



**QUARTERLY
REPORT**

SEPTEMBER 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 free of charge 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
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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 nine months ended September 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.

Above normal moisture was received thus far in 2009. This led to excellent crop conditions in the area. Recently there have been difficulties getting the fall harvest started due to wet conditions. In some areas there were hail losses that will reduce production for a number of producers. As a rule, grain and cattle markets have declined since the beginning of the year. Real estate prices maintained a stable value during the nine month period with some sales showing a trend higher.

Credit quality has remained very high even with some increase in nonaccrual loans. 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 continued to be somewhat milder in this local area because there are no large employers to announce layoffs. Job opportunities did not significantly change and property values are fairly stable.

LOAN PORTFOLIO

Loans outstanding at September 30, 2009 totaled \$239,885, an increase of \$18,199, or 8.21%, from loans of \$221,686 at December 31, 2008. The increase, ranked by volume, was in intermediate term capital purchase loans, long term loans for real estate, and commercial operating lines.

RESULTS OF OPERATIONS

Net interest income for the nine months ended September 30, 2009 was \$4,615, an increase of \$195, or 4.41%, from the same period ended one year ago. The increase is due to higher loan volume that was tempered somewhat by lower interest rate spreads.

Net income for the nine months ended September 30, 2009 was \$3,073, a decrease of \$831, or 21.29%, from the same period ended one year ago. This is primarily due to a \$495 increase in the provision for loan losses, a \$288 decrease in noninterest income, and a \$243 increase in noninterest expenses, offset by the \$195 increase in net interest income.

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.

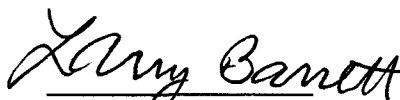
CAPITAL RESOURCES

Our shareholders' equity at September 30, 2009 was \$60,657, an increase from \$57,665 at December 31, 2008. This increase is due to net income and an increase in borrower stock.

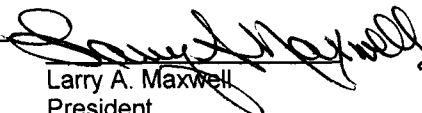
Construction on our new office building in Colby continues and represents most of the \$2,162 increase in premises and equipment for the nine months ended September 30, 2009. Completion is now anticipated

to be November of 2009. Contracts have been signed for the sale of the two currently occupied offices in Colby, with retained possession rights to allow completion and moving to the new office.

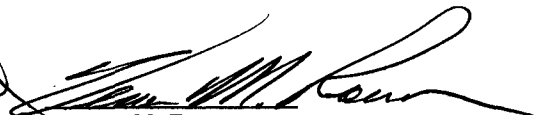
The undersigned certify they have reviewed this report, this report has been prepared in accordance with all applicable statutory or regulatory requirements and the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.



Larry Barrett
Audit Committee Chairman
11/9/2009



Larry A. Maxwell
President
11/9/2009



Vernon M. Roemer
Sr. Vice Pres. – Operations
11/9/2009

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

	September 30 2009	December 31 2008
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 239,885	\$ 221,686
Less allowance for loan losses	1,117	874
Net loans	238,768	220,812
Cash	486	2,524
Accrued interest receivable	6,186	4,369
Investment in U.S. AgBank, FCB	4,991	4,991
Premises and equipment, net	3,628	1,466
Prepaid benefit expense	484	525
Other assets	148	154
Total assets	\$ 254,691	\$ 234,841
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 185,737	\$ 162,626
Advance conditional payments	3,323	6,112
Accrued interest payable	3,353	4,620
Patronage distributions payable	-	2,500
Accrued benefits liability	183	193
Other liabilities	1,338	1,125
Total liabilities	193,934	177,176
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	16	16
Capital stock	913	894
Unallocated retained earnings	59,828	56,755
Total shareholders' equity	60,757	57,665
Total liabilities and shareholders' equity	\$ 254,691	\$ 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 September 30		For the nine months ended September 30	
	2009	2008	2009	2008
INTEREST INCOME				
Loans	\$ 3,384	\$ 3,247	\$ 9,671	\$ 9,716
Total interest income	3,384	3,247	9,671	9,716
INTEREST EXPENSE				
Note payable to U.S. AgBank, FCB	1,746	1,765	5,037	5,247
Other	5	13	19	49
Total interest expense	1,751	1,778	5,056	5,296
Net interest income	1,633	1,469	4,615	4,420
Provision for loan losses/(Loan loss reversal)	130	(53)	239	(256)
Net interest income after provision for loan losses/(loan loss reversal)	1,503	1,522	4,376	4,676
NONINTEREST INCOME				
Financially related services income	833	799	1,377	1,108
Loan fees	26	41	52	37
Patronage distribution from U.S. AgBank, FCB	1	212	94	667
Other noninterest income	-	-	30	29
Total noninterest income	860	1,052	1,553	1,841
NONINTEREST EXPENSE				
Salaries and employee benefits	534	506	1,721	1,525
Occupancy and equipment	20	21	67	57
Purchased services from AgVantis, Inc.	83	74	259	234
Farm Credit Insurance Fund premium	100	75	283	223
Supervisory and examination costs	20	20	60	59
Other noninterest expense	188	186	466	515
Total noninterest expense	945	882	2,856	2,613
Net income	\$ 1,418	\$ 1,692	\$ 3,073	\$ 3,904

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

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			3,904	3,904
Stock issued	-	74		74
Stock retired	(1)	(66)		(67)
Balance at September 30, 2008	\$ 17	\$ 898	\$ 58,733	\$ 59,648
Balance at December 31, 2008	\$ 16	\$ 894	\$ 56,755	\$ 57,665
Net income			3,073	3,073
Stock issued	-	65		65
Stock retired		(46)		(46)
Balance at September 30, 2009	\$ 16	\$ 913	\$ 59,828	\$ 60,757

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

In May 2009, the FASB issued guidance, "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. There are two types of subsequent events: the first type consists of events or transactions that provide additional evidence about conditions that existed at the balance sheet date (recognized subsequent events) and the second type consists of events that provide evidence about conditions that did not exist at the balance sheet date but arose after that date (nonrecognized subsequent events). 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 guidance, which includes a required disclosure of the date through which an entity has evaluated subsequent events, was 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 with generally accepted accounting principles and prevailing practices within the banking industry. The results for the nine months ended September 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.

	September 30, 2009	September 30 2008
Balance at beginning of year	\$ 874	\$ 574
Provision for loan losses/(Loan loss reversal)	239	(256)
Charge-offs	-	-
Recoveries	4	-
Balance at end of period	\$ 1,117	\$ 318

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.

	September 30, 2009	September 30, 2008
Impaired loans with related allowance	\$ 974	\$ -
Impaired loans with no related allowance	171	212
Total impaired loans	\$ 1,145	\$ 212

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

	For the nine months ended	
	September 30, 2009	September 30, 2008
Average impaired loans	\$ 1,034	\$ 212
Interest income recognized on impaired loans	\$ 5	\$ 96

NOTE 3 - FAIR VALUE MEASUREMENTS

Authoritative guidance 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 assets or liabilities measured at fair value on a recurring basis at September 30, 2009.

Assets and liabilities measured at fair value on a non-recurring basis at September 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	\$ -	\$ -	\$ 362	\$ 362	\$ -

The Association had no liabilities measured at fair value on a non-recurring basis at September 30, 2009.

Valuation Techniques

As more fully discussed in Note 2 to the 2008 Annual Report to Shareholders, authoritative guidance 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 FASB guidance, the fair value is based upon the underlying collateral since the loans were collateral dependent loans for which real estate is the collateral. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, these fair value measurements fall within Level 3 of the hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

NOTE 4 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 9, 2009, which is the date the financial statements were available to be issued.