



**QUARTERLY
REPORT**

MARCH 31, 2009

**FARM CREDIT OF
WESTERN KANSAS, ACA**

**ADMINISTRATIVE OFFICE
375 SOUTH RANGE
PO BOX 667
COLBY, KANSAS 67701
(785) 462-2382**

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DISCLOSURE OF IMPACT OF BANK OPERATIONS ON SHAREHOLDERS' INVESTMENT IN THE ASSOCIATION

The shareholders' investment in Farm Credit of Western Kansas, ACA is materially affected by the financial condition and results of operations of U.S. AgBank, FCB, (AgBank). The 2008 AgBank Annual Report to Shareholders, the 2008 AgBank District Annual Report to Shareholders, the AgBank quarterly shareholders' reports and the AgBank District quarterly shareholders' reports are available on AgBank's web site, www.usagbank.com, or may be obtained at no charge by contacting the following Association:

Farm Credit of Western Kansas, ACA
PO Box 667
375 South Range
Colby, Kansas 67701
(785) 462-2382 or (800) 657-6048

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in Thousands, Except as Noted)
(Unaudited)

The following commentary summarizes the principal aspects of the financial position and results of operations of Farm Credit of Western Kansas, ACA for the quarter ended March 31, 2009, with comparisons to the prior year and prior quarter. You should read these comments with the accompanying financial statements and footnotes, along with other disclosures contained in this report and the 2008 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

The winter months brought minimal snow cover or rain which led to dry soil conditions in the area. The growing wheat crop has remained in fairly good condition and will be reliant on receiving spring rains, which are now beginning to appear. The wheat market during the first quarter of 2009 has shown some market volatility but generally trended down. Corn and soybeans trended down early in the year then began to gain strength midway through the quarter. Feeder and fat cattle markets showed volatility during the quarter and there has been substantial stress on profitability in the fat cattle industry. Real estate prices maintained a stable value during the quarter.

Credit quality was very high despite recently moving an ethanol related loan to nonaccrual. Profitability remains sufficient to meet our operating, capital, and credit risk needs. Related services continue to provide income to cover a substantial portion of operating costs. In general, the adversity in the U. S. economy has been somewhat milder in this local area because there are no large employers to announce layoffs. Job opportunities and income did not significantly change and property values are fairly stable.

LOAN PORTFOLIO

Loans outstanding at March 31, 2009 totaled \$219,479, a decrease of \$2,207, or 1.00%, from loans of \$221,686 at December 31, 2008. The decrease was due to a seasonal decline in operating and processing and marketing loans. This decline was partially offset by an increase in mortgage loans for real estate and intermediate term loans for capital purchases.

RESULTS OF OPERATIONS

Net interest income for the three months ended March 31, 2009 was \$1,424, a decrease of \$106, or 6.93%, from the same period ended one year ago. Net interest income decreased as a result of declining interest rates. A substantial decrease in interest expense was exceeded by decreases in interest income on loans and our own funds.

Net income for the three months ended March 31, 2009 was \$971, a decrease of \$156, or 13.84%, from the same period ended one year ago. This is primarily due to the \$106 decrease in net interest income and a \$125 increase in noninterest expense that were partially offset by a \$142 increase in noninterest income. There was also a \$67 decrease in net income caused by a \$35 provision for loan losses in the first quarter of 2009, compared to a \$32 loan loss reversal for the same period ended one year ago.

We have been notified by AgBank that they have changed their patronage program whereby patronage will be paid annually, after the end of the year, to its members. Previously, AgBank paid patronage quarterly. As a result, our quarterly earnings compared to the previous period will be negatively impacted during 2009.

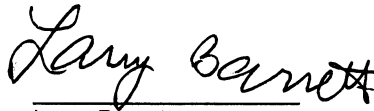
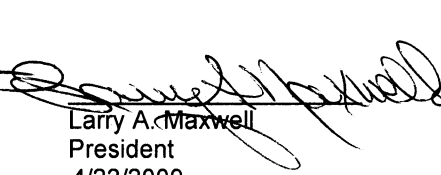
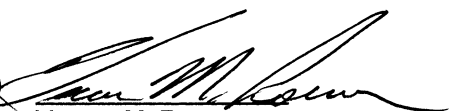
CAPITAL RESOURCES

Our shareholders' equity at March 31, 2009 was \$58,643, an increase from \$57,665 at December 31, 2008. This increase is due to net income and a small increase in borrower level stock.

OTHER MATTERS

Construction on our new office building in Colby continues and represented most of the \$329 increase in premises and equipment for the three months ended March 31, 2009. Completion in August of 2009 is anticipated.

The undersigned certify they have reviewed this report, this report has been prepared in accordance with all applicable statutory or regulatory requirements and the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.

		
Larry Barrett Audit Committee Chairman 4/22/2009	Larry A. Maxwell President 4/22/2009	Vernon M. Roemer Sr. Vice Pres. – Operations 4/22/2009

FARM CREDIT OF WESTERN KANSAS, ACA
CONSOLIDATED STATEMENT OF CONDITION
(Dollars in Thousands)

	March 31 2009	December 31 2008
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 219,479	\$ 221,686
Less allowance for loan losses	912	874
Net loans	218,567	220,812
Cash	1,361	2,524
Accrued interest receivable	3,648	4,369
Investment in U.S. AgBank, FCB	4,991	4,991
Premises and equipment, net	1,795	1,466
Prepaid benefit expense	474	525
Other assets	160	154
Total assets	\$ 230,996	\$ 234,841
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 161,885	\$ 162,626
Advance conditional payments	4,654	6,112
Accrued interest payable	2,405	4,620
Patronage distributions payable	2,500	2,500
Accrued benefits liability	189	193
Other liabilities	720	1,125
Total liabilities	172,353	177,176
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	16	16
Capital stock	901	894
Unallocated retained earnings	57,726	56,755
Total shareholders' equity	58,643	57,665
Total liabilities and shareholders' equity	\$ 230,996	\$ 234,841

The accompanying notes are an integral part of these financial statements.

**FARM CREDIT OF WESTERN KANSAS, ACA
CONSOLIDATED STATEMENT OF INCOME**

(Dollars in Thousands)

UNAUDITED	For the three months ended March 31	
	2009	2008
INTEREST INCOME		
Loans	\$ 3,066	\$ 3,342
Total interest income	3,066	3,342
INTEREST EXPENSE		
Note payable to U.S. AgBank, FCB	1,634	1,788
Other	8	24
Total interest expense	1,642	1,812
Net interest income	1,424	1,530
Provision for loan losses/(Loan loss reversal)	35	(32)
Net interest income after provision for loan losses/(loan loss reversal)	1,389	1,562
NONINTEREST INCOME		
Financially related services income	516	266
Loan fees	13	(5)
Patronage distribution from U.S. AgBank, FCB	91	219
Other noninterest income	20	18
Total noninterest income	640	498
NONINTEREST EXPENSE		
Salaries and employee benefits	663	567
Occupancy and equipment	27	19
Purchased services from AgVantis, Inc.	89	80
Farm Credit Insurance Fund premium	92	75
Supervisory and examination costs	20	20
Other noninterest expense	167	172
Total noninterest expense	1,058	933
Net income	\$ 971	\$ 1,127

FARM CREDIT OF WESTERN KANSAS, ACA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Dollars in Thousands)

UNAUDITED

	Protected Stock	Capital Stock	Unallocated Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2007	\$ 18	\$ 890	\$ 54,829	\$ 55,737
Net income			1,127	1,127
Stock issued	-	21		21
Stock retired	-	(25)		(25)
Balance at March 31, 2008	\$ 18	\$ 886	\$ 55,956	\$ 56,860
Balance at December 31, 2008	\$ 16	\$ 894	\$ 56,755	\$ 57,665
Net income			971	971
Stock issued	-	26		26
Stock retired	-	(19)		(19)
Balance at March 31, 2009	\$ 16	\$ 901	\$ 57,726	\$ 58,643

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands, Except as Noted)
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Farm Credit of Western Kansas, ACA (the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2008, are contained in the 2008 Annual Report to Shareholders. These unaudited first quarter 2009 financial statements should be read in conjunction with the 2008 Annual Report to Shareholders.

The accompanying financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations, and conform to generally accepted accounting principles and prevailing practices within the banking industry. The results for the three months ended March 31, 2009, are not necessarily indicative of the results to be expected for the year ended December 31, 2009.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of the allowance for loan losses follows.

	March 31, 2009	March 31, 2008
Balance at beginning of year	\$ 874	\$ 574
Provision for loan losses/(Loan loss reversal)	35	(32)
Charge-offs	-	-
Recoveries	(3)	-
Balance at end of period	\$ 912	\$ 542

Impaired loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms. The following presents information relating to impaired loans including accrued interest.

	March 31, 2009	March 31, 2008
Impaired loans with related allowance	\$ 965	\$ -
Impaired loans with no related allowance	173	212
Total impaired loans	\$ 1,139	\$ 212
Allowance on impaired loans	\$ 612	\$ -

The following table summarizes impaired loan information.

	For the three months ended March 31, 2009	March 31, 2008
Average impaired loans	\$ 824	\$ 211
Interest income recognized on impaired loans	\$ 2	\$ 31

NOTE 4 – FAIR VALUE MEASUREMENTS

SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2 to the 2008 Annual Report to Shareholders for a more complete description.

The Association has no assets and liabilities measured at fair value on a recurring basis.

Assets and liabilities measured at fair value on a non-recurring basis at March 31, 2009 for each of the fair value hierarchy values are summarized below:

	Fair Value Measurement Using			Total Fair Value	Total Gains/(Losses)
	Level 1	Level 2	Level 3		
Assets:					
Loans	\$ -	\$ -	\$ 965	\$ 965	\$ -

Valuation Techniques

As more fully discussed in Note 2 to the 2008 Annual Report to Shareholders, SFAS No. 157 establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following presents a brief summary of the valuation techniques used for the Association's assets and liabilities.

Loans

For certain loans evaluated for impairment under SFAS No. 114, the fair value is based upon the underlying collateral since the loans were collateral dependent loans for which real estate is the collateral. These loans are generally classified as Level 3.