

GREAT PLAINS AG CREDIT, ACA


**FINANCIAL
STATEMENTS**

**FIRST QUARTER ENDING
March 31, 2009**


**Serving Agriculture
Since 1934**

REPORT OF MANAGEMENT

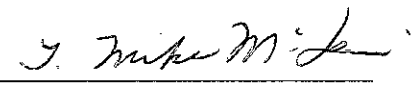
The undersigned certify that we have reviewed this report, that it has been prepared in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief as of March 31, 2009



Tim McDonald
President, CEO



Larry Hammit
Senior Vice President, CFO



L. Mike McLain
Chairman of the Board of Directors

MANAGEMENT DISCUSSION AND ANALYSIS

The first quarter 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 ended March 31, 2009. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2008 Annual Report.

SIGNIFICANT EVENTS

The Association paid out benefit costs for our obligation to fund the Defined Benefit pension plan of \$1,022,273 during the past quarter which is being accrued monthly (See Note 6). This substantial increase in cost was due to investment losses experienced by the plan in 2008, and will have substantial negative impact on association earnings in 2009.

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 \$63,887,966 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, 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:

	March 31,		Dec. 31,
	<u>2009</u>	<u>2008</u>	<u>2008</u>
	\$ 423,180,231	\$ 369,250,403	\$ 430,049,819

At quarter end, consolidated net recorded investment was up \$53,929,828 or 15%, compared to the same quarter last year, and down \$6,869,588 or 2% from Dec. 31, 2008. Average volume for the quarter was \$417,834,947, up by \$51,772,407 or 14% compared to the same quarter last year, and up \$13,396,660, or 3% compared to average 2008 volume of \$404,438,287. Association loan volume normally experiences seasonal decreases in the first quarter, and increases in the second and third quarters as expense inputs accelerate on crop loans. Although limited new loan growth, generally from new diversified farm operating and real estate loans, has been experienced within the portfolio during the past quarter, normal pay down of most crop loans has occurred as expected, and additional decreases in livestock loans have been realized due primarily to poor economic conditions in that segment of the portfolio.

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

	March 31,		Dec. 31,
	<u>2009</u>	<u>2008</u>	<u>2008</u>
Acceptable	91.5%	99.1%	97.0%
Special Mention	3.2%	0.3%	1.8%
Substandard	5.3%	0.6%	1.2%

Although Association credit quality remains acceptable, it has shown deterioration the past year and since year end primarily due to losses experienced in the livestock industry over the past year due to high feed costs.

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 decreased \$141,620 over the past quarter, and no losses are expected. (See Note 2 – Allowance for Loan Losses and Impaired Loans).

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

	March 31, 2009		December 31, 2008	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Nonaccrual	\$ 4,639,915	100%	\$ 4,781,535	100%
90 days past due and still accruing interest	-	0%	-	0%
Formally restructured	-	0%	-	0%
Other property owned, net	-	0%	-	0%
Total	<u>\$ 4,639,915</u>	<u>100%</u>	<u>\$ 4,781,535</u>	<u>100%</u>

One of the above nonaccrual loans, representing twenty-one percent of the balance, is a direct loan originated by the association, enhanced by a Long-Term Standby Purchase Commitment from the Federal Agricultural Mortgage Corporation (Farmer Mac). The majority of the nonaccrual balance, seventy-eight percent, is a capital markets participation loan purchased from the Farm Credit Bank of Texas. These two loans are adequately secured, and the association anticipates full collection of principal.

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, and compare to the same period last year as follows:

	March 31,	
	<u>2009</u> <u>3 months</u>	<u>2008</u> <u>3 months</u>
Interest income	\$ 4,532,938	\$ 5,828,760
Interest expense	<u>2,232,199</u>	<u>3,486,380</u>
Net Interest Income	2,300,739	2,342,380
Net Income	1,526,744	1,353,150

Compared to the first quarter of 2008, interest income decreased \$1,295,822, or 22%, due primarily to decreases in interest rates, resulting from the decrease in interest rate markets. Interest expense for the quarter decreased by \$1,254,181, or 36% from the same period in 2008 due to decreased interest rates related to cost of borrowing. Net interest income for the quarter compared to the same period in 2008 decreased \$41,641, or 2% due to decreased earnings on lendable equity from lower interest rate markets. The average spread on the loan portfolio at quarter end was 2.07%, compared to 1.88% a year ago. This spread increase is due to increased market prices resulting in higher margins being charged on most new and renewed loans, as well as existing loans with repricing options.

Net income for the quarter just completed compared to the same period in 2008 reflects a \$173,594, or 13% increase. The increase is primarily due to \$207,798 higher patronage receivables accrued on sold loan volume compared to the first quarter 2008.

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

	March 31,		Dec. 31,
	<u>2009</u>	<u>2008</u>	<u>2008</u>
Return on average assets	1.40%	1.41%	1.79%
Return on average equity	11.01%	10.41%	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 no recoveries during the quarter. This compares to no charge-offs and \$4,668 recoveries during the same quarter of 2008. (See Note 2.)

Accrued Interest Receivable has decreased by \$1,644,098, or 27% from this quarter in 2008 and by \$2,942,784 since year end primarily due to lower interest rates and interest capitalized or paid annually on operating loans subsequent to year end, and Accrued Interest Payable has decreased by \$283,969, or 27% since March 31, 2008 and \$251,473, or 25% since year end due to reduced interest rates on the direct note to the Bank and ACP/Funds Held accounts during the same periods. 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 vary during the fiscal year primarily due to the quarterly accrual of prepaid pension expenses.

The Patronage Distribution Payable account has increased \$213,261 or 8% since March 31, 2008, and \$453,887 since year end due to a higher percentage of the 2008 year patronage being paid in cash in 2009 compared to the 2007 year distribution paid in cash in 2008. Since year end, Accounts Payable balances fluctuate primarily from FCSIC expense accruals, settlements in participation loans normal in the course of business, and incentive accruals. Other Liabilities consists primarily of accrued annual leave and drafts outstanding. Drafts outstanding decreased by \$446,945 compared to year end.

The Advance Conditional Payments account has decreased \$2,258,726 since year end. 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 first 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 \$995,210, or 1.8% during the quarter, and increased by \$4,033,362 or 7.7% from a year ago due primarily to net earnings as stated above. The Association's debt as a ratio to members' equity was 6.79:1 at quarter end, compared to 7.19:1 at year end and 6.39:1 a year ago.

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.

	March 31,		Dec. 31,
	<u>2009</u>	<u>2008</u>	<u>2008</u>
Capital Adequacy Ratio	11.9%	12.4%	11.6%
Total Surplus Ratio	11.7%	12.2%	11.4%
Core Surplus Ratio	9.2%	9.4%	9.3%

These ratios fluctuate inversely with normal seasonal changes in loan volume. Capital ratios have slightly declined over the past year due to increased loan volume. Management utilizes strategies such as increasing the number and amount of loans with Farmer Mac guarantees and decreasing hold positions on some participation loans to mitigate the normal decrease in capital ratios resulting from increased loan volume. The Association exceeds minimum regulatory requirements on all capital related ratios, which are 7% on capital adequacy and total surplus, and 3.5% 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>March 31, 2009</u>	<u>December 31, 2008</u>
Note payable to the Bank	\$ 366,656,532	\$ 378,372,214
Accrued interest on note payable	<u>750,136</u>	<u>1,001,609</u>
Total	\$ 367,406,668	\$ 379,373,823

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 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 offices listed below, 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

<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)

	March 31, 2009	December 31, 2008
	UNAUDITED	AUDITED
ASSETS		
CASH	\$37,097	\$420,696
LOANS.....	\$423,180,231	\$430,049,819
LESS ALLOWANCE FOR LOAN LOSSES (SEE NOTE 3).....	\$850,162	\$705,469
NET LOANS.....	\$422,330,069	\$429,344,350
ACCRUED INTEREST RECEIVABLE.....	\$4,512,137	\$7,454,921
INVESTMENT IN THE BANK	\$6,873,505	\$6,873,505
RECEIVABLE FROM THE BANK	\$1,277,691	\$4,328,084
PATRONAGE RECEIVABLE FROM THE BANK AND OTHER FARM CREDIT INSTITUTIONS.....	\$937,652	\$2,662,067
PREMISES AND EQUIPMENT, NET	\$2,045,341	\$2,061,491
DEFERRED TAX ASSET/LIABILITY, NET.....	\$769,173	\$794,181
OTHER ASSETS.....	\$1,180,265	\$358,656
TOTAL ASSETS.....	<u>\$439,962,930</u>	<u>\$454,297,951</u>
LIABILITIES		
NOTES PAYABLE TO THE BANK	\$366,656,532	\$378,372,214
ACCRUED INTEREST PAYABLE.....	\$750,136	\$1,001,609
ACCOUNTS PAYABLE.....	\$672,875	\$1,814,045
ACCRUED POSTRETIREMENT BENEFIT LIABILITY....	\$1,723,595	\$1,700,557
PATRONAGE DISTRIBUTION PAYABLE.....	\$2,819,015	\$2,365,128
ADVANCE CONDITIONAL PAYMENTS.....	\$9,904,917	\$12,163,643
OTHER LIABILITIES.....	\$942,192	\$1,382,297
TOTAL LIABILITIES.....	<u>\$383,469,262</u>	<u>\$398,799,493</u>
CAPITAL		
CLASS B COMMON CAPITAL STOCK.....	\$934,425	\$948,440
CLASS A COMMON CAPITAL STOCK.....	\$2,410	\$2,455
PARTICIPATION CERTIFICATES.....	\$28,215	\$29,375
ALLOCATED SURPLUS.....	\$9,729,641	\$9,769,759
UNALLOCATED SURPLUS.....	\$45,377,377	\$44,304,520
ACCUMULATED OTHER COMPREHENSIVE INCOME.....	\$421,600	\$443,909
NET WORTH.....	\$56,493,668	\$55,498,458
TOTAL LIABILITIES AND NET WORTH.....	<u>\$439,962,930</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	
	MARCH 31, 2009	MARCH 31, 2008
	UNAUDITED	UNAUDITED
INTEREST INCOME		
LOANS.....	\$4,532,938	\$5,828,162
OTHER.....	\$0	\$598
	<hr/>	<hr/>
TOTAL INTEREST INCOME.....	\$4,532,938	\$5,828,760
INTEREST EXPENSE		
NOTE PAYABLE TO BANK.....	\$2,214,214	\$3,219,249
ADVANCE CONDITIONAL PAYMENTS.....	\$17,985	\$267,131
	<hr/>	<hr/>
TOTAL INTEREST EXPENSE.....	\$2,232,199	\$3,486,380
NET INTEREST INCOME.....	\$2,300,739	\$2,342,380
OTHER INCOME		
FEEs FOR FINANCIALLY RELATED SERVICES.....	\$57,104	\$5,833
OTHER OPERATING INCOME.....	\$187,894	\$101,727
PATRONAGE INCOME.....	\$857,574	\$649,776
	<hr/>	<hr/>
TOTAL OTHER INCOME.....	\$1,102,572	\$757,336
OTHER EXPENSE		
SALARIES AND EMPLOYEE BENEFITS.....	\$1,067,717	\$851,992
OCCUPANCY AND EQUIPMENT.....	\$82,027	\$70,698
FARMER MAC FEES.....	\$83,942	\$73,434
FCSIC INSURANCE EXPENSE.....	\$176,538	\$138,659
OTHER OPERATING EXPENSES.....	\$296,642	\$368,286
	<hr/>	<hr/>
TOTAL OTHER EXPENSES(INCOME).....	\$1,706,866	\$1,503,069
PROVISIONS FOR LOSSES ON LOANS (REVERSAL)	\$144,693	\$263,458
INCOME(LOSS) BEFORE FEDERAL INCOME TAX..	\$1,551,752	\$1,333,189
PROVISION FOR FEDERAL INCOME TAXES.....	\$0	\$74,226
DEFERRED TAX INCOME(EXPENSE).....	(\$25,008)	\$94,187
ADJUSTMENT FOR PRIOR YEARS.....	\$0	\$0
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NET INCOME(LOSS).....	\$1,526,744	\$1,353,150
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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 OTHER COMPREHENSIVE INCOME	TOTAL
	CLASS B COMMON	CLASS A COMMON	PARTICIPATION CERTIFICATES	ALLOCATED	UNALLOCATED		
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	\$1,353,150	\$0	\$1,353,150
OTHER COMPREHENSIVE INCOME							
AMORTIZATION OF COSTS INCLUDED IN PERIODIC RETIREMENT BENEFIT COST	\$0	\$0	\$0	\$0	\$0	(\$14,800)	(\$14,800)
OTHER COMPREHENSIVE INCOME	\$0	\$0	\$0	\$0	\$0	(\$14,800)	(\$14,800)
CAPITAL STOCK/PARTICIPATION CERTIFICATES ISSUED	\$53,740	\$0	\$5,000	\$0	\$0	\$0	\$58,740
CAPITAL STOCK/PARTICIPATION CERTIFICATES AND ALLOCATED SURPLUS RETIRED	(\$62,925)	\$0	(\$3,130)	\$0	\$0	\$0	(\$66,055)
PATRONAGE DISTRIBUTIONS:							
CASH	\$0	\$0	\$0	(\$3,658)	(\$372,114)	\$0	(\$375,772)
CAPITAL STOCK/PARTICIPATION CERTIFICATES AND ALLOCATED RETAINED EARNINGS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BALANCES AS OF MARCH 31, 2008	\$902,215	\$4,660	\$25,380	\$9,789,941	\$41,240,861	\$497,249	\$52,460,306
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	\$1,526,744	\$0	\$1,526,744
OTHER COMPREHENSIVE INCOME							
AMORTIZATION OF COSTS INCLUDED IN PERIODIC RETIREMENT BENEFIT COST	\$0	\$0	\$0	\$0	\$0	(\$22,309)	(\$22,309)
OTHER COMPREHENSIVE INCOME	\$0	\$0	\$0	\$0	\$0	(\$22,309)	(\$22,309)
CAPITAL STOCK/PARTICIPATION CERTIFICATES ISSUED	\$42,550	\$0	\$840	\$0	\$0	\$0	\$43,390
CAPITAL STOCK/PARTICIPATION CERTIFICATES AND ALLOCATED SURPLUS RETIRED	(\$56,565)	(\$45)	(\$2,000)	\$0	\$0	\$0	(\$58,610)
PATRONAGE DISTRIBUTIONS:							
CASH	\$0	\$0	\$0	(\$40,118)	(\$453,887)	\$0	(\$494,005)
CAPITAL STOCK/PARTICIPATION CERTIFICATES AND ALLOCATED RETAINED EARNINGS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BALANCES AS OF MARCH 31, 2009	\$934,425	\$2,410	\$28,215	\$9,729,641	\$45,377,377	\$421,600	\$56,493,668

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 FSP No. 157-2, "Effective Date of FASB Statement No. 157." This FSP delayed the effective date of Statement No. 157 for 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.

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 three months ended March 31, 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	March 31, <u>Unaudited</u>	2008	Dec. 31, <u>Audited</u> 2008
Balance at Beginning of Period	\$ 705,469		\$ 332,127	\$ 332,127
Provision for loan losses (reversal)	144,693		263,458	368,364
Amount Charged Off	0		0	0
Recoveries	<u>0</u>		<u>4,668</u>	<u>4,978</u>
Ending Balance	\$ 850,162		\$ 600,253	\$705,469
	=====		=====	=====
Allowance as a percentage of Net Recorded Investment	0.20%		0.16%	0.16%

The following table represents information concerning impaired loans:

	March 31, 2009	March 31, 2008	December 31, 2008
Impaired loans with related allowance	\$ 0	\$ 575,802	\$ 0
Impaired loans with no related allowance	<u>4,639,915</u>	<u>449,131</u>	<u>4,781,535</u>
Total impaired loans	\$ 4,639,915	\$ 1,024,933	\$ 4,781,535
Allowance on Impaired Loans	\$ 0	\$ 352,427	\$ 0
Average Impaired loans for the period	\$ 4,691,390	\$ 3,267,000	\$ 700,451
Interest income recognized (reversed) for the period	\$ 6,026	\$ 60,000	\$ 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 quarter ended March 31, 2009, the association recorded no provision for federal income taxes and recorded \$25,008 for deferred tax expense.

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 March 31:

	<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 March 31, 2009, \$1,022,273 of contributions have been made to the Defined Benefit pension plan with no expected additional contributions anticipated in 2009.