

**QUARTERLY
REPORT**

MARCH 31, 2010

**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 2009 AgBank Annual Report to Shareholders, the 2009 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
1190 South Range
Colby, Kansas 67701
(785) 462-6714 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 discussion summarizes the financial position and results of operations of Farm Credit of Western Kansas, ACA for the three months ended March 31, 2010, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes, along with other disclosures contained in this report and the 2009 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

There is a very good moisture profile in the local service area thus far in 2010. Wet fields have delayed preparations for spring planting somewhat and anhydrous fertilizer supplies are tight due to current demand caused by the delayed 2009 fall harvest. Corn and wheat markets have declined since the beginning of the year while soybeans and cattle markets have strengthened. Real estate prices maintained a stable value during the quarter with the number of sales being somewhat less than last year. Farm profits for 2009 were fairly good for most producers. There are some who experienced adversity during 2009 that resulted in an operating loss, however in general these producers had the financial condition to absorb a loss.

Credit quality has remained very high. 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 but total sales have declined from last year due to lower wheat markets. The overall U. S. and world economies seem to have a long way to go before job growth improves. Nationwide corporate profits and productivity are showing improvement often at the expense of the labor market and savings achieved on labor costs.

LOAN PORTFOLIO

Loans outstanding at March 31, 2010 totaled \$233,312, a decrease of \$11,455, or 4.68%, from loans of \$244,767 at December 31, 2009. Approximately \$10 million of this decline was in production and intermediate term loans with \$1.4 million of the decline coming from mortgage loans. The decrease in production and intermediate term loans was due to seasonal repayments and also due to delayed fall and winter farm expenses caused by last years late harvest.

RESULTS OF OPERATIONS

Net interest income for the three months ended March 31, 2010 was \$1,565, an increase of \$141, or 9.90%, from the same period ended one year ago. Net interest income increased primarily as a result of a higher average spread on the portfolio and an increase in average loan volume. This increase was then reduced by a \$79 decrease in earnings on loanable funds and a \$102 increase in AgBank spread.

Net income for the three months ended March 31, 2010 was \$1,357, an increase of \$386, or 39.75%, from the same period ended one year ago. This is primarily due to the \$143 increase in net interest income after provision for loan losses and a \$270 increase in noninterest income, offset in part by a \$27 increase in noninterest expense, compared to the prior year.

Beginning in 2009, patronage from AgBank was paid annually after the end of the year. During the first quarter of 2010, AgBank paid us \$336 in patronage based on AgBank's 2009 earnings. As a result, our patronage earnings from AgBank increased compared to \$91 during the first quarter of 2009.

During the first quarter of 2010, we received our allocated portion of a rebate of \$227 distributed by Farm Credit System Insurance Company (FCSIC). As a result, our noninterest income increased compared to the first quarter of 2009.

There was a reversal of prior year trends in financially related services income which declined \$196 from the prior year. This decline was the result of less acres and lower price guarantees on wheat multi-peril insurance policies, which resulted in a decrease in insurance sales commissions earned by the Association. The decline was offset in part by \$47 in hail insurance commissions that would normally be received during the 4th quarter of the prior year.

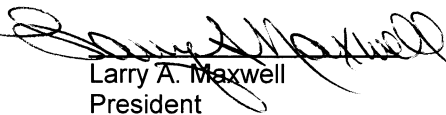
CAPITAL RESOURCES

Our shareholders' equity at March 31, 2010 was \$60,982, an increase from \$59,618 at December 31, 2009. This increase is due to net income and an increase in borrower stock.

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
5/10/2010



Larry A. Maxwell
President
5/10/2010



Vernon M. Roemer
Sr. Vice Pres. – Operations
5/10/2010

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

	March 31	December 31
	2010	2009
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 233,312	\$ 244,767
Less allowance for loan losses	515	483
Net loans	232,797	244,284
Cash	494	3,547
Accrued interest receivable	3,881	4,838
Investment in U.S. AgBank, FCB	5,639	5,226
Premises and equipment, net	4,633	4,647
Prepaid benefit expense	532	600
Other assets	330	154
Total assets	\$ 248,306	\$ 263,296
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 178,210	\$ 193,139
Advance conditional payments	3,961	3,131
Accrued interest payable	2,166	3,727
Patronage distributions payable	2,000	2,000
Accrued benefits liability	174	180
Other liabilities	813	1,501
Total liabilities	187,324	203,678
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	16	16
Capital stock	915	908
Unallocated retained earnings	60,051	58,694
Total shareholders' equity	60,982	59,618
Total liabilities and shareholders' equity	\$ 248,306	\$ 263,296

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	
	2010	2009
INTEREST INCOME		
Loans	\$ 3,320	\$ 3,066
Total interest income	3,320	3,066
INTEREST EXPENSE		
Note payable to U.S. AgBank, FCB	1,749	1,634
Other	6	8
Total interest expense	1,755	1,642
Net interest income	1,565	1,424
Provision for loan losses	33	35
Net interest income after provision for loan losses	1,532	1,389
NONINTEREST INCOME		
Financially related services income	320	516
Loan fees	13	13
Patronage distribution from U.S. AgBank, FCB	336	91
Farm Credit Insurance Fund rebate	227	-
Other noninterest income	14	20
Total noninterest income	910	640
NONINTEREST EXPENSE		
Salaries and employee benefits	661	663
Occupancy and equipment	61	27
Purchased services from AgVantis, Inc.	98	89
Farm Credit Insurance Fund premium	57	92
Supervisory and examination costs	22	20
Other noninterest expense	186	167
Total noninterest expense	1,085	1,058
Net income	\$ 1,357	\$ 971

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, 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
Balance at December 31, 2009	\$ 16	\$ 908	\$ 58,694	\$ 59,618
Net income			1,357	1,357
Stock issued	-	19		19
Stock retired	-	(12)		(12)
Balance at March 31, 2010	\$ 16	\$ 915	\$ 60,051	\$ 60,982

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, 2009, are contained in the 2009 Annual Report to Shareholders. These unaudited first quarter 2010 financial statements should be read in conjunction with the 2009 Annual Report to Shareholders.

Effective January 1, 2010, the Association adopted Financial Accounting Standards Board (FASB) guidance on "Fair Value Measurements and Disclosures," which is to improve disclosures about fair value measurements by increasing transparency in financial reporting. The guidance will provide for a greater level of disaggregated information and more robust disclosures of valuation techniques and inputs to fair value measurements. The adoption of this guidance had no impact on the Association's financial condition and results of operations but resulted in additional disclosures.

In June 2009, the FASB issued guidance on "Accounting for Transfers of Financial Assets," which amends previous guidance by improving the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets.

This guidance is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. This Statement must be applied to transfers occurring on or after the effective date. Additionally, on and after the effective date, the concept of a qualifying special purpose entity is no longer relevant for accounting purposes. Therefore, formerly qualifying special-purpose entities (as defined under previous accounting standards) should be evaluated for consolidation by reporting entities on and after the effective date in accordance with the applicable consolidation guidance. If the evaluation on the effective date results in consolidation, the reporting entity should apply the transition guidance provided in the pronouncement that requires consolidation. The Association reviewed their loan participation agreements to ensure that participations would meet the requirements for sales treatment and not be required to be consolidated. The impact of adoption on January 1, 2010 was immaterial to the Association's financial condition and results of operations.

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 three months ended March 31, 2010, are not necessarily indicative of the results to be expected for the year ended December 31, 2010.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of the allowance for loan losses follows.

	March 31, 2010	March 31, 2009
Balance at beginning of year	\$ 483	\$ 874
Provision for loan losses/(Loan loss reversal)	33	35
Charge-offs	1	—
Recoveries	—	(3)
Balance at end of period	\$ 515	\$ 912

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, 2010	March 31, 2009
Impaired loans with related allowance	\$ —	\$ 965
Impaired loans with no related allowance	141	173
Total impaired loans	\$ 141	\$ 1,139
Allowance on impaired loans	\$ —	\$ 612

The following table summarizes impaired loan information.

	For the three months ended	
	March 31, 2010	March 31, 2009
Average impaired loans	\$ 154	\$ 824
Interest income recognized on impaired loans	\$ 2	\$ 2

NOTE 3 - FAIR VALUE MEASUREMENTS

FASB 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 2009 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 March 31, 2010.

Assets and liabilities measured at fair value on a non-recurring basis at March 31, 2010 for each of the fair value hierarchy values are summarized below:

March 31, 2010	Fair Value Measurement Using			Total Fair Value	Total Losses
	Level 1	Level 2	Level 3		
Assets:					
Loans	\$ —	\$ —	\$ —	\$ —	\$ 1
December 31, 2009					
Assets:					
Loans	\$ —	\$ —	\$ —	\$ —	\$ 1,340

The Association had no liabilities measured at fair value on a non-recurring basis at March 31, 2010.

Valuation Techniques

As more fully discussed in Note 2 to the 2009 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 May 10, 2010, which is the date the financial statements were available to be issued.