

GREAT PLAINS AG CREDIT, ACA

**FINANCIAL
STATEMENTS**

**THIRD QUARTER ENDING
September 30, 2009**

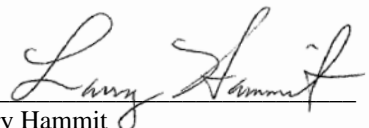
**Serving Agriculture
Since 1934**

REPORT OF MANAGEMENT

The undersigned certify that we have reviewed this report, that it has been prepared in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief as of September 30, 2009.



Tim McDonald
President, CEO



Larry Hammit
Senior Vice President, CFO



Dennis Anthony
Chairman of the Board of Directors

MANAGEMENT DISCUSSION AND ANALYSIS

This quarterly financial statement of the Great Plains Ag Credit, ACA (the association) of 2009, including the consolidated statements of its wholly-owned subsidiaries, Great Plains Ag Credit, PCA and Great Plains Ag Credit, FLCA is unaudited, but contains all adjustments necessary for a fair presentation of the interim financial condition and results of operations. The statement is prepared in conformity with generally accepted accounting principles and prevailing practices within the banking industry, and with oversight of the association's Audit Committee. In preparing these statements and meeting its responsibility for reliable financial information, management depends upon the association's accounting and internal control systems which have been designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized and recorded.

The following commentary reviews the financial performance of the association for the quarter and nine months ended September 30, 2009. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2008 Annual Report.

SIGNIFICANT EVENTS

The association continues to hold approximately \$17.8 million in non-accrual loans. Approximately \$11.9 million of this amount is guaranteed by Farmer Mac. An additional portion of these loans, approximately \$17.6 million, are participated with other 10th Farm Credit District entities. There have been no chargeoffs recorded on these loans and the entire principal and interest is expected to be recovered, therefore no specific allowance was estimated or booked.

The association retired a portion of prior years' patronage allocations totaling \$593,258 during the past quarter.

The association is party to a Long Term Standby Purchase Commitment with the Farm Credit Bank of Texas which has been entered into with a corresponding Long Term Standby Purchase Commitment between the Bank and the Federal Agricultural Mortgage Corporation (Farmer Mac). The association utilizes this relationship to manage certain credit risk as well as regulatory capital requirements and had commitments totaling \$58,862,487 at quarter end. The quality of the loan guarantee provided under this agreement could be significantly impacted by the financial results of the association's counterparties.

LOAN PORTFOLIO

Loan volume, including nonaccrual loans as reflected on the Balance Sheet, is based upon Net Recorded Investment, which is unpaid principal loan balances and loan accounts receivable net of any amounts of advance conditional payments and funds held balances that can be offset by loan balances.

Net Recorded Investment including nonaccrual loans was as follows:

	September 30,		Dec. 31,
	<u>2009</u>	<u>2008</u>	<u>2008</u>
	\$ 417,024,878	\$ 440,748,104	\$ 430,049,819

At quarter end, consolidated net recorded investment was down \$23,723,226 or 5.4 percent, compared to the same quarter last year, and down \$13,024,941 or 3.0 percent from Dec. 31, 2008. Average volume for the quarter was \$416,158,943, down by \$13,913,676 or 3.2 percent compared to the same quarter last year, and up \$13,836,559, or 3.4 percent compared to average 2008 volume of \$404,438,287. Association loan volume normally experiences seasonal increases in the third quarter. The association is experiencing limited growth from new loans at this time. Furthermore, the normal seasonal increase in loan volume from crop inputs is largely being offset by reductions in cattle loans because of poor economic conditions in that segment of the portfolio.

Credit quality measured by recorded investment in loans at quarter end was as follows:

	September 30,		Dec. 31,
	<u>2009</u>	<u>2008</u>	<u>2008</u>
Acceptable	90.4%	98.6%	97.0%
Special Mention	2.1%	0.3%	1.8%
Substandard	7.5%	1.1%	1.2%

Association credit quality has shown deterioration the past year, but even more so since year end due primarily to losses in the livestock industry from high feed cost and low cattle prices. Additionally, stress in the dairy industry from high feed cost and low milk prices has resulted in lower credit quality in that segment of the portfolio. Despite credit quality deterioration in these industries, and increased levels of nonaccrual loans, a significant portion of this credit is well secured and the association holds Farmer Mac guarantees on a significant portion, thereby reducing loss risk. Although farm loans have been increasing balances, those commercial feeding and dairy loans with higher risk have been reducing balances, thereby reducing some of the risk in the portfolio.

RISK EXPOSURE

High-risk assets include nonaccrual loans, loans that are past due 90 days or more and still accruing interest, formally restructured loans and other property owned. These assets have increased \$1,312,718 over the past quarter. Although no specific credit losses are expected, due to recent increases in the amount of these classifications as well as increased general economic concerns, management has increased the general provision for loan losses this past quarter by also including a portion of the unfunded commitments on loans in the calculation. (See MD&A Significant Events and Note 2 – Allowance for Loan Losses and Impaired Loans). Association management, Audit Committee, and Board of Directors continue to study, develop and refine the allowance for loan loss policy and procedures to ensure that it will identify the Association's exposure to loan losses, and establish and maintain an adequate level of loan loss reserves sufficient for estimated losses in the portfolio, and ensure that adequate risk funds are continuously maintained, particularly in a stressful economic climate.

The following table illustrates the association's components and trend of high-risk assets.

	September 30, 2009		December 31, 2008	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Nonaccrual	\$17,777,263	78%	\$ 4,781,535	100%
90 days past due and still accruing interest	4,985,794	22%	-	0%
Formally restructured	-	0%	-	0%
Other property owned, net	-	0%	-	0%
Total	<u>\$22,763,057</u>	<u>100%</u>	<u>\$ 4,781,535</u>	<u>100%</u>

Five of the above nonaccrual loans, representing sixty-seven percent of the balance, are direct loans originated by the association, enhanced by a Long-Term Standby Purchase Commitment from the Federal Agricultural Mortgage Corporation (Farmer Mac guaranty). Another twenty percent of the nonaccrual balance is comprised of two capital markets participation loans purchased from the Farm Credit Bank of Texas. All nonaccrual loans are secured, and the association anticipates full collection of principal and interest.

Loans are classified through the association's Internal Review Program, and are verified by an annual Internal Credit Review conducted by independent reviewers, with oversight from the Farm Credit Bank of Texas (FCBT). An independent annual audit by an accounting firm also verifies the credit classifications and reviews operations. Periodic examinations of credit and operations are also conducted by the Farm Credit Administration (FCA), the association's regulatory agency. All outside reviews have verified the loan asset quality reported by the association's Internal Review Program.

RESULTS OF OPERATIONS

The association's fiscal operating results for the quarter were acceptable. Net income was \$1,665,325 and \$5,360,521 for the three and nine months ended September 30, 2009, as compared to net income of \$1,836,125 and \$5,623,414 for the same periods in 2008 reflecting a decrease of 9.3 percent and 4.7 percent, respectively. Net interest income was \$2,692,729 and \$7,499,790, respectively, for the three and nine months ended September 30, 2009, compared to \$2,602,166 and \$7,303,907 for the same periods in 2008. Interest income for the first nine months of 2009 decreased by \$3,209,134, or 18.8 percent from the same period in 2008, primarily due to a decrease in interest rates. Interest expense for the first nine months of 2009 decreased by \$3,405,017, or 34.7 percent, from the same period of 2008 also due to a decrease in interest rates. Average loan volume for the third quarter of 2009 was \$416,158,943 compared to \$430,072,619 in the same quarter of 2008. The average spread on the loan portfolio at September 30, 2009 was 2.7 percent, compared to 2.0 percent at September 30, 2008.

The association's annualized YTD return on average assets and average equity are as follows:

	September 30,		Dec. 31,
	<u>2009</u>	<u>2008</u>	<u>2008</u>
Return on average assets	1.65%	1.82%	1.79%
Return on average equity	13.05%	14.06%	14.07%

The results for the quarter are not necessarily indicative of the results to be expected for the year ended December 31, 2009.

There were no charge-offs and \$136 in recoveries during the quarter. This compares to no charge-offs or recoveries during the same quarter of 2008. (See Note 2.)

Although interest income has decreased over the past year due to the drop in interest rates, the association has maintained profitability through increases in fee income. Increases were realized from conversion fees for resetting rates for borrowers wishing to take advantage primarily of lower fixed rates, as well as increases in other loan fees, and from an increased emphasis on

crop insurance sales which has proven very successful the past quarter. The provision for loan losses account has been increased the past quarter by \$292,186 (See Note 2 – Allowance for Loans Losses and Impaired Loans) due to the rising risk in the portfolio due to lower classifications, primarily those classified as nonaccrual, as well as continuing weak performance particularly in the cattle and dairy sectors of the portfolio. A reduction in overlines participated with other Farm Credit institutions due to reasons mentioned above has also reduced income accrual from patronage anticipated from those institutions.

Accrued Interest Receivable has decreased by \$2,246,491, or 28 percent from this quarter in 2008 and by \$1,659,750 since year end primarily due to lower interest rates and interest capitalized or paid on operating loans subsequent to year end, and more frequent interest collection on many accounts than in previous years. Accrued Interest Payable has decreased by \$423,069, or 38 percent since September 30, 2008 and \$314,850, since year end due to reduced interest rates on the direct note to the Bank and ACP/Funds Held accounts during the same periods, and reduced direct note balance since year end. The Receivable from the Bank varies substantially between periods due to loan repayment activity resulting in customer checks scanned and booked as receivables until the funds are cleared and credited to the direct note at the Bank. Patronage Receivable from the Bank cumulates each quarter, and peaks at fiscal year end, when payment is normally received. Other Assets at September 30, 2009 were \$153,872 greater than a year ago, and \$622,821 more than at year end. The increase from year end was primarily due to prepaid expenses for the DB pension plan, which were \$255,568 higher at September 30, 2009, compared to the September 30, 2008 balance of \$93,595.

The Patronage Distribution Payable account has increased \$556,747 or 54 percent since September 30, 2008, due to a higher percentage of patronage being accrued for cash in 2009 compared to last year. This payable has decreased by \$781,614 since year end due to payments the past quarter. Accounts Payable balances decreased \$1,185,325 since year end, and fluctuate primarily from period ending settlements in participation loans normal in the course of business. Other Liabilities decreased by \$864,952 since year end, and consist primarily of drafts outstanding, which decreased by \$940,320 compared to year end.

The Advance Conditional Payments liability account has decreased \$5,624,550 since year end and \$4,806,567 since a year ago. The account normally varies seasonally and inversely according to crop loan balances, and is traditionally less at mid year and third quarter end than at first quarter end and year end. However, two factors have changed the normal pattern of these account balances compared to the third quarter of 2008. First, a substantial reduction in interest paid on these accounts due to a change in funding and accounting policy at the FCBT made these accounts less attractive to customers, and second, less excess cash is available due to customers' profits being diminished the past year compared to the prior year.

CAPITAL RESOURCES

Total association capital increased \$568,721 during the past quarter, \$3,070,939 since year end, and \$3,675,398 since a year ago, due primarily to net earnings as stated above. The association's debt as a ratio to members' equity was 6.47:1 at quarter end, compared to 7.19:1 at year end and 7.43:1 a year ago. This ratio fluctuates seasonally based on loan volume.

Institutions in the Farm Credit System are required to maintain a minimum permanent capital ratio, referred to as Capital Adequacy Ratio, total surplus ratio, and core surplus ratio.

Ratios are 90 day averages		September 30,	Dec. 31,
	<u>2009</u>	<u>2008</u>	<u>2008</u>
Capital Adequacy Ratio	13.0%	11.6%	11.6%
Total Surplus Ratio	12.7%	11.3%	11.4%
Core Surplus Ratio	10.3%	9.1%	9.3%

These ratios also fluctuate inversely with normal seasonal changes in loan volume. Capital ratios have increased over the past year due to earnings, reduced overall loan volume, decreased hold positions on loans with overlines participated to other institutions, and decreased retirement of patronage allocated surplus. The association has Farmer Mac guarantees on approximately \$58 million in loans which also improves capital ratios. The association exceeds minimum regulatory requirements on all capital related ratios, which are 7 percent on capital adequacy and total surplus, and 3.5 percent on core surplus. All regulatory capital requirements apply to consolidated ACA totals, which include capital of the subsidiary PCA and FLCA. Further details are included in Note 3.

LIQUIDITY AND FUNDING SOURCES

The association secures the majority of its lendable funds from the FCBT, which obtains its funds through the issuance of Systemwide obligations and with lendable equity. The following schedule summarizes the association's borrowings from the Bank.

	<u>September 30, 2009</u>	<u>December 31, 2008</u>
Note payable to the Bank	\$ 367,419,208	\$ 378,372,214
Accrued interest on note payable	<u>686,759</u>	<u>1,001,609</u>
Total	\$ 368,105,967	\$ 379,373,823

At September 30, 2009 the association's liquidity ratio, as calculated according to the general financing agreement with the FCBT, was 11.02 percent, which exceeds the minimum requirement. Management is aware of no conditions likely to restrict future funding needs in the future.

COMPLAINT NOTICE

The maintenance of high industry standards for honesty, integrity, impartiality and conduct by employees is essential to ensure the proper performance of this association's business and continued public confidence. Management and Directors expect anyone employed by or conducting business with the association to be responsible for reporting anything observed that might be a violation and endanger the public trust. To assure anonymity of any complaints or questions, the association has engaged the services of an independent company where anyone may safely report unethical or illegal behavior at the association. Complaints regarding suspected irregularities or questionable practices may be submitted in writing to Listen Up Reports, P.O. Box 274, Highland Park, IL 60035; may be submitted by phone call to 1-866-398-0010; or may be submitted through web mail at www.ListenUpReports.com or through the association's web site link at www.greatplainsagcredit.com. Once you have reported the issue or problem, you receive a case number and Listen Up communicates your message to the association's Audit Committee.

CODE OF ETHICS

The association has committed to conduct business with the highest ethical standards as set forth in the association Code of Conduct. A copy may be obtained on the web site at www.greatplainsagcredit.com.

RELATIONSHIP WITH THE FARM CREDIT BANK OF TEXAS

The association's financial condition may be impacted by factors that affect the Bank. The financial condition and results of operations of the Bank may materially affect the stockholders' investment in the association. The Management Discussion and Analysis and Notes to Financial Statements contained in the December 31, 2008 Annual Report of Great Plains Ag Credit, ACA more fully describe the association's relationship with the Bank.

Due to an amendment to regulations of the Farm Credit Act, associations are no longer required to send quarterly financial statements or those of the FCBT to stockholders, unless a significant event occurs. Association stockholders may obtain a copy free of charge of each quarterly financial statement of the association by contacting any of the following offices, or association statements may be obtained on the association web site at www.greatplainsagcredit.com. The Tenth Farm Credit District's (District) annual and quarterly stockholder reports are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, The Ag Agency, P.O. Box 202590 Austin, TX 78720-2590, by calling 512-483-9260, or by requesting on their web site at www.farmcreditbank.com

Association Offices

<u>City</u>	<u>Address</u>	<u>Phone Number</u>
Amarillo	5701 I 40 West	806-376-4669
Dimmitt	112 E. Jones	806-647-3169
Dumas	1315 East First	806-935-6851
Friona	1602 W. Highway 60	806-250-2758
Olton	210 N. Main St.	806-285-2651
Plainview	919 Broadway	806-296-2783

GREAT PLAINS AG CREDIT, ACA
CONSOLIDATED STATEMENT OF CONDITION
(WHOLE DOLLARS)

	September 30, 2009	December 31, 2008
	UNAUDITED	AUDITED
ASSETS		
CASH	\$401,084	\$420,696
LOANS.....	\$417,024,878	\$430,049,819
LESS ALLOWANCE FOR LOAN LOSSES (SEE NOTE 3).....	\$855,520	\$705,469
NET LOANS.....	\$416,169,358	\$429,344,350
ACCRUED INTEREST RECEIVABLE.....	\$5,795,171	\$7,454,921
INVESTMENT IN THE BANK	\$6,873,505	\$6,873,505
RECEIVABLE FROM THE BANK	\$2,381,355	\$4,328,084
PATRONAGE RECEIVABLE FROM THE BANK AND OTHER FARM CREDIT INSTITUTIONS.....	\$2,309,477	\$2,662,067
PREMISES AND EQUIPMENT, NET	\$1,977,495	\$2,061,491
DEFERRED TAX ASSET/LIABILITY, NET.....	\$823,154	\$794,181
OTHER ASSETS.....	\$981,477	\$358,656
TOTAL ASSETS.....	<u>\$437,712,076</u>	<u>\$454,297,951</u>
LIABILITIES		
NOTES PAYABLE TO THE BANK	\$367,419,208	\$378,372,214
ACCRUED INTEREST PAYABLE.....	\$686,759	\$1,001,609
ACCOUNTS PAYABLE.....	\$628,720	\$1,814,045
ACCRUED POSTRETIREMENT BENEFIT LIABILITY....	\$1,769,344	\$1,700,557
PATRONAGE DISTRIBUTION PAYABLE.....	\$1,583,514	\$2,365,128
ADVANCE CONDITIONAL PAYMENTS.....	\$6,537,789	\$12,163,643
OTHER LIABILITIES.....	\$517,345	\$1,382,297
TOTAL LIABILITIES.....	<u>\$379,142,679</u>	<u>\$398,799,493</u>
CAPITAL		
CLASS B COMMON CAPITAL STOCK.....	\$944,145	\$948,440
CLASS A COMMON CAPITAL STOCK.....	\$110	\$2,455
PARTICIPATION CERTIFICATES.....	\$30,195	\$29,375
ALLOCATED SURPLUS.....	\$9,136,254	\$9,769,759
UNALLOCATED SURPLUS.....	\$48,081,711	\$44,304,520
ACCUMULATED OTHER COMPREHENSIVE INCOME.....	\$376,982	\$443,909
NET WORTH.....	\$58,569,397	\$55,498,458
TOTAL LIABILITIES AND NET WORTH.....	<u>\$437,712,076</u>	<u>\$454,297,951</u>

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

GREAT PLAINS AG CREDIT ACA
CONSOLIDATED STATEMENT OF OPERATIONS
(WHOLE DOLLARS)

	FOR THREE MONTHS ENDED		FOR NINE MONTHS ENDED	
	SEPTEMBER 30, 2009	September 30, 2008	SEPTEMBER 30, 2009	September 30, 2008
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
INTEREST INCOME				
LOANS.....	\$4,758,562	\$5,921,206	\$13,905,741	\$17,111,758
OTHER.....	\$0	\$2,264	\$0	\$3,117
TOTAL INTEREST INCOME.....	\$4,758,562	\$5,923,470	\$13,905,741	\$17,114,875
INTEREST EXPENSE				
NOTE PAYABLE TO BANK.....	\$2,062,212	\$3,227,039	\$6,381,093	\$9,336,820
ADVANCE CONDITIONAL PAYMENTS.....	\$3,621	\$94,265	\$24,858	\$474,148
TOTAL INTEREST EXPENSE.....	\$2,065,833	\$3,321,304	\$6,405,951	\$9,810,968
NET INTEREST INCOME.....	\$2,692,729	\$2,602,166	\$7,499,790	\$7,303,907
OTHER INCOME				
FEES FOR FINANCIALLY RELATED SERVICES.....	\$130,437	\$10,733	\$335,768	\$73,045
OTHER OPERATING INCOME.....	\$119,313	\$169,955	\$490,212	\$361,764
PATRONAGE INCOME.....	\$668,114	\$754,091	\$2,326,666	\$2,541,008
TOTAL OTHER INCOME.....	\$917,864	\$934,779	\$3,152,646	\$2,975,817
OTHER EXPENSE				
SALARIES AND EMPLOYEE BENEFITS.....	\$1,039,997	\$953,570	\$3,176,413	\$2,638,078
OCCUPANCY AND EQUIPMENT.....	\$73,091	\$51,638	\$239,838	\$198,638
FARMER MAC FEES.....	\$78,650	\$68,641	\$242,822	\$209,923
FCSIC INSURANCE EXPENSE.....	\$175,537	\$134,147	\$524,933	\$413,681
OTHER OPERATING EXPENSES.....	\$287,957	\$318,493	\$905,419	\$965,845
TOTAL OTHER EXPENSES(INCOME).....	\$1,655,232	\$1,526,489	\$5,089,425	\$4,426,165
PROVISIONS FOR LOSSES ON LOANS (REVERSAL)	\$292,186	(\$1,267)	\$149,916	\$5,003
INCOME(LOSS) BEFORE FEDERAL INCOME TAX..	\$1,663,175	\$2,011,723	\$5,413,095	\$5,848,556
PROVISION(BENEFIT) FOR FEDERAL INCOME TAXES.....	\$90,950	\$179,376	\$90,950	\$233,707
DEFERRED TAX (INCOME)EXPENSE.....	(\$83,697)	\$3,683	(\$28,973)	(\$1,104)
ADJUSTMENT FOR PRIOR YEARS.....	(\$9,403)	(\$7,461)	(\$9,403)	(\$7,461)
NET INCOME(LOSS).....	\$1,665,325	\$1,836,125	\$5,360,521	\$5,623,414

The accompanying notes are an integral part of these financial statements

GREAT PLAINS AG CREDIT, ACA
CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL
(WHOLE DOLLARS)

	CAPITAL STOCK			SURPLUS		ACCUMULATED	TOTAL
	CLASS B COMMON	CLASS A COMMON	PARTICIPATION CERTIFICATES	ALLOCATED	UNALLOCATED	OTHER COMPREHENSIVE INCOME	
BALANCES AS OF DECEMBER 31, 2007	\$911,400	\$4,660	\$23,510	\$9,793,599	\$40,269,086	\$512,049	\$51,514,304
ADJUSTMENT TO BEGINNING BALANCE DUE TO FAS 158 ACCOUNTING CHANGE	\$0	\$0	\$0	\$0	(\$9,261)	\$0	(\$9,261)
BALANCE AT JANUARY 1, 2008	\$911,400	\$4,660	\$23,510	\$9,793,599	\$40,259,825	\$512,049	\$51,505,043
NET INCOME	\$0	\$0	\$0	\$0	\$5,623,414	\$0	\$5,623,414
OTHER COMPREHENSIVE INCOME							
AMORTIZATION OF COSTS INCLUDED IN PERIODIC RETIREMENT BENEFIT COST	\$0	\$0	\$0	\$0	\$0	(\$44,400)	(\$44,400)
OTHER COMPREHENSIVE INCOME	\$0	\$0	\$0	\$0	\$0	(\$44,400)	(\$44,400)
CAPITAL STOCK/PARTICIPATION CERTIFICATES ISSUED	\$152,125	\$0	\$10,195	\$0	\$0	\$0	\$162,320
CAPITAL STOCK/PARTICIPATION CERTIFICATES AND ALLOCATED SURPLUS RETIRED	(\$121,035)	(\$2,205)	(\$5,330)	\$0	\$0	\$0	(\$128,570)
PATRONAGE DISTRIBUTIONS:							
CASH	\$0	\$0	\$0	(\$1,197,186)	(\$1,026,622)	\$0	(\$2,223,808)
CAPITAL STOCK/PARTICIPATION CERTIFICATES AND ALLOCATED RETAINED EARNINGS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BALANCES AS OF SEPTEMBER 30, 2008	\$942,490	\$2,455	\$28,375	\$8,596,413	\$44,856,617	\$467,649	\$54,893,999
BALANCES AS OF DECEMBER 31, 2008	\$948,440	\$2,455	\$29,375	\$9,769,759	\$44,304,520	\$443,909	\$55,498,458
NET INCOME	\$0	\$0	\$0	\$0	\$5,360,521	\$0	\$5,360,521
OTHER COMPREHENSIVE INCOME							
AMORTIZATION OF COSTS INCLUDED IN PERIODIC RETIREMENT BENEFIT COST	\$0	\$0	\$0	\$0	\$0	(\$66,927)	(\$66,927)
OTHER COMPREHENSIVE INCOME	\$0	\$0	\$0	\$0	\$0	(\$66,927)	(\$66,927)
CAPITAL STOCK/PARTICIPATION CERTIFICATES ISSUED	\$130,825	\$0	\$3,855	\$0	\$0	\$0	\$134,680
CAPITAL STOCK/PARTICIPATION CERTIFICATES AND ALLOCATED SURPLUS RETIRED	(\$135,120)	(\$2,345)	(\$3,035)	\$0	\$0	\$0	(\$140,500)
PATRONAGE DISTRIBUTIONS:							
CASH	\$0	\$0	\$0	(\$633,505)	(\$1,583,330)	\$0	(\$2,216,835)
CAPITAL STOCK/PARTICIPATION CERTIFICATES AND ALLOCATED RETAINED EARNINGS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BALANCES AS OF SEPTEMBER 30, 2009	\$944,145	\$110	\$30,195	\$9,136,254	\$48,081,711	\$376,982	\$58,569,397

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

NOTES TO QUARTERLY REPORT

Note 1 - Organization and Significant Accounting Policies

The Great Plains Ag Credit, ACA, (Agricultural Credit Association), referred to as the association, is a member-owned cooperative that provides credit and credit-related services to or for the benefit of eligible borrowers/stockholders for qualified agricultural purposes. The association serves the counties of Armstrong, Bailey, Briscoe, Carson, Castro, Dallam, Deaf Smith, Floyd, Hale, Hansford, Hartley, Hutchinson, Lamb, Moore, Oldham, Parmer, Potter, Randall, Sherman, and Swisher. The association is a lending institution of the Farm Credit System (the System), which was established by Acts of Congress to meet the needs of American agriculture.

Effective January 1, 2009, the association adopted accounting guidance for fair value measurements of nonfinancial assets and nonfinancial liabilities. The impact of adoption resulted in additional fair value disclosures but did not have an impact on our financial condition or results of operations.

In April 2009, the FASB issued FSP No. 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly". The guidance emphasizes that even if there has been a significant decrease in the volume and level of activity for the asset or liability and regardless of the valuation technique and inputs used, the objective for fair value measurement is unchanged from what it would be if markets were operating at normal activity levels or transactions were orderly; that is, to determine the current exit price. It sets forth additional factors that should be considered to determine whether there has been a significant decrease in volume and level of activity when compared with normal market activity. The reporting entity shall evaluate the significance and relevance of the factors to determine whether, based on the weight of evidence, there has been a significant decrease in activity and volume. The guidance indicates that if an entity determines that either the volume or level of activity for an asset or liability has significantly decreased (from normal conditions for that asset or liability) or price quotations or observable inputs are not associated with orderly transactions, increased analysis and management judgment will be required to estimate fair value. It is further noted that a fair value measurement should include a risk adjustment to reflect the amount market participants would demand because of the risk (uncertainty) in the cash flows.

This guidance also requires a reporting entity to make additional disclosures in interim and annual periods. It is effective for interim periods ending after June 15, 2009, with early application permitted for periods ending after March 15, 2009. Revisions resulting from a change in valuation techniques or their application are accounted for as a change in accounting estimate. The association adopted the guidance in second quarter 2009. The adoption did not have a material impact on the financial condition or results of operations of the association.

In April 2009, the FASB issued guidance, "Recognition and Presentation of Other-Than-Temporary Impairments", which amends the other-than-temporary impairment guidance for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt securities in the financial statements. It does not change existing recognition and measurement guidance related to other-than-temporary impairments of equity securities.

This guidance changes existing impairment guidance related to accounting for certain investments in debt and equity securities by eliminating the "ability and intent to hold" provision. In addition, impairment is now considered to be other than temporary if an entity (i) intends to sell the security, (ii) more likely than not will be required to sell the security before recovering its cost, or (iii) does not expect to recover the security's entire amortized cost basis (even if the entity does not intend to sell). The "probability" standard relating to the collectability of cash flows is also eliminated, and impairment is now considered to be other-than-temporary if the present value of cash flows expected to be collected from the debt security is less than the amortized cost basis of the security (any such shortfall is referred to as a "credit loss"). If an entity intends to sell an impaired debt security or more likely than not will be required to sell the security before recovery of its amortized cost basis less any current-period credit loss, the impairment is other-than-temporary and should be recognized currently in earnings in an amount equal to the entire difference between fair value and amortized cost. If a credit loss exists, but an entity does not intend to sell the impaired debt security and is not more likely than not to be required to sell before recovery, the impairment is other-than-temporary and should be separated into (i) the estimated amount relating to credit loss, and (ii) the amount relating to all other factors. Only the estimated credit loss amount is recognized currently in earnings, with the remainder of the loss amount recognized in other comprehensive income. For held-to-maturity securities, the portion of the other-than-temporary impairment not related to a credit loss will be recognized in a new category of other comprehensive income and amortized over the remaining life of the debt security as an increase in the security's carrying amount. Disclosure requirements for impaired debt and equity securities are expanded and will now be required quarterly, as well as annually.

The guidance was effective for interim and annual periods ending after June 15, 2009, with early application permitted for periods ending after March 15, 2009. For securities held at the beginning of the interim period of adoption for which an other-than-temporary impairment was previously recognized, if an entity does not intend to sell and it is more likely than not that it will be required to sell before recovery of its amortized cost basis, the entity shall recognize the cumulative effect of initially applying this

guidance as an adjustment to the opening balance of retained earnings with a corresponding adjustment to accumulated other comprehensive income. The association adopted the guidance in the second quarter of 2009 but did not recognize an adjustment to beginning retained earnings or accumulated other comprehensive income since no impairment losses were previously recognized. The association held no investments in debt securities during the first nine months of 2009.

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, is effective for interim or annual periods ending after June 15, 2009.

The accompanying consolidated 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, except for the inclusion of a statement of cash flows. Generally accepted accounting principles require a business enterprise that provides a set of financial statements reporting both financial position and results of operations to also provide a statement of cash flows for each period for which results of operations are provided. In regulations issued by FCA, associations have the option to exclude statements of cash flows in interim financial statements. Therefore, the association has elected to not include a statement of cash flows in these consolidated financial statements.

The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries. The preparation of these consolidated financial statements requires the use of management's estimates. The results for the quarter and six months ended June 30, 2009, are not necessarily indicative of the results to be expected for the year ended December 31, 2009. Certain amounts in the prior period's financial statements have been reclassified to conform to current financial statement presentation.

Note 2 – Allowance for Loan Losses and Impaired Loans

The allowance for loan losses is maintained at a level considered adequate by management to provide for estimated losses inherent in the loan portfolio. The allowance is based on a periodic evaluation of the loan portfolio by management in which numerous factors are considered, including economic conditions, loan portfolio composition and prior loan loss experience.

An analysis of the allowance for loan losses follows:

	2009	September 30, <u>Unaudited</u> 2008	Dec. 31, <u>Audited</u> 2008
Balance at Beginning of Period	\$ 563,198	\$ 343,064	\$ 332,127
Provision for loan losses (reversal)	292,186	(1,267)	368,364
Amount Charged Off	0	0	0
Recoveries	<u>136</u>	<u>310</u>	<u>4,978</u>
Ending Balance	\$ 855,520	\$ 342,107	\$705,469
	=====	=====	=====
Allowance as a percentage of Net Recorded Investment	0.21%	0.08%	0.16%

The following table represents information concerning impaired loans:

	2009	September 30, 2008	December 31, 2008
Impaired loans with related allowance	\$ 0	\$ 0	\$ 0
Impaired loans with no related allowance	<u>22,763,057</u>	<u>1,314,417</u>	<u>4,781,535</u>
Total impaired loans	\$ 22,763,057	\$ 1,314,417	\$ 4,781,535
Allowance on Impaired Loans	\$ 0	\$ 0	\$ 0
Average Impaired loans for the period	\$ 23,114,837	\$ 1,497,379	\$ 700,451
Interest income recognized (reversed) for the period	\$ 74,892	\$ 909	\$ 183,923

Note 3 – Capital

The association's board of directors has established a Capital Adequacy Plan (Plan) that includes the capital targets that are necessary to achieve the institution's capital adequacy goals as well as the minimum permanent capital standards. The Plan monitors projected dividends, equity retirements and other actions that may decrease the association's permanent capital. In addition to factors that must be considered in meeting the minimum standards, the board of directors also monitors the following factors: capability of management; quality of operating policies, procedures, and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for losses to absorb potential loss within the loan portfolio; sufficiency of liquid funds; needs of an institution's customer base; and any other risk-oriented activities, such as funding and interest rate risk, potential obligations under joint and several liability, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the association's goals and objectives with the board.

Note 4 – Income Taxes

Great Plains Ag Credit, ACA and its subsidiary, Great Plains Ag Credit, PCA (the association) are subject to federal and certain other income taxes. The association is eligible to operate as a cooperative that qualifies for tax treatment under Subchapter T of the Internal Revenue code. Under specified conditions, the association can exclude from taxable income amounts distributed as qualified patronage refunds in the form of cash, stock or allocated surplus. Provisions for income taxes are made only on those earnings that will not be distributed as qualified patronage refunds. During 2009, the association is participating in a patronage program. Deferred taxes are recorded at the tax effect of all temporary differences based on the assumption that such temporary differences are retained by the institution and will therefore impact future tax payments. For the past nine months ended September 30, 2009, the association recorded \$90,950 provision for federal income taxes, \$28,973 for deferred tax income, and \$9,403 income from a prior year tax adjustment.

The association subsidiary, Great Plains Ag Credit, FLCA is exempt from federal and other income taxes as provided in the Farm Credit Act of 1971.

Note 5 – Fair Value Measurements

Effective January 1, 2008, the System adopted SFAS No. 157, "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 the principal or most advantageous market for the asset or liability, and establishes a framework for measuring fair value and expands disclosures about fair value measurements. The association has no assets or liabilities that are to be reported at fair value as required by SFAS No. 157. See Notes 2 and 11 to the 2008 Annual Report to Stockholders for a more complete description.

Note 6 – Employee Benefit Plans

The following table summarizes the components of net periodic costs for the three months ended September 30:

	<u>Other Benefits</u>	
	<u>2009</u>	<u>2008</u>
Service cost	\$ 12,384	\$ 10,857
Interest cost	26,252	25,599
Expected return on plan assets	-	-
Amortization of prior service costs	(22,310)	(22,638)
Amortizations of net (gain) loss	<u>0</u>	<u>214</u>
Net periodic benefit cost	<u>\$ 16,326</u>	<u>\$ 14,032</u>

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 158 "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans" (SFAS 158), which required the recognition of the overfunded or underfunded status of pension and other postretirement benefit plans on the balance sheet. The balance sheet recognition provisions of SFAS 158 were adopted at December 31, 2007. SFAS 158 also requires that employers measure the benefit obligation and plan assets as of the fiscal year end for fiscal years ending after December 15, 2008. In fiscal 2007 and earlier, a September 30 measurement date was used for pension and other postretirement benefit plans. The Standard provides two approaches for an employer to transition to a fiscal year end measurement date. The association has applied the second approach which allows for the use of the measurements determined for the prior year end.

Under this alternative, pension and postretirement benefit income measured for the three-month period October 1, 2007 to December 31, 2007 (determined using the September 2007 measurement date) was recorded as an adjustment to beginning 2008 retained earnings. As a result, the association decreased retained earnings by \$9,261, net of taxes of \$4,771 and increased the postretirement benefit liability by \$14,032.

As of September 30, 2009, \$1,022,273 in contributions have been made to the Defined Benefit pension plan with no expected additional contributions anticipated in 2009.

Note 7 – Subsequent Events

The association has evaluated subsequent events through November 3, 2009, which is the date the financial statements were issued, and has determined there are no subsequent events to report.