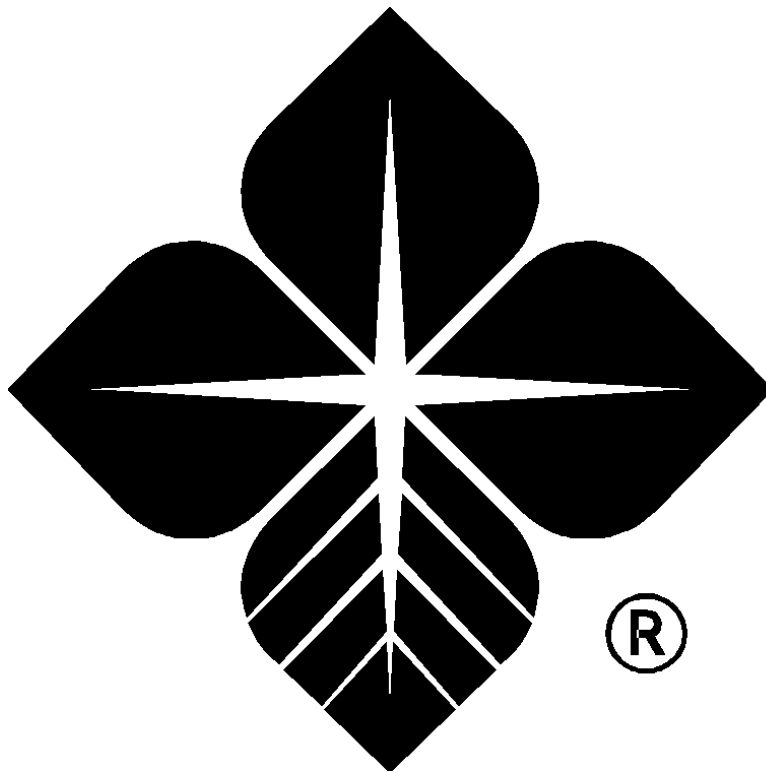


**FARM CREDIT OF
SOUTHWEST KANSAS, ACA**

QUARTERLY REPORT TO STOCKHOLDERS



AS OF JUNE 30, 2009

Farm Credit of Southwest Kansas, ACA

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

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

**FARM CREDIT OF SOUTHWEST KANSAS, ACA
1606 E. KANSAS AVE.
GARDEN CITY, KS 67846
Ph. (620) 275-4281**

**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 Southwest 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.

LOAN PORTFOLIO

Loans outstanding at June 30, 2009 totaled \$506,119, an increase of \$13,645, or 2.77%, from loans of \$492,474 at December 31, 2008. The increase was primarily due to an increased demand for mortgage loans partially offset by a reduction in production and intermediate-term loans.

RESULTS OF OPERATIONS

Net interest income for the six months ended June 30, 2009 was \$5,553, a decrease of \$378, or 6.37%, from the same period ended one year ago. Interest income decreased as a result of lower interest rates as compared to last year.

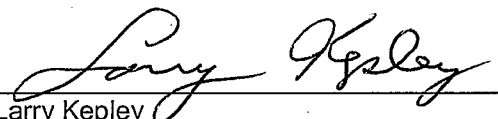
Net income for the six months ended June 30, 2009 was \$716, a decrease of \$4,864, or 87.17%, from the same period ended one year ago. This is primarily due to a provision for loan losses of \$2,282 this year as compared to a loan loss reversal of \$1,010 during the same time period in 2008.

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 \$119,419, an increase from \$118,707 at December 31, 2008. This increase is due to net income offset by the change in retirement obligation and stock reductions.

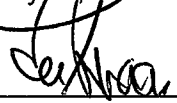
The undersigned certify they have reviewed this report, this report has been prepared in accordance with all applicable statutory or regulatory requirements and the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.



Larry Kepley
Chairman of the Board
July 23, 2009



John Mark Anderson
President
July 23, 2009



Les Isaac
Sr. Vice President/Finance & Operations
July 23, 2009

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

	June 30	December 31
	2009	2008
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 506,119	\$ 492,474
Less allowance for loan losses	4,258	1,976
Net loans	501,861	490,498
Cash	4,869	4,501
Accrued interest receivable	7,912	6,858
Investment in U.S. AgBank, FCB	17,705	17,705
Premises and equipment, net	1,707	1,754
Other property owned	2,749	2,750
Prepaid benefit expense	812	799
Deferred tax asset	26	26
Other assets	1,111	2,039
Total assets	\$ 538,752	\$ 526,930
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 401,119	\$ 384,912
Advance conditional payments	11,557	9,187
Accrued interest payable	4,661	7,109
Patronage distributions payable	-	4,500
Accrued benefits liability	210	210
Other liabilities	1,786	2,305
Total liabilities	419,333	408,223
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	69	74
Capital stock	1,087	1,083
Unallocated retained earnings	118,241	117,525
Accumulated other comprehensive income	22	25
Total shareholders' equity	119,419	118,707
Total liabilities and shareholders' equity	\$ 538,752	\$ 526,930

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

FARM CREDIT OF SOUTHWEST 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	\$ 6,236	\$ 6,220	\$ 12,389	\$ 12,843
Total interest income	6,236	6,220	12,389	12,843
INTEREST EXPENSE				
Note payable to U.S. AgBank, FCB	3,398	3,299	6,787	6,759
Other	29	51	49	153
Total interest expense	3,427	3,350	6,836	6,912
Net interest income	2,809	2,870	5,553	5,931
Provision for loan losses/(Loan loss reversal)	1,070	(218)	2,282	(1,010)
Net interest income after provision for loan losses/(loan loss reversal)	1,739	3,088	3,271	6,941
NONINTEREST INCOME				
Financially related services income	11	13	337	188
Loan fees	17	71	95	105
Patronage distribution from U.S. AgBank, FCB	29	636	305	1,270
Other noninterest income	-	56	207	72
Total noninterest income	57	776	944	1,635
NONINTEREST EXPENSE				
Salaries and employee benefits	827	783	1,838	1,579
Occupancy and equipment	140	119	235	200
Purchased services from AgVantis, Inc.	124	114	252	230
Loss/(gain) on other property owned, net	20	(9)	45	(61)
Farm Credit Insurance Fund premium	213	151	433	298
Supervisory and examination costs	40	41	80	82
Other noninterest expense	278	322	610	643
Total noninterest expense	1,642	1,521	3,493	2,971
Income before income taxes	154	2,343	722	5,605
Provision for income taxes	3	13	6	25
Net income	\$ 151	\$ 2,330	\$ 716	\$ 5,580

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

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

UNAUDITED

	Protected Stock	Capital Stock	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2007	\$ 89	\$ 1,085	\$ 112,627	\$ 72	\$ 113,873
Adjustment to beginning balance due to SFAS No. 158 accounting change			4		4
Balance at January 1, 2008	\$ 89	\$ 1,085	\$ 112,631	\$ 72	\$ 113,877
Comprehensive income					
Net income			5,580		
Change in retirement obligation				(13)	
Total comprehensive income					5,567
Stock issued	-	134			134
Stock retired	(2)	(130)			(132)
Balance at June 30, 2008	\$ 87	\$ 1,089	\$ 118,211	\$ 59	\$ 119,446
Balance at December 31, 2008	\$ 74	\$ 1,083	\$ 117,525	\$ 25	\$ 118,707
Comprehensive income					
Net income			716		
Change in retirement obligation				(3)	
Total comprehensive income					713
Stock issued	-	63			63
Stock retired	(5)	(59)			(64)
Balance at June 30, 2009	\$ 69	\$ 1,087	\$ 118,241	\$ 22	\$ 119,419

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 Southwest 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	\$ 1,976	\$ 2,457
Provision for loan losses/(Loan loss reversal)	2,282	(1,010)
Balance at end of period	\$ 4,258	\$ 1,447

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	\$ 2,806	\$ -0-
Impaired loans with no related allowance	6,647	186
Total impaired loans	\$ 9,453	\$ 186
Allowance on impaired loans	\$ 1,452	\$ -0-

The following table summarizes impaired loan information.

	For the six months ended	
	June 30, 2009	June 30, 2008
Average impaired loans	\$ 5,084	\$ 429
Interest income recognized on impaired loans	\$ 34	\$ 33

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.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement Using			Total Fair
	Level 1	Level 2	Level 3	Value
Assets:				
Assets held in nonqualified benefits trusts	\$ 224	\$ -0-	\$ -0-	\$ 224
Total assets	\$ 224	\$ -0-	\$ -0-	\$ 224

The Association had no liabilities measured at fair value on a recurring basis at June 30 2009.

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.

Assets Held in Non-Qualified Benefits Trusts

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

NOTE 6 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through July 31, 2009, which is the date the financial statements were available to be issued.

Farm Credit of Southwest Kansas, ACA

Part of the Farm Credit System