



NEWS RELEASE

CoBank Enhances Patronage Program

Bank Increases Cash Component Of Cooperative Capital Plan

DENVER (January 14, 2013) — CoBank, a cooperative bank serving agribusinesses, rural infrastructure providers and Farm Credit System associations throughout the United States, today announced changes to its patronage program that will result in higher cash payments to cooperatives and other eligible borrowers.

Under the bank's cooperative capital plan, cooperatives and other eligible customers receive patronage equal to 100 basis points of their average eligible loan balance for the year. Of that amount, 65 basis points have previously been paid in cash, with the remaining 35 basis points paid in the form of bank equity. Now, customers will receive 75 basis points in cash and 25 basis points in equity.

The enhancement to the patronage program was approved recently by the CoBank board of directors. The change will be effective for the 2012 fiscal year, meaning eligible customers will see the higher cash payout in their March 2013 patronage distributions.

"We're delighted to be in a position to make this change, which we expect will deliver real value to our customer-owners in 2013 and beyond," said Everett Dobrinski, chairman of the CoBank board.

Bob Engel, CoBank's president and chief executive officer, noted that this is the latest in a series of improvements to the bank's patronage program adopted over the past decade. Since 2003 the bank has significantly increased the total amount of patronage and the percentage of cash patronage paid, while lowering target equity requirements.

"Stable, reliable patronage is a fundamental part of the overall CoBank value proposition," Engel said. "Patronage effectively lowers the net cost of borrowing for our customers and also provides them with equity that gives them a voice in the governance of our business. We're thankful that our board has approved this new enhancement to our program, which is especially meaningful in the current low interest rate environment."

The bank has separate patronage plans for its affiliated Farm Credit associations and certain other customers, which remain unchanged.

Total patronage amounts for 2012 will be announced as part of the bank's year-end financial results. Last March, CoBank distributed \$341 million in cash and equity patronage. Over the past five years, patronage payments have totaled almost \$1.5 billion.

About CoBank

CoBank is a \$90 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 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.

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