NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORP /DC/
Form 10-Q
April 16, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549.

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended February 29, 2012

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period From To

Commission File Number 1-7102

NATIONAL RURAL UTILITIES COOPERATIVE
FINANCE CORPORATION

(Exact name of registrant as specified in its charter)

DISTRICT OF COLUMBIA
(State or other jurisdiction of incorporation or organization)

52-0891669
(I.R.S. Employer Identification Number)

20701 COOPERATIVE WAY, DULLES, VA 20166
(Address of principal executive offices)
(Registrant's telephone number, including area code, is 703-467-1800)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer x Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The Registrant is a tax-exempt cooperative and consequently is unable to issue any equity capital stock.

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements.

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in thousands)

A S S E T S

	February 29, 2012	May 31, 2011
Cash and cash equivalents	$ 381,394	$ 293,615
Restricted cash	1,083,466	7,690
Investments in equity securities	58,721	58,601
Loans to members	18,618,738	19,330,797
Less: Allowance for loan losses	(149,474)	(161,177)
Loans to members, net	18,469,264	19,169,620
Accrued interest and other receivables	202,462	201,122
Fixed assets, net	100,430	88,794
Debt service reserve funds	39,803	45,662
Debt issuance costs, net	43,251	41,714
Foreclosed assets, net	223,183	280,811
Derivative assets	301,629	343,760
Other assets	28,775	30,233
	$ 20,932,378	$20,561,622

See accompanying notes.

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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in thousands)

L I A B I L I T I E S A N D E Q U I T Y

	February 29, 2012	May 31, 2011
Short-term debt	$ 5,809,418	$ 5,842,924
Accrued interest payable	273,909	194,859
Long-term debt	11,714,358	11,293,249
Deferred income	19,036	17,719
Other liabilities	78,848	60,477
Derivative liabilities	620,392	477,433
Subordinated deferrable debt	186,440	186,440
Members' subordinated certificates:		
Membership subordinated certificates	646,161	646,161
Loan and guarantee subordinated certificates	696,909	756,801
Member capital securities	398,250	398,250
Total members' subordinated certificates	1,741,320	1,801,212
Commitments and contingencies		
CFC equity:		
Retained equity	470,996	665,765
Accumulated other comprehensive income	9,122	9,758
Total CFC equity	480,118	675,523
Noncontrolling interest	8,539	11,786
Total equity	488,657	687,309
	$ 20,932,378	$ 20,561,622

See accompanying notes.

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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands)

	For the three months ended		For the nine months ended	
	February 29, 2012	February 28, 2011	February 29, 2012	February 28, 2011
Interest income	$ 238,018	$ 254,302	$ 723,023	$ 755,873
Interest expense	(190,294)	(206,333)	(587,018)	(638,246)
Net interest income	47,724	47,969	136,005	117,627
(Provision for) recovery of loan losses	(263)	3,374	11,862	42,915
Net interest income after (provision for) recovery of loan losses	47,461	51,343	147,867	160,542
Non-interest income:				
Fee and other income	4,716	3,960	13,425	19,096
Derivative (losses) gains	(25,563)	53,348	(184,887)	22,405
Results of operations of foreclosed assets	(44,972)	(4,854)	(59,349)	(6,323)
Total non-interest income	(65,819)	52,454	(230,811)	35,178
Non-interest expense:				
Salaries and employee benefits	(10,959)	(9,700)	(31,191)	(32,420)
Other general and administrative expenses	(5,635)	(6,370)	(18,484)	(22,224)
(Provision for) recovery of guarantee liability	(1,576)	(24)	(1,504)	358
Fair value adjustment on foreclosed assets	(597)	(818)	(2,686)	(2,673)
Loss on early extinguishment of debt	-	-	(15,525)	(3,928)
Other	(176)	(644)	(991)	(871)
Total non-interest expense	(18,943)	(17,556)	(70,381)	(61,758)
(Loss) income prior to income taxes	(37,301)	86,241	(153,325)	133,962
Income tax benefit (expense)	2	(2,589)	2,110	(1,983)

Net (loss) income	(37,299)	83,652	(151,215)	131,979
Less: Net loss (income) attributable to the noncontrolling interest	56	(4,315)	3,179	(2,391)
Net (loss) income attributable to CFC	$ (37,243)	$ 79,337	$ (148,036)	$ 129,588

See accompanying notes.

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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
(in thousands)

	Total	Noncontrolling interest	Total CFC equity	Accumulated other comprehensive income (loss)	CFC retained equity	Unallocated net loss	Members' capital reserve	Patronage capital allocated	Mem fee edu f
Balance as of May 31, 2011	$ 687,309	$ 11,786	$ 675,523	$ 9,758	$ 665,765	$ (130,689)	$ 272,126	$ 521,897	$
Patronage capital retirement	(46,265)	(44)	(46,221)	-	(46,221)	-	-	(46,221)	
Net loss	(151,215)	(3,179)	(148,036)	-	(148,036)	(148,036)	-	-	
Other comprehensive loss	(655)	(19)	(636)	(636)	-	-	-	-	
Total comprehensive loss	(151,870)	(3,198)	(148,672)						
Other	(517)	(5)	(512)	-	(512)	-	-	-	
Balance as of February 29, 2012	$ 488,657	$ 8,539	$ 480,118	$ 9,122	$ 470,996	$ (278,725)	$ 272,126	$ 475,676	$

See accompanying notes.

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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	For the nine months ended February 29, 2012	February 28, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (151,215)	$ 131,979
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Amortization of deferred income	(8,026)	(6,639)
Amortization of debt issuance costs and deferred charges	8,590	13,181
Depreciation	2,982	1,743
Recovery of loan losses	(11,862)	(42,915)
Provision for (recovery of) guarantee liability	1,504	(358)
Results of operations of foreclosed assets	59,349	6,323
Fair value adjustment on foreclosed assets	2,686	2,673
Derivative forward value	184,604	(28,090)
Changes in operating assets and liabilities:		
Accrued interest and other receivables	1,760	9,105
Accrued interest payable	79,050	77,905
Other	29,509	19,852
Net cash provided by operating activities	198,931	184,759
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances made on loans	(4,859,321)	(6,538,373)
Principal collected on loans	5,457,983	5,624,038
Net investment in fixed assets	(14,618)	(21,146)
Proceeds from foreclosed assets	33,387	37,145
Investments in foreclosed assets	(37,794)	(124,558)
Net proceeds from sale of loans	112,100	268,363
Investments in equity securities	-	(24)
Change in restricted cash	(1,075,776)	5,703

Net cash used in investing activities	(384,039)	(748,852)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuances of short-term debt, net	80,123	1,379,646
Issuance costs for revolving bank lines of credit	(3,626)	-
Proceeds from issuance of long-term debt	1,461,604	1,866,479
Payments for retirement of long-term debt	(1,169,170)	(2,655,756)
Payments for retirement of subordinated deferrable debt	-	(125,000)
Proceeds from issuance of members' subordinated certificates	28,521	60,790
Payments for retirement of members' subordinated certificates	(80,162)	(27,872)
Payments for retirement of patronage capital	(44,403)	(48,647)
Net cash provided by financing activities	272,887	449,640
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	87,779	(114,453)
BEGINNING CASH AND CASH EQUIVALENTS	293,615	513,906
ENDING CASH AND CASH EQUIVALENTS	$ 381,394	$ 399,453

See accompanying notes.

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NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	For the nine months ended February 29, 2012	February 28, 2011
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 499,378	$ 547,160
Cash paid for income taxes	210	1,145
Non-cash financing and investing activities:		
Subordinated certificates applied against loan balances	$ 534	$ 174
Patronage capital applied against loan balances	134	104
Noncontrolling interest patronage capital applied against loan balances	44	-
Fair value of foreclosed assets applied as repayment of loans	-	128,130
Charge-offs of loan balances	-	327,799
Net decrease in debt service reserve funds/debt service reserve certificates	(5,859)	-

See accompanying notes.

NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(1) General Information and Accounting Policies

(a) Basis of Presentation

The accompanying financial statements include the consolidated accounts of National Rural Utilities Cooperative Finance Corporation (“CFC”), Rural Telephone Finance Cooperative (“RTFC”), National Cooperative Services Corporation (“NCSC”) and certain entities created and controlled by CFC to hold foreclosed assets and accommodate loan securitization transactions, after elimination of intercompany accounts and transactions.

Unless stated otherwise, references to “we,” “our” or “us” represent the consolidation of CFC, RTFC, NCSC and certain entities created and controlled by CFC to hold foreclosed assets and accommodate loan securitization transactions. Foreclosed assets are held by two groups of subsidiaries wholly-owned by CFC. Our Denton Realty Partners entities (“DRP”) hold assets, including a land development loan, limited partnership interests in certain real estate developments and developed lots and land and raw land in Texas. Caribbean Asset Holdings LLC (“CAH”) holds our investment in cable and telecommunications operating entities in the United States Virgin Islands (“USVI”), British Virgin Islands and St. Maarten.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the assets, liabilities, revenue and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. The accounting estimates that require our most significant and subjective judgments include the allowance for loan losses and the determination of the fair value of our derivatives and certain aspects of our foreclosed assets. While we use our best estimates and judgments based on the known facts at the date of the financial statements, actual results could differ from these estimates as future events occur.

These interim unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2011.

In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments (which consist only of normal recurring accruals) necessary for a fair presentation of our results of operations and financial position for the interim periods presented.

(b) Variable Interest Entities

We are required to consolidate the financial results of RTFC and NCSC because CFC is the primary beneficiary of variable interests in RTFC and NCSC due to its exposure to absorbing the majority of their expected losses and because CFC manages the business activities of RTFC and NCSC. Under separate guarantee agreements, RTFC and NCSC pay CFC a fee to indemnify against loan losses. CFC manages the business activities of RTFC and NCSC through separate management agreements. Additionally, CFC is the sole lender to RTFC and the primary source of funding to NCSC. NCSC funds its lending programs through loans from CFC and debt guaranteed by CFC.

RTFC and NCSC creditors have no recourse against CFC in the event of a default by RTFC or NCSC, unless there is a guarantee agreement under which CFC has guaranteed NCSC or RTFC debt obligations to a third party. At February

29, 2012, CFC had guaranteed $115 million of NCSC debt and derivative instruments and confirmed letters of credit with third parties, and CFC's maximum potential exposure for these instruments totaled $126 million. The maturities for NCSC obligations guaranteed and confirmed by CFC run through 2031. Guarantees of NCSC debt and derivative instruments are not included in Note 9, Guarantees, as the debt and derivatives are reported on the condensed consolidated balance sheet. At February 29, 2012, CFC had confirmed $1 million of RTFC letters of credit with third parties. The maturities for RTFC obligations confirmed by CFC run through 2013. All CFC loans to RTFC and NCSC are secured by all assets and revenue of RTFC and NCSC. At February 29, 2012, RTFC had total assets of $714 million including loans outstanding to members of $580 million, and NCSC had total assets of $613 million including loans outstanding of $584 million. At February 29, 2012, CFC had committed to lend RTFC up to $4,000 million, of which $569 million was outstanding. At February 29, 2012, CFC had committed to provide up to $2,000 million of credit to NCSC, of which $679 million was outstanding, representing $564 million of outstanding loans and $115 million of credit enhancements.

(c) Restricted Cash

Restricted cash represents cash and cash equivalents for which use is contractually restricted. At February 29, 2012, restricted cash included $1,076 million that was subsequently used for the repayment of $1,000 million of medium-term notes that matured on March 1, 2012, and the related accrued interest. See Note 13, Subsequent Events.

(d) Loan Sales

We account for the sale of loans resulting from direct loan sales to third parties and securitization transactions by removing the financial assets from our condensed consolidated balance sheets when control has been surrendered. We recognize related servicing fees on an accrual basis over the period for which servicing activity is provided. Deferred transaction costs and unamortized deferred loan origination costs related to the loans sold are included in the calculation of the gain or loss on the sale. We do not hold any continuing interest in the loans sold to date. We have no obligation to repurchase loans from the purchaser, except in the case of breaches of representations and warranties. We retain the servicing performance obligations on these loans. We have not recorded a servicing asset or liability.

During the nine months ended February 29, 2012 and February 28, 2011, we sold CFC loans with outstanding balances totaling $112 million and $268 million, respectively, at par for cash. We recorded a loss on sale of loans, representing the unamortized deferred loan origination costs and transaction costs for the loans sold, which was immaterial during the nine months ended February 29, 2012 and February 28, 2011.

(e) Interest Income

Interest income on loans is recognized using the effective interest method. The following table presents the components of interest income:

	For the three months ended		For the nine months ended	
(dollar amounts in thousands)	February 29, 2012	February 28, 2011	February 29, 2012	February 28, 2011
Interest on long-term fixed-rate loans	$ 216,948	$ 227,118	$ 662,135	$ 676,484
Interest on long-term variable-rate loans	5,197	12,041	18,104	34,642
Interest on line of credit loans	7,243	11,154	23,607	33,477
Interest on restructured loans	5,761	696	10,537	2,096
Interest on non-performing loans	-	149	-	149
Interest on investments	1,305	967	3,086	3,001
Fee income (1)	1,564	2,177	5,554	6,024
Total interest income	$ 238,018	$ 254,302	$ 723,023	$ 755,873

(1) Primarily related to conversion fees that are deferred and recognized using the effective interest method over the remaining original loan interest rate pricing term, except for a small portion of the total fee charged to cover administrative costs related to the conversion, which is recognized immediately.

Deferred income on the condensed consolidated balance sheets primarily includes deferred conversion fees totaling $12 million at February 29, 2012 and May 31, 2011.

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(f) Interest Expense

The following table presents the components of interest expense:

(dollar amounts in thousands)	For the three months ended February 29, 2012	February 28, 2011	For the nine months ended February 29, 2012	February 28, 2011
Interest expense on debt (1):				
Commercial paper and bank bid notes	$ 1,298	$ 2,574	$ 4,458	$ 6,583
Medium-term notes	44,954	57,290	146,528	181,490
Collateral trust bonds	78,587	75,223	233,205	229,019
Subordinated deferrable debt	2,806	2,806	8,419	10,552
Subordinated certificates	20,052	20,547	58,428	61,071
Long-term notes payable	38,024	42,411	116,922	134,035
Debt issuance costs (2)	2,128	2,604	9,633	7,722
Fee expense (3)	2,445	2,878	9,425	7,774
Total interest expense	$ 190,294	$ 206,333	$ 587,018	$ 638,246

(1) Represents interest expense and the amortization of discounts on debt.
(2) Includes amortization of all deferred charges related to the issuance of debt, principally underwriters' fees, legal fees, printing costs and comfort letter fees. Amortization is calculated using the effective interest method. Also includes issuance costs related to dealer commercial paper, which are recognized as incurred.
(3) Includes various fees related to funding activities, including fees paid to banks participating in our revolving credit agreements. Fees are recognized as incurred or amortized on a straight-line basis over the life of the respective agreement.

We exclude indirect costs, if any, related to funding activities from interest expense.

(g) Derivative Financial Instruments

We are an end-user of financial derivative instruments. We use derivatives such as interest rate swaps and treasury locks for forecasted transactions to mitigate interest rate risk. Consistent with the accounting standards for derivative financial instruments, we record derivative instruments on the condensed consolidated balance sheets as either an asset or liability measured at fair value. In recording the fair value of derivative assets and liabilities, we do not net our positions under contracts with individual counterparties. Changes in the fair value of derivative instruments along with realized gains and losses from cash settlements are recognized in the derivative gains (losses) line item of the condensed consolidated statement of operations unless specific hedge accounting criteria are met.

We formally document, designate and assess the effectiveness of transactions that receive hedge accounting treatment. If applicable hedge accounting criteria are satisfied, the change in fair value of derivative instruments is recorded to other comprehensive income, and net cash settlements are recorded in interest expense. The gain or loss on derivatives used as a cash flow hedge of a forecasted debt transaction is recorded as a component of other comprehensive income and amortized as interest expense using the effective interest method over the term of the hedged debt. Any ineffectiveness in the hedging relationship is recognized as cash settlements in the period for which ineffectiveness has been determined in the derivative gains (losses) line item.

A transition adjustment of $62 million was recorded as an other comprehensive loss on June 1, 2001, the date we implemented the accounting standards for derivative financial instruments. This amount will be amortized into earnings through April 2029 in the derivative gains (losses) line of the statement of operations.

Cash activity associated with interest rate swaps is classified as an operating activity in the condensed consolidated statements of cash flows.

(h) Loss on early extinguishment of debt

We redeem outstanding debt early from time to time to manage liquidity and interest rate risk. When we redeem outstanding debt early, we recognize a gain or loss related to the difference between the amount paid to redeem the debt and the net book value of the extinguished debt as a component of non-interest expense in the gain (loss) on early extinguishment of debt line item.

In August 2011 and October 2011, we redeemed a total of $500 million of our $1,500 million, 7.25 percent Series C medium-term notes with an original maturity of March 1, 2012 at a premium. Both the premium and unamortized issuance costs totaling $16 million were recorded as a loss on extinguishment of debt during the nine months ended February 29, 2012.

(2) Loans and Commitments

Loans outstanding to members and unadvanced commitments by loan type and by member class are summarized as follows:

	February 29, 2012		May 31, 2011	
(dollar amounts in thousands)	Loans outstanding	Unadvanced commitments (1)	Loans outstanding	Unadvanced commitments (1)
Total by loan type (2):				
Long-term fixed-rate loans	$ 16,590,157	$ -	$ 16,404,940	$ -
Long-term variable-rate loans	660,713	5,430,391	1,278,391	5,461,484
Loans guaranteed by RUS (3)	220,257	-	226,695	-
Line of credit loans	1,140,097	8,706,593	1,414,650	8,609,191
Total loans outstanding	18,611,224	14,136,984	19,324,676	14,070,675
Deferred origination costs	7,514	-	6,121	-
Less: Allowance for loan losses	(149,474)	-	(161,177)	-
Net loans outstanding	$ 18,469,264	$ 14,136,984	$ 19,169,620	$ 14,070,675
Total by member class (2):				
CFC:				
Distribution	$ 13,801,204	$ 9,238,487	$ 13,760,228	$ 9,369,765
Power supply	3,572,104	3,752,031	4,092,290	3,579,437
Statewide and associate	73,381	124,479	88,961	125,483
CFC total	17,446,689	13,114,997	17,941,479	13,074,685
RTFC	580,205	351,205	859,122	366,060
NCSC	584,330	670,782	524,075	629,930
Total loans outstanding	$ 18,611,224	$ 14,136,984	$ 19,324,676	$ 14,070,675

(1) The interest rate on unadvanced commitments is not set until drawn, therefore, the long-term unadvanced loan commitments have been classified in this table as variable-rate unadvanced commitments. However, at the time of the advance, the borrower may select a fixed or a variable rate on the new loan.
(2) Includes non-performing and restructured loans.
(3) “RUS” is the Rural Utilities Service.

Non-performing and restructured loans outstanding and unadvanced commitments to members included in the table above are summarized as follows by loan type and by company:

	February 29, 2012		May 31, 2011	
(dollar amounts in thousands)	Loans outstanding	Unadvanced commitments (1)	Loans outstanding	Unadvanced commitments (1)
Non-performing and restructured loans:				
Non-performing loans:				
CFC:				
Long-term variable-rate loans	$ 8,194	$ -	$ 8,194	$ -
Line of credit loans (2)	26,652	296	23,150	2,586

RTFC:								
Long-term fixed-rate loans		7,090		-		-		-
Total non-performing loans	$	41,936	$	296	$	31,344	$	2,586
Restructured loans:								
CFC:								
Long-term fixed-rate loans (3)	$	457,838	$	-	$	40,413	$	-
Long-term variable-rate loans (4)		-		45,918		433,968		91,837
Line of credit loans (4)		-		5,000		-		5,000
Total restructured loans	$	457,838	$	50,918	$	474,381	$	96,837

(1) The interest rate on unadvanced commitments is not set until drawn, therefore, the long-term unadvanced loan commitments have been classified in this table as variable-rate unadvanced commitments. However, at the time of the advance, the borrower may select a fixed or a variable rate on the new loan.
(2) The unadvanced commitment is available under a debtor-in-possession facility for which the principal and interest has priority over all other claims.
(3) At February 29, 2012, loans outstanding included $418 million of restructured loans that were placed on accrual status at a fixed rate on October 1, 2011. While the loans were on non-accrual status, including loans outstanding of $434 million at May 31, 2011, they were presented as long-term variable-rate loans.
(4) The unadvanced commitment is part of the terms outlined in the related restructure agreement. Loans advanced under these commitments would be classified as performing. Principal and interest due under these performing loans would be in addition to scheduled payments due under the restructured loan agreement.

Unadvanced Loan Commitments

A total of $1,267 million and $999 million of unadvanced commitments at February 29, 2012 and May 31, 2011, respectively, represented unadvanced commitments related to committed lines of credit loans that are not subject to a material adverse change clause at the time of each loan advance. As such, we would be required to advance amounts on these committed facilities as long as the borrower is in compliance with the terms and conditions of the facility. The following table summarizes the available balance under committed lines of credit at February 29, 2012, and the related maturities by fiscal year and thereafter as follows:

(dollar amounts in thousands)	Available balance	Remaining maturities for the years ended May 31, 2012	2013	2014	2015	2016	Thereafter
Committed lines of credit	$1,267,174	$ -	$ 151,521	$ 365,535	$ 49,975	$ 223,714	$ 476,429

The remaining unadvanced commitments totaling $12,870 million and $13,072 million at February 29, 2012 and May 31, 2011, respectively, were generally subject to material adverse change clauses. Prior to making an advance on these facilities, we confirm that there has been no material adverse change in the business condition, financial or otherwise, of the borrower since the time the loan was approved and confirm that the borrower is currently in compliance with loan terms and conditions.

Unadvanced commitments related to line of credit loans are typically for periods not to exceed five years and are generally revolving facilities used for working capital and backup liquidity purposes. Historically, we have experienced a very low utilization rate on line of credit loan facilities, whether or not there is a material adverse change clause. Since we generally do not charge a fee on the unadvanced portion of the majority of our loan facilities, our borrowers will typically request long-term facilities to cover maintenance and capital expenditure work plans for periods of up to five years and draw down on the facility over that time. In addition, borrowers will typically request an amount in excess of their immediate estimated loan requirements to avoid the expense related to seeking additional loan funding for unexpected items.

The above items all contribute to our expectation that the majority of the unadvanced commitments will expire without being fully drawn upon and that the total unadvanced amount does not necessarily represent future cash funding requirements.

Payment Status of Loans

The tables below show an analysis of the age of the recorded investment in loans outstanding by member class:

	February 29, 2012					
(dollar amounts in thousands)	30-89 days past due	90 days or more past due (1)	Total past due	Current	Total financing receivables	Non-accrual loans
CFC:						
Distribution	$ -	$ 29,846	$ 29,846	$ 13,771,358	$ 13,801,204	$ 29,846
Power supply	-	5,000	5,000	3,567,104	3,572,104	5,000
Statewide and associate	-	-	-	73,381	73,381	-
CFC total	-	34,846	34,846	17,411,843	17,446,689	34,846
RTFC	-	4,306	4,306	575,899	580,205	7,090
NCSC	-	-	-	584,330	584,330	-

Total loans outstanding	$ -	$ 39,152	$ 39,152	$ 18,572,072	$ 18,611,224	$ 41,936
As a % of total loans	-%	0.21%	0.21%	99.79%	100.00%	0.23%

(1) All loans 90 days or more past due are on non-accrual status.

	May 31, 2011					
(dollar amounts in thousands)	30-89 days past due	90 days or more past due (1)	Total past due	Current	Total financing receivables	Non-accrual loans (2)
CFC:						
Distribution	$ 3,745	$ 27,599	$ 31,344	$ 13,728,884	$ 13,760,228	$ 465,312
Power supply	-	-	-	4,092,290	4,092,290	-
Statewide and associate	-	-	-	88,961	88,961	-
CFC total	3,745	27,599	31,344	17,910,135	17,941,479	465,312
RTFC	-	-	-	859,122	859,122	-
NCSC	-	-	-	524,075	524,075	-
Total loans outstanding	$ 3,745	$ 27,599	$ 31,344	$ 19,293,332	$ 19,324,676	$ 465,312
As a % of total loans	0.02%	0.14%	0.16%	99.84%	100.00%	2.41%

(1) All loans 90 days or more past due are on non-accrual status.

(2) At May 31, 2011, non-accrual loans included $434 million of restructured loans that were subsequently placed on accrual status on October 1, 2011.

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Credit Quality
We monitor the credit quality and performance statistics of our financing receivables in an ongoing manner to provide a balance between the credit needs of our members and the requirements for sound credit quality of the loan portfolio. We evaluate the credit quality of our loans using an internal risk rating system that employs similar criteria for all member classes.

Our internal risk rating system is based on a determination of a borrower's risk of default utilizing both quantitative and qualitative measurements.

We have grouped our risk ratings into the categories of pass and criticized based on the criteria below.
(i) Pass: Borrowers that are not experiencing difficulty and/or showing a potential or well-defined credit weakness.
(ii) Criticized: Includes borrowers categorized as special mention, substandard and doubtful as described below:
- Special mention: Borrowers that may be characterized by a potential credit weakness or deteriorating financial condition that is not sufficiently serious to warrant a classification of substandard or doubtful.
- Substandard: Borrowers that display a well-defined credit weakness that may jeopardize the full collection of principal and interest.
- Doubtful: Borrowers that have a well-defined weakness and the full collection of principal and interest is questionable or improbable.

Each risk rating is reassessed annually based on the receipt of the borrower's audited financial statements; however, interim downgrades and upgrades may take place at any time as significant events or trends occur.

The following table presents our loan portfolio by risk rating category and member class based on available data as of:

	February 29, 2012			May 31, 2011		
(dollar amounts in thousands)	Pass	Criticized	Total	Pass	Criticized	Total
CFC:						
Distribution	$ 13,771,358	$ 29,846	$ 13,801,204	$ 13,728,884	$ 31,344	$13,760,228
Power supply	3,567,104	5,000	3,572,104	4,092,290	-	4,092,290
Statewide and associate	73,381	-	73,381	88,961	-	88,961
CFC total	17,411,843	34,846	17,446,689	17,910,135	31,344	17,941,479
RTFC	573,115	7,090	580,205	850,817	8,305	859,122
NCSC	584,330	-	584,330	524,075	-	524,075
Total loans outstanding	$ 18,569,288	$ 41,936	$ 18,611,224	$ 19,285,027	$ 39,649	$ 19,324,676

Loan Security
Except when providing line of credit loans, we typically lend to our members on a senior secured basis. Long-term loans are typically secured on a parity with other secured lenders (primarily RUS), if any, by all assets and revenue of the borrower with exceptions typical in utility mortgages. Line of credit loans are generally unsecured. In addition to the lien and security interest we receive under the mortgage, our member borrowers are also required to set rates charged to their customers to achieve certain financial ratios as required by loan covenants.

The following table summarizes our secured and unsecured loans outstanding by loan type and by company:

February 29, 2012	May 31, 2011

(dollar amounts in thousands)								
Total by loan type:	Secured	%	Unsecured	%	Secured	%	Unsecured	%
Long-term fixed-rate loans	$ 16,019,302	97%	$ 570,855	3 %	$ 15,583,068	95%	$ 821,872	5%
Long-term variable-rate loans	585,010	89	75,703	11	1,207,580	94	70,811	6
Loans guaranteed by RUS	220,257	100	-	-	226,695	100	-	-
Line of credit loans	189,999	17	950,098	83	107,193	8	1,307,457	92
Total loans outstanding	$ 17,014,568	91	$ 1,596,656	9	$ 17,124,536	89	$ 2,200,140	11
Total by company:								
CFC	$ 16,075,136	92%	$ 1,371,553	8%	$ 16,180,454	90%	$ 1,761,025	10%
RTFC	555,946	96	24,259	4	628,020	73	231,102	27
NCSC	383,486	66	200,844	34	316,062	60	208,013	40
Total loans outstanding	$ 17,014,568	91	$ 1,596,656	9	$ 17,124,536	89	$ 2,200,140	11

Loan Loss Allowance

We maintain an allowance for loan losses at a level estimated by management to provide for probable losses inherent in the loan portfolio. Under a guarantee agreement, CFC reimburses RTFC and NCSC for loan losses, therefore, RTFC and NCSC do not maintain separate loan loss allowances.

The activity in the loan loss allowance summarized in the tables below reflects a disaggregation by company of the allowance for loan losses held at CFC:

	As of and for the three months ended February 29, 2012							
(dollar amounts in thousands)		CFC		RTFC (1)		NCSC (1)		Total
Balance as of November 30, 2011	$	130,885	$	9,473	$	8,800	$	149,158
Provision for (recovery of) loan losses		1,331		(914)		(154)		263
Recoveries of loans previously charged-off		53		-		-		53
Balance as of February 29, 2012	$	132,269	$	8,559	$	8,646	$	149,474

	As of and for the three months ended February 28, 2011							
(dollar amounts in thousands)		CFC		RTFC (1)		NCSC (1)		Total
Balance as of November 30, 2010	$	161,030	$	55,215	$	9,301	$	225,546
Recovery of loan losses		(1,775)		(1,502)		(97)		(3,374)
Charge-offs		-		-		(8)		(8)
Recoveries of loans previously charged-off		52		-		8		60
Balance as of February 28, 2011	$	159,307	$	53,713	$	9,204	$	222,224

	As of and for the nine months ended February 29, 2012							
(dollar amounts in thousands)		CFC		RTFC (1)		NCSC (1)		Total
Balance as of May 31, 2011	$	143,706	$	8,389	$	9,082	$	161,177
(Recovery of) provision for loan losses		(11,596)		170		(436)		(11,862)
Recoveries of loans previously charged-off		159		-		-		159
Balance as of February 29, 2012	$	132,269	$	8,559	$	8,646	$	149,474

	As of and for the nine months ended February 28, 2011							
(dollar amounts in thousands)		CFC		RTFC (1)		NCSC (1)		Total
Balance as of May 31, 2010	$	177,655	$	406,214	$	8,895	$	592,764
(Recovery of) provision for loan losses		(18,506)		(24,702)		293		(42,915)
Charge-offs		-		(327,799)		(26)		(327,825)
Recoveries of loans previously charged-off		158		-		42		200
Balance as of February 28, 2011	$	159,307	$	53,713	$	9,204	$	222,224

(1) The allowance for loan losses recorded for RTFC and NCSC are held at CFC with the exception of $2 thousand of the NCSC loan loss allowance required to cover the exposure for consumer loans at February 28, 2011.

Our allowance for loan losses includes a specific valuation allowance related to individually-evaluated impaired loans, as well as a general reserve for other probable incurred losses for loans that are collectively evaluated. The tables below present the loan loss allowance and the recorded investment in outstanding loans by impairment methodology and by company:

	February 29, 2012			
(dollar amounts in thousands)	CFC	RTFC	NCSC	Total
Ending balance of the allowance:				
Collectively evaluated	$ 111,524	$ 6,606	$ 8,646	$ 126,776
Individually evaluated	20,745	1,953	-	22,698
Total ending balance of the allowance	$ 132,269	$ 8,559	$ 8,646	$ 149,474
Recorded investment in loans:				
Collectively evaluated	$ 16,954,005	$ 573,115	$ 584,330	$ 18,111,450
Individually evaluated	492,684	7,090	-	499,774
Total recorded investment in loans	$ 17,446,689	$ 580,205	$ 584,330	$ 18,611,224
Loans to members, net (1)	$ 17,314,420	$ 571,646	$ 575,684	$ 18,461,750

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	May 31, 2011			
(dollar amounts in thousands)	CFC	RTFC	NCSC	Total
Ending balance of the allowance:				
Collectively evaluated	$ 107,130	$ 8,389	$ 9,082	$ 124,601
Individually evaluated	36,576	-	-	36,576
Total ending balance of the allowance	$ 143,706	$ 8,389	$ 9,082	$ 161,177
Recorded investment in loans:				
Collectively evaluated	$ 17,435,754	$ 859,122	$ 524,075	$ 18,818,951
Individually evaluated	505,725	-	-	505,725
Total recorded investment in loans	$ 17,941,479	$ 859,122	$ 524,075	$ 19,324,676
Loans to members, net (1)	$ 17,797,773	$ 850,733	$ 514,993	$ 19,163,499

(1) Excludes deferred origination costs of $8 million and $6 million at February 29, 2012 and May 31, 2011, respectively.

Impaired Loans

Our recorded investment in individually-impaired loans and the related specific valuation allowance is summarized below by member class.

	February 29, 2012		May 31, 2011	
(dollar amounts in thousands)	Recorded investment	Related allowance	Recorded investment	Related allowance
With no specific allowance recorded:				
CFC/Distribution	$ 457,838	$ -	$ 40,413	$ -
With a specific allowance recorded:				
CFC/Distribution	29,846	20,494	465,312	36,576
CFC/Power Supply	5,000	251	-	-
RTFC	7,090	1,953	-	-
Total	41,936	22,698	465,312	36,576
Total impaired loans	$ 499,774	$ 22,698	$ 505,725	$ 36,576

The recorded investment for impaired loans was equal to the total unpaid principal balance for impaired loans as of February 29, 2012 and May 31, 2011.

The table below represents the average recorded investment in impaired loans and the interest income recognized by member class:

	For the three months ended			
	Average recorded investment		Interest income recognized	
(dollar amounts in thousands)	February 29, 2012	February 28, 2011	February 29, 2012	February 28,

								2011
CFC/Distribution	$	488,040	$	508,787	$	5,761	$	696
CFC/Power Supply		5,000		-		-		-
RTFC		7,130		65,920		-		-
Total impaired loans	$	500,170	$	574,707	$	5,761	$	696

	For the nine months ended							
	Average recorded investment				Interest income recognized			
(dollar amounts in thousands)		February 29, 2012		February 28, 2011		February 29, 2012		February 28, 2011
CFC/Distribution	$	492,427	$	515,354	$	10,537	$	2,096
CFC/Power Supply		2,556		-		-		-
RTFC		5,924		275,926		-		-
Total impaired loans	$	500,907	$	791,280	$	10,537	$	2,096

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Non-performing and Restructured Loans
Interest income was reduced as follows as a result of holding loans on non-accrual status as follows:

	For the three months ended		For the nine months ended	
(dollar amounts in thousands)	February 29, 2012	February 28, 2011	February 29, 2012	February 28, 2011
Non-performing loans	$ 444	$ 319	$ 1,249	$ 8,543
Restructured loans	-	5,508	6,714	16,789
Total	$ 444	$ 5,827	$ 7,963	$ 25,332

At February 29, 2012 and May 31, 2011, non-performing loans included $30 million and $31 million, respectively, of loans to an electric distribution cooperative that undertook a project to develop a geothermal electric generating facility. This borrower filed for bankruptcy in September 2010. The borrower filed a disclosure statement with the bankruptcy court that contained a preliminary draft of a reorganization plan for creditors and other parties of interest to review. The bankruptcy court has set June 29, 2012 as the deadline for the borrower to file a revised draft plan of reorganization, which is expected to be subject to further revisions, hearings and rulings before approval.

At February 29, 2012, non-performing loans also included a total of $7 million to two telecommunications borrowers and $5 million to one electric power supply cooperative, for which we do not expect to collect all principal and interest payments as scheduled by the original terms. These non-performing loans were put on non-accrual status during the first quarter of fiscal year 2012 for the telecommunications borrowers and during the second quarter of fiscal year 2012 for the electric borrower.

At February 29, 2012 and May 31, 2011, we had restructured loans totaling $458 million and $474 million, respectively, all of which were performing according to their restructured terms. Approximately $6 million and $11 million of interest income was accrued on restructured loans during the three and nine months ended February 29, 2012, respectively, compared with $1 million and $2 million of interest income in each of the same prior-year periods. At May 31, 2011, we had a $434 million restructured loan on nonaccrual status to a large electric distribution cooperative. The loan to this borrower has been on non-accrual status since it was restructured in December 2002. Since that time, the borrower made all required payments in accordance with the restructure agreement, all of which have been used to reduce the outstanding principal balance. On October 1, 2011, the loan balance of $420 million was below the amount of the prepayment option in the restructure agreement, thus there would no longer be a loss recorded if the borrower were to exercise the prepayment option and the loan was placed on accrual status. The accrual rate for the loan of 4.85 percent is based on the effective interest rate returned by the remaining scheduled cash flows through December 2037. At February 29, 2012, all restructured loans were on accrual status with respect to the recognition of interest income.

We believe our loan loss reserve is adequate to cover the losses inherent in our loan portfolio at February 29, 2012.

Pledging of Loans and Loans on Deposit
We are required to pledge eligible mortgage notes in an amount at least equal to the outstanding balance of our secured debt.

The following table summarizes our loans outstanding as collateral pledged to secure our collateral trust bonds, Clean Renewable Energy Bonds and notes payable to the Federal Agricultural Mortgage Corporation and the amount of the corresponding debt outstanding (see Note 4, Short-Term Debt and Credit Arrangements and Note 5, Long-Term Debt).

(dollar amounts in thousands)	February 29, 2012	May 31, 2011
Collateral trust bonds:		
2007 indenture		
Distribution system mortgage notes	$ 5,273,410	$ 4,605,921
RUS guaranteed loans qualifying as permitted investments	171,038	-
Total pledged collateral	$ 5,444,448	$ 4,605,921
Collateral trust bonds outstanding	4,850,000	4,050,000
1994 indenture		
Distribution system mortgage notes	$ 1,653,209	$ 1,740,956
Collateral trust bonds outstanding	1,470,000	1,475,000
Federal Agricultural Mortgage Corporation:		
Distribution and power supply system mortgage notes	$ 1,671,603	$ 1,786,777
Notes payable outstanding	1,410,800	1,410,800
Clean Renewable Energy Bonds Series 2009A:		
Distribution and power supply system mortgage notes	$ 28,114	$ 29,857
Cash	7,216	7,664
Total pledged collateral	$ 35,330	$ 37,521
Notes payable outstanding	23,487	25,294

We are required to maintain collateral on deposit in an amount at least equal to the balance of debt outstanding to the Federal Financing Bank of the United States Treasury issued under the Guaranteed Underwriter program of the U.S. Department of Agriculture, which supports the Rural Economic Development Loan and Grant program (see Note 5, Long-Term Debt). The following table shows the collateral on deposit and the amount of the corresponding debt outstanding:

(dollar amounts in thousands)	February 29, 2012	May 31, 2011
Federal Financing Bank		
Distribution and power supply system mortgage notes on deposit	$ 3,536,659	$ 3,616,040
Notes payable outstanding	3,150,000	3,150,000

(3) Foreclosed Assets

At February 29, 2012 and February 28, 2011, all foreclosed assets were held by DRP and CAH, which are wholly-owned subsidiaries of CFC.

The activity for foreclosed assets is summarized below:

As of and for the nine months ended

	February 29, 2012			February 28, 2011		
(dollar amounts in thousands)	CAH	DRP	Total	CAH	DRP	Total
Beginning balance	$ 246,643	$ 34,168	$ 280,811	$ -	$ 42,252	$ 42,252
Results of operations	(59,309)	(40)	(59,349)	(6,314)	(9)	(6,323)
Entity value at transfer	-	-	-	216,401	-	216,401
Cash investments (proceeds)	13,207	(8,800)	4,407	3,140	(3,998)	(858)
Fair value adjustment	-	(2,686)	(2,686)	-	(2,673)	(2,673)
Ending balance	$ 200,541	$ 22,642	$ 223,183	$ 213,227	$ 35,572	$ 248,799

During the quarter ended February 29, 2012, we conducted an assessment of goodwill impairment at CAH due to regional events and market information that became available including the recent closure of a major oil refinery, staff terminations by the local territorial government offices, all resulting in the direct loss of approximately 3,000 jobs, as well as weakening overall economic conditions in the region. In addition, the fiscal year 2012 financial results of CAH's telecommunications and cable television operations were lower than the projected results used to value the operations during fiscal year 2011. Based on these events, we concluded indicators of potential impairment of goodwill and other assets existed. As such, a recoverability analysis was performed on CAH long-lived assets, including definite-lived intangibles assets, in which the sum of undiscounted cash flows associated with these assets were compared to their carrying values. Furthermore, a valuation analysis was performed on the CAH operating entities to determine the fair value of such entities and compared such fair values were compared to the carrying values to determine if the goodwill balances were impaired.

After taking the above identified items into consideration, management estimated that its forecast of future operating results and cash flows would be lower than previously projected. As a result, we were required to record a goodwill impairment charge of $36 million and other asset impairment charges in the amount of $9 million at CAH for the quarter ended February 29, 2012. In addition to these impairment charges, our reported results of operations of foreclosed assets included a net loss of $14 million for the nine months ended February 29, 2012, related to the operations of our CAH subsidiary. Several factors led to the net loss including, among others, CAH's ability to attract and retain subscribers due to weaker than expected economic conditions which resulted in reductions in revenue; expenses associated with the initiation of modernization efforts related to our network infrastructure and internal systems; and high depreciation expense due to regulatory requirements on the wireline operating entity.

The goodwill and other asset impairment charges are non-cash charges and will not affect our compliance with debt covenants under our existing indentures and credit facility agreements.

(4) Short-Term Debt and Credit Arrangements

The following is a summary of short-term debt outstanding:

(dollar amounts in thousands)	February 29, 2012	May 31, 2011
Short-term debt:		
Commercial paper sold through dealers, net of discounts	$ 1,626,618	$ 1,471,715
Commercial paper sold directly to members, at par	978,641	1,189,770
Commercial paper sold directly to non-members, at par	64,236	55,160
Total commercial paper	2,669,495	2,716,645
Daily liquidity fund notes sold directly to members	435,998	308,725
Bank bid notes	295,000	295,000
Subtotal short-term debt	3,400,493	3,320,370
Long-term debt maturing within one year:		
Medium-term notes sold through dealers	1,233,877	1,986,891
Medium-term notes sold to members	402,875	266,067
Secured collateral trust bonds	254,930	5,000
Member subordinated certificates	15,090	12,440
Secured notes payable	497,506	247,507
Unsecured notes payable	4,647	4,649
Total long-term debt maturing within one year	2,408,925	2,522,554
Total short-term debt	$ 5,809,418	$ 5,842,924

Revolving Credit Agreements
At February 29, 2012 and May 31, 2011, we had $2,845 million and $3,559 million, respectively, of commitments under revolving credit agreements. We may request letters of credit for up to $100 million under each agreement in

place at February 29, 2012, which then reduces the amount available under the facility. The following table presents the total available and the outstanding letters of credit under our revolving credit agreements:

(dollar amounts in thousands)	Total available February 29, 2012	Total available May 31, 2011	Letters of credit outstanding February 29, 2012	Letters of credit outstanding May 31, 2011	Original maturity	Facility fee per year (1)
Three-year agreement	$ 1,125,000	$ 1,125,000	$ -	$ -	March 21, 2014	15 basis points
Four-year agreement	877,430	-	7,445	-	October 21, 2015	10 basis points
Five-year agreement	834,875	-	-	-	October 21, 2016	10 basis points
Five-year agreement	-	1,049,000	-	-	March 16, 2012	6 basis points
Three-year agreement	-	1,370,526	-	14,474	March 8, 2013	25 basis points
Total	$ 2,837,305	$ 3,544,526	$ 7,445	$ 14,474		

(1) Facility fee determined by CFC’s senior unsecured credit ratings based on the pricing schedules put in place at the inception of the related agreement.

On October 21, 2011, we terminated and replaced our $1,049 million five-year and $1,385 million three-year revolving credit agreements with a new $885 million four-year credit agreement and $835 million five-year credit agreement expiring on October 21, 2015 and 2016, respectively. The facility fee and applicable margin are determined by the pricing matrices in the agreements based on our senior unsecured credit ratings. With respect to the borrowings, we have the right to choose between

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a (i) Eurodollar rate plus an applicable margin or (ii) base rate calculated based on the greater of prime rate, the federal funds effective rate plus 0.50 percent or the one-month LIBOR rate plus 1 percent, plus an applicable margin. Similar to the previously existing agreements, our ability to borrow or obtain a letter of credit under both agreements is not conditioned on the absence of material adverse changes with regard to CFC. We also have the right, subject to certain terms and conditions, to increase the aggregate amount of the commitments under each of the credit facilities to a maximum of $1,300 million. The following represents our required and actual financial ratios under the revolving credit agreements:

		Actual	
	Requirement	February 29, 2012	May 31, 2011
Minimum average adjusted TIER over the six most recent fiscal quarters (1)	1.025	1.20	1.19
Minimum adjusted TIER for the most recent fiscal year (1) (2)	1.05	1.21	1.21
Maximum ratio of adjusted senior debt to total equity (1)	10.00	6.35	6.26

(1) In addition to the adjustments made to the leverage ratio set forth in the Non-GAAP Financial Measures section, senior debt excludes guarantees to member systems that have certain investment-grade ratings from Moody's Investors Service and Standard & Poor's Corporation. The TIER calculation includes the adjustments set forth in the Non-GAAP Financial Measures section and excludes the results of operations for CAH.
(2) We must meet this requirement to retire patronage capital.

At February 29, 2012 and May 31, 2011, we were in compliance with all covenants and conditions under our revolving credit agreements and there were no borrowings outstanding under these agreements.

(5) Long-Term Debt

The following is a summary of long-term debt outstanding:

(dollar amounts in thousands)	February 29, 2012	May 31, 2011
Unsecured long-term debt:		
Medium-term notes sold through dealers	$ 1,429,752	$ 1,298,412
Medium-term notes sold to members	106,914	105,894
Subtotal	1,536,666	1,404,306
Unamortized discount	(976)	(990)
Total unsecured medium-term notes	1,535,690	1,403,316
Unsecured notes payable	3,190,982	3,194,390
Unamortized discount	(1,134)	(1,279)
Total unsecured notes payable	3,189,848	3,193,111
Total unsecured long-term debt	4,725,538	4,596,427
Secured long-term debt:		
Collateral trust bonds	6,065,000	5,520,000

Unamortized discount		(12,961)	(11,765)
Total secured collateral trust bonds		6,052,039	5,508,235
Secured notes payable		936,781	1,188,587
Total secured long-term debt		6,988,820	6,696,822
Total long-term debt	$	11,714,358	$ 11,293,249

In February 2012, we issued $400 million of 1.00 percent collateral trust bonds due 2015 and $400 million of 3.05 percent collateral trust bonds due 2022.

At February 29, 2012 and May 31, 2011, we had $3,150 million of unsecured notes payable outstanding under a bond purchase agreement with the Federal Financing Bank and a bond guarantee agreement with RUS issued under the Guaranteed Underwriter program of the U.S. Department of Agriculture, which supports the Rural Economic Development Loan and Grant program and provides guarantees to the Federal Financing Bank. In the aggregate at February 29, 2012, we had up to $849 million available under committed loan facilities from the Federal Financing Bank as part of this program. At February 29, 2012 and May 31, 2011, we had up to $350 million available for advance through October 15, 2013 under a $500 million committed loan facility from the Federal Financing Bank. In December 2011, we closed an additional $499 million committed loan facility from the Federal Financing Bank that is available for advance through October 15, 2014 and for which CFC is required to deposit collateral satisfactory to RUS pursuant to the terms of the facility. Advances under both available facilities may have a maturity date of up to 20 years from the date of the advance and the spread we pay over the applicable treasury rate is locked in under this program. Subsequent to February 29, 2012, we borrowed $169 million under our $499 million