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COBANK REPORTS FIRST QUARTER FINANCIAL RESULTS

For immediate release

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DENVER (May 5, 2005) — CoBank today reported net income of \$77.6 million for the three months ended March 31, 2005, an 8 percent increase from \$72.0 million for the same period in 2004.

Several factors contributed to the increase in earnings, including an \$8.0 million decrease in operating expenses, a \$7.5 million decrease in provision for credit losses resulting from continued strong credit quality, and a \$6.0 million gain on the sale of an acquired property during the first quarter of 2005. These factors were partially offset by a decrease in net interest income of \$15.4 million.

Total loans and leases outstanding for CoBank increased to \$25.4 billion at March 31, 2005, up from \$24.0 billion at year-end 2004, due primarily to seasonal increases in loans to our agribusiness customers. However, average loan and lease volume for the first quarter of 2005 declined \$1.3 billion as compared to the first quarter of 2004, primarily due to a decrease in loan demand by our agricultural cooperative customers. CoBank's total assets increased to \$32.0 billion as of March 31, 2005, an increase of \$1.1 billion since year-end.

“CoBank continues to achieve strong financial results,” says Douglas D. Sims, chief executive officer. “In coming months, we will monitor expected incremental increases in interest rates and their impact on the bank and our customers. We’re committed to serving the needs of our customers and rural America while building on the bank’s record of financial strength.”

As Rural America’s Cooperative Bank, CoBank specializes in providing financial solutions and leasing services to cooperatives, agribusinesses, Farm Credit associations, and rural communications, energy and water companies. The bank also finances agricultural exports and owns Farm Credit Leasing Services Corporation. CoBank has a national office in Denver, additional offices across the U.S. and two international representative offices. CoBank is part of the \$127-billion U.S. Farm Credit System.

To view a consolidated financial statement, [click here](#).