



QUARTERLY REPORT

JUNE 30, 2009

FARM CREDIT OF WESTERN KANSAS, ACA

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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:

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

(or)

U.S. AgBank, FCB
PO Box 2940
245 North Waco
Wichita, Kansas 67201-2940
(800) 322-9880

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 six months ended June 30, 2009, with comparisons to prior periods. 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.

Substantial moisture was received through the spring and beginning of summer. This led to excellent crop conditions in the area and it appears the final production numbers on the wheat crop will be very good. In some areas there have been hail losses that will reduce production for a number of producers. As a rule, grain markets have generally trended down during the past quarter while cattle markets have trended up. Real estate prices maintained a stable value during the six month period with some sales showing a trend higher.

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 June 30, 2009 totaled \$233,010, an increase of \$11,324, or 5.11%, from loans of \$221,686 at December 31, 2008. The increase was primarily due to an increase in production and intermediate term loans. These consisted of both direct loans to customers and participation loans purchased from other Farm Credit entities. The increase was substantially supported by new loans in addition to the normal seasonal investment in growing crops.

RESULTS OF OPERATIONS

Net interest income for the six months ended June 30, 2009 was \$2,982, an increase of \$31, or 1.05%, from the same period ended one year ago. Interest income and interest expense decreased as a result of lower borrower rates and decreased rates on the note payable to AgBank.

Net income for the six months ended June 30, 2009 was \$1,655, a decrease of \$557, or 25.18%, from the same period ended one year ago. This is primarily due to a \$312 net increase in provision for loan losses, a \$96 decrease in noninterest income and a \$180 increase in noninterest expense.

During the first quarter of 2009, we were 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 patronage earnings compared to the previous period will be reduced during 2009.

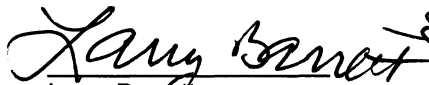
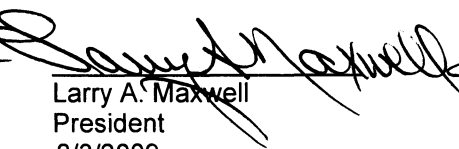
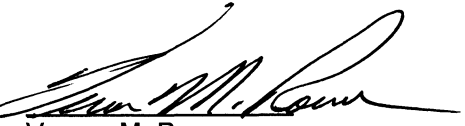
CAPITAL RESOURCES

Our shareholders' equity at June 30, 2009 was \$59,336, 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 represents most of the \$1,039 increase in premises and equipment for the six months ended June 30, 2009. Completion in October of 2009 is anticipated. The two currently occupied offices in Colby were listed for sale in July 2009, with retained possession rights to allow completion and moving to the new office. A contract for the sale of the office at 375 South Range has been signed.

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 8/3/2009	Larry A. Maxwell President 8/3/2009	Vernon M. Roemer Sr. Vice Pres. – Operations 8/3/2009

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

	June 30 2009	December 31 2008
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 233,010	\$ 221,686
Less allowance for loan losses	987	874
Net loans	232,023	220,812
Cash	818	2,524
Accrued interest receivable	4,860	4,369
Investment in U.S. AgBank, FCB	4,991	4,991
Premises and equipment, net	2,505	1,466
Prepaid benefit expense	535	525
Other assets	156	154
Total assets	\$ 245,888	\$ 234,841
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 179,211	\$ 162,626
Advance conditional payments	3,474	6,112
Accrued interest payable	2,730	4,620
Patronage distributions payable	-	2,500
Accrued benefits liability	186	193
Other liabilities	951	1,125
Total liabilities	186,552	177,176
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	16	16
Capital stock	910	894
Unallocated retained earnings	58,410	56,755
Total shareholders' equity	59,336	57,665
Total liabilities and shareholders' equity	\$ 245,888	\$ 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 June 30		For the six months ended June 30	
	2009	2008	2009	2008
INTEREST INCOME				
Loans	\$ 3,221	\$ 3,126	\$ 6,287	\$ 6,469
Total interest income	3,221	3,126	6,287	6,469
INTEREST EXPENSE				
Note payable to U.S. AgBank, FCB	1,656	1,693	3,291	3,482
Other	6	13	14	36
Total interest expense	1,662	1,706	3,305	3,518
Net interest income	1,559	1,420	2,982	2,951
Provision for loan losses/(Loan loss reversal)	75	(171)	109	(203)
Net interest income after provision for loan losses/(Loan loss reversal)	1,484	1,591	2,873	3,154
NONINTEREST INCOME				
Financially related services income	28	44	544	310
Loan fees	13	1	26	(4)
Patronage distribution from U.S. AgBank, FCB	2	235	93	454
Other noninterest income	10	11	30	29
Total noninterest income	53	291	693	789
NONINTEREST EXPENSE				
Salaries and employee benefits	525	452	1,187	1,019
Occupancy and equipment	20	17	47	36
Purchased services from AgVantis, Inc.	87	80	176	160
Farm Credit Insurance Fund premium	91	73	183	148
Supervisory and examination costs	20	20	40	39
Other noninterest expense	111	156	278	329
Total noninterest expense	854	798	1,911	1,731
Net income	\$ 683	\$ 1,084	\$ 1,655	\$ 2,212

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			2,212	2,212
Stock issued	-	51		51
Stock retired	-	(49)		(49)
Balance at June 30, 2008	\$ 18	\$ 892	\$ 57,041	\$ 57,951
Balance at December 31, 2008	\$ 16	\$ 894	\$ 56,755	\$ 57,665
Net income			1,655	1,655
Stock issued	-	51		51
Stock retired	-	(35)		(35)
Balance at June 30, 2009	\$ 16	\$ 910	\$ 58,410	\$ 59,336

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 second quarter 2009 financial statements should be read in conjunction with the 2008 Annual Report to Shareholders.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events," which sets forth general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Recognized subsequent events should be recognized in the financial statements since the conditions existed at the date of the balance sheet. Nonrecognized subsequent events are not recognized in the financial statements since the conditions arose after the balance sheet date but before the financial statements are issued or are available to be issued. This Standard, which includes a required disclosure of the date through which an entity has evaluated subsequent events, is effective for interim or annual periods ending after June 15, 2009.

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 six months ended June 30, 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.

	June 30, 2009	June 30, 2008
Balance at beginning of year	\$ 874	\$ 574
Provision for loan losses/(Loan loss reversal)	109	(203)
Charge-offs	-	-
Recoveries	4	-
Balance at end of period	\$ 987	\$ 371

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.

	June 30, 2009	June 30, 2008
Impaired loans with related allowance	\$ 965	\$ -
Impaired loans with no related allowance	170	190
Total impaired loans	\$ 1,135	\$ 190

Allowance on impaired loans	\$ 612	\$ -
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The following table summarizes impaired loan information.

	For the six months ended	
	June 30, 2009	June 30, 2008
Average impaired loans	\$ 981	\$ 210
Interest income recognized on impaired loans	\$ 3	\$ 68

NOTE 3 - 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 had no liabilities measured at fair value on a non-recurring basis at June 30, 2009.

Assets and liabilities measured at fair value on a non-recurring basis at June 30, 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.

NOTE 4 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through 7/30/2009, which is the date the financial statements were available to be issued.