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COBANK REPORTS SECOND QUARTER FINANCIAL RESULTS

For immediate release

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DENVER (August 5, 2005) — CoBank today reported net earnings of \$151.3 million for the first six months of 2005, compared to \$143.0 million for the same period in 2004.

A number of factors contributed to the increase in earnings: a lower provision for credit losses reflecting improved credit quality, lower operating expenses, a gain on the sale of an acquired property during the first quarter of 2005, and reduced income tax expense. These factors were partially offset by lower net interest income on lower average interest-earning assets, and reduced spreads.

Total loans and leases outstanding for CoBank increased slightly to \$25.2 billion at June 30, 2005, compared to \$24.0 billion at year-end 2004 and total assets increased to \$32.1 billion as of June 30, 2005, compared to \$30.9 billion at year-end 2004, primarily due to seasonal increases in loans to our agribusiness customers.

“CoBank continues to deliver strong financial performance,” said Douglas D. Sims, the bank’s chief executive officer. “As 2005 progresses, we will remain committed to managing expenses and maintaining a strong and diverse portfolio so that we are well positioned to provide value to our customer-owners in varying market conditions,” Sims noted.

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 \$130-billion U.S. Farm Credit System. Additional information about the bank is available at www.cobank.com.

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

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