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## NEWS RELEASE

### COBANK REPORTS FINANCIAL RESULTS FOR FIRST QUARTER 2008

*Net Earnings Increase 45 Percent To \$149.6 Million*

**DENVER (May 2, 2008)** — CoBank, a leading cooperative bank serving agribusinesses and rural utilities throughout the United States, today announced financial results for the first three months of 2008, reporting exceptional growth in loan volumes and net earnings. In addition, credit quality remained strong.

Net earnings rose 45 percent in the first quarter to \$149.6 million, compared with \$103.5 million for the same period in 2007. Net interest income rose 36 percent to \$217.7 million, from \$159.5 million the year before. Total loans and leases outstanding for CoBank increased to \$46.8 billion at March 31, 2008, compared to \$40.5 billion at year-end 2007.

Higher commodity prices for grain and oilseeds were a primary driver of loan growth and earnings for the quarter. While all of the bank's lending units experienced growth in average loan volume, the most significant increases were in loans to agribusiness customers serving the grain and oilseeds markets. Increased prices and demand for farm supplies were also important factors.

"We continue to serve our agribusiness customers during what are extraordinary conditions in U.S. agricultural markets," said Robert B. Engel, president and chief executive officer. "Since its formation, CoBank has established itself as a trusted financial partner to the nation's grain cooperatives and other agribusinesses in virtually every key sector of the American farm economy. Today, those deep relationships are proving to be a significant source of value for our customer-owners throughout the country."

Loan volume in CoBank's Agribusiness Banking Group grew 29 percent in the first three months of the year, to \$17.8 billion. The Strategic Relationships Division, which manages funding relationships with CoBank's affiliated associations and other Farm Credit System institutions, saw loan volume increase 5 percent, to \$12.8 billion. The portfolio of the Global Financial Services Group, which manages loans to large food and agribusiness customers as well as international lending, grew by 19 percent, to \$6.9 billion.

CoBank's rural utilities business also expanded significantly during the quarter. The portfolio managed by the bank's Communications and Energy Banking Group increased by approximately 7 percent, to \$9.3 billion.

"We continue to provide a dependable supply of capital to our communications, energy and water customers, who are investing in vital infrastructure across rural America," Engel said. "Our rural utilities business serves as an important source of risk diversification for our portfolio and offers significant growth potential for the future."

Although nonaccrual loans and leases increased during the quarter, overall credit quality remained strong, with 98.7 percent of the bank's loan and lease portfolio in the two highest categories used to classify creditworthiness.

"Current credit quality remains above historic norms, reflecting the generally robust market conditions in agriculture and the other industries we serve," Engel said. "Over time, however, we believe credit quality will likely decline toward more traditional levels. The increase in nonaccrual loans is something we expected, especially given the unprecedented rate of growth in loan volumes that we've seen in recent quarters. We continue to carefully monitor credit quality in our portfolio as part of our enterprise-wide risk management program."

Capital levels at the bank remained well in excess of all regulatory minimums. As previously announced, the bank successfully completed the issuance of \$500 million in subordinated debt in April, with net proceeds being used to increase regulatory capital ratios and for general corporate purposes. Earlier this year, CoBank shareholders also authorized the bank to issue up to \$250 million in aggregate of Series C non-cumulative preferred stock in 2008 or 2009.

"Our strong capital base serves as a foundation for the continued growth of our business and also enhances CoBank's long-term risk-absorption capability," said Brian Jackson, chief financial and administrative officer. "We're delighted with the outcome of our recent capital raising, which we believe will deliver significant benefits to the bank and its customer-owners over the long term."

### **About CoBank**

CoBank, a \$59.2 billion cooperative bank, provides financing to rural cooperatives and critical lifeline businesses – food, water, electricity and communications – across the United States. Part of the \$197-billion U.S. Farm Credit System, the bank also finances agricultural exports. In addition to the national office in Denver, CoBank has offices across the United States and one international representative office in Singapore. For more information about CoBank, visit the bank's web site at [www.cobank.com](http://www.cobank.com).

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

**BALANCE SHEET INFORMATION**

	March 31, 2008	December 31, 2007
	(Unaudited)	
Loans and leases	\$ 46,841	\$ 40,491
Less: Allowance for credit losses	446	447
Net loans and leases	<u>46,395</u>	<u>40,044</u>
Investment securities	10,425	10,434
Cash, federal funds sold, securities purchased under resale agreements and other	763	688
Accrued interest receivable and other assets	556	567
Interest rate swaps and other financial instruments	1,016	456
Total assets	<u><u>\$ 59,155</u></u>	<u><u>\$ 52,189</u></u>
Bonds and notes	\$ 54,672	\$ 47,564
Subordinated debt	500	500
Accrued interest payable and other liabilities	656	835
Interest rate swaps and other financial instruments	87	57
Total liabilities	<u>55,915</u>	<u>48,956</u>
Shareholders' equity	3,240	3,233
Total liabilities and shareholders' equity	<u><u>\$ 59,155</u></u>	<u><u>\$ 52,189</u></u>

**STATEMENT OF INCOME INFORMATION**

For the three months ended March 31,	2008	2007
	(Unaudited)	
Interest income	\$ 736	\$ 671
Interest expense	518	512
Net interest income	<u>218</u>	<u>159</u>
Provision for credit losses	-	-
Net interest income after provision for credit losses	<u>218</u>	<u>159</u>
Noninterest income	19	12
Noninterest expenses	47	41
Provision for income taxes	40	27
Net income	<u><u>\$ 150</u></u>	<u><u>\$ 103</u></u>