124	$ 92,478
Bonds and notes	$ 84,259	$ 83,607
Subordinated debt	905	905
Interest rate swaps and other financial instruments	123	158
Reserve for unfunded commitments	163	158
Accrued interest payable and other liabilities	962	1,209
Total liabilities	86,412	86,037
Shareholders' equity	6,712	6,441
Total liabilities and shareholders' equity	$ 93,124	$ 92,478

STATEMENT OF INCOME INFORMATION

For the three months ended June 30,	2013	2012
	(Unaudited)	
Interest income	$ 492	$ 503
Interest expense	195	196
Net interest income	297	307
Provision for loan losses	5	5
Net interest income after provision for loan losses	292	302
Noninterest income	30	74
Operating expenses	70	65
Provision for income taxes	40	59
Net income	$ 212	$ 252

STATEMENT OF INCOME INFORMATION

For the six months ended June 30,	2013	2012
	(Unaudited)	
Interest income	$ 988	$ 1,021
Interest expense	389	401
Net interest income	599	620
Provision for loan losses	20	10
Net interest income after provision for loan losses	579	610
Noninterest income	56	107
Operating expenses	136	124
Provision for income taxes	78	110
Net income	$ 421	$ 483