

GREAT PLAINS AG CREDIT, ACA

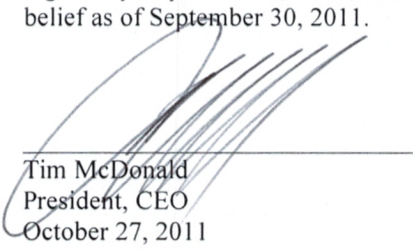
**FINANCIAL
STATEMENTS**

**THIRD QUARTER ENDING
September 30, 2011**

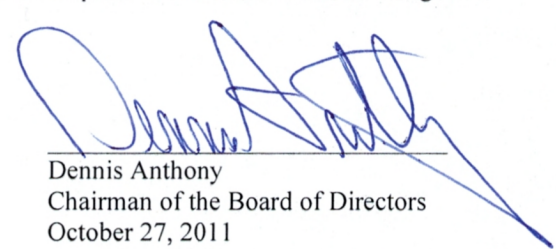
**Serving Agriculture
Since 1934**

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, 2011.



Tim McDonald
President, CEO
October 27, 2011



Dennis Anthony
Chairman of the Board of Directors
October 27, 2011



Brandon Blaut
Senior Vice President, CFO
October 27, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

The third quarter financial statement of Great Plains Ag Credit, ACA (the Association), 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, 2011. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2010 Annual Report.

SIGNIFICANT EVENTS

On January 6, 2010 the Association entered into an agreement to purchase certain tangible and intangible assets of a sole proprietorship crop insurance business operating in the Texas Panhandle.

The Association distributed approximately \$2,764,811 in patronage during the month of March representing the cash portion of patronage declared in December 2010.

During 2009 the Association modified its intended timeframe to retire allocated equities to reflect a period of no more than 20 years. This 10-year increase in the targeted revolvment period had the impact of reducing allocated equity retirements from previous years thereby maintaining a greater level of Association capital.

The Association is party to Long Term Standby Purchase Commitments with the Farm Credit Bank of Texas and the Federal Agricultural Mortgage Corporation (Farmer Mac). The Association utilizes these relationships to manage certain credit risk as well as regulatory capital requirements and had commitments totaling \$37,212,402 at quarter end. The quality of the loan guarantee provided under these agreements could be significantly impacted by the financial results of the Association's counterparties.

LOAN PORTFOLIO

Total loans outstanding at September 30, 2011, including nonaccrual loans, were \$442,410,737 compared to \$404,272,031 at December 31, 2010, and \$411,047,855 at September 30, 2010 reflecting increases of 9.4 percent and 7.6 percent respectively. The growth noted from year end is primarily attributable to real estate loan originations as well as variances caused by seasonal funding on operating loans. The increase noted in the Association's loan portfolio from the comparable 2010 period is also primarily reflective of growth in the real estate loan portfolio. Association loan volume normally experiences reductions in the first quarter, and increases in the second and third quarters as expense inputs accelerate on crop loans.

Nonaccrual loans as a percentage of total loans outstanding were 4.4 percent at September 30, 2011, compared to 4.9 percent at December 31, 2010 and 4.8 percent at September 30, 2010.

The Association recorded no charge-offs or recoveries during either the three months ending September 30, 2011 or for the same period in 2010. Allowance for credit losses, which consists of the allowance for loan losses and the reserve for unfunded credit commitments represent 0.22 percent of total loans at September 30, 2011 compared to 0.34 percent at December 31, 2010 and 0.34 percent at September 30, 2010. The financial performance of the Association may be significantly impacted by the quality of loans within the loan portfolio. Despite extreme drought conditions which have persisted throughout association's territory, management does not currently anticipate the loan portfolio's overall credit quality to be materially impacted due to mitigating factors. Internal policies and procedures, as well as third party credit reviews and examinations help to ensure asset quality is properly reflected. Additional detail on credit quality is illustrated in the following table.

	September 30,		Dec. 31,
	<u>2011</u>	<u>2010</u>	<u>2010</u>
Acceptable	95.8%	86.3%	87.8%
Special Mention	1.6%	8.8%	7.7%
Substandard	2.6%	4.9%	4.5%

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. High risk assets have declined \$2,332,974 from the prior quarter primarily reflecting the collection of a single credit which was transferred into nonaccrual status during the first quarter of 2011. The remaining balance of assets classified as high risk are substantially unchanged from December 31, 2010. The Association continues to maintain credit enhancements in the form of Farmer Mac Long-Term Standby Agreements on a portion of these assets totaling \$7,568,505. The relationships classified as high-risk are all well secured, and the Association anticipates full collection of principal. (See Note 3 – Allowance for Loan Losses and Impaired Loans).

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

	September 30, 2011		December 31, 2010	
	Amount	%	Amount	%
Nonaccrual	\$ 19,324,005	100%	\$ 19,720,290	100%
90 days past due and still accruing interest	-	0%	-	0%
Formally restructured	-	0%	-	0%
Other property owned, net	-	0%	-	0%
Total	<u>\$ 19,324,005</u>	<u>100%</u>	<u>\$ 19,720,290</u>	<u>100%</u>

RESULTS OF OPERATIONS

The Association had net income of \$3,612,036 and \$8,313,024 for the three and nine month periods ended September 30, 2011 as compared to net income of \$2,744,125 and \$7,641,108 for the same periods in 2010 reflecting increases of 31.6 percent and 8.8 percent respectively.

Net interest income for the three and nine month periods in 2011 totaled \$3,318,997 and \$8,900,770 respectively which represents increases of \$168,504 and \$491,685 over their corresponding time periods in 2010. Improvements in net interest income reflect the impact of a higher volume of earning assets coupled with stable interest rate margins over the comparative time periods. The year-to-date effects of changes in average volume and interest rates on net interest income are presented in the following tables:

	For the nine months ended September 30, 2011		For the nine months ended September 30, 2010	
	Average Balance	Interest	Average Balance	Interest
Total Loans and Investments	\$ 413,759,765	\$ 14,065,853	\$ 394,971,881	\$ 13,904,344
Interest-bearing liabilities	\$ 357,213,193	\$ 5,165,083	\$ 344,877,089	\$ 5,495,259
Impact of capital	<u>\$ 56,546,572</u>		<u>\$ 50,094,792</u>	
Net interest income		<u>\$ 8,900,770</u>		<u>\$ 8,409,085</u>

	Averages	Averages
Yield on loans	4.55%	4.71%
Cost of interest-bearing liabilities	1.93%	2.13%
Interest Rate Spread	2.61%	2.58%
Interest Rate Margin	2.88%	2.85%

	2011 vs. 2010 Increase (decrease) due to		
	Volume	Rate	Total
Interest Income	\$ 661,397	\$ (499,888)	\$ 161,509
Interest Expense	\$ 196,563	\$ (526,739)	\$ (330,176)
Net Interest Income	<u>\$ 464,834</u>	<u>\$ 26,851</u>	<u>\$ 491,685</u>

The Association's noninterest income totaled \$1,570,325 and \$3,875,142 for the three and nine months ended September 30, 2011 as compared to noninterest income of \$1,462,775 and \$4,311,440 for the same periods in 2010 reflecting an increase of 7.4% for the comparative quarters and a decrease of 10.1% for the year-to-date period. The improvement noted for the three month period primarily reflects increased revenue generated by the sale of crop insurance while the decline noted for the year-to-date period reflects a refund of prior years' expenses received during the second quarter of 2010 from the Farm Credit System Insurance Corporation (FCSIC) totaling \$690,401, as well as the implementation of authoritative accounting guidance during the fourth quarter of 2010 requiring the capitalization and amortization of loan origination fees. To date, \$174,902 in origination fees have been capitalized during 2011.

Noninterest expense increased \$16,813 and \$22,504 for the three month and nine month periods ended September 30, 2011 as compared to the same time periods in 2010 reflecting changes of 1.1% and 0.5% respectfully. Several factors have favorably impacted noninterest expense through September as compared to the prior period including the recovery of certain legal expenses tied to collection efforts of high-risk assets, the reduction of expenses relating to services provided by the Farm Credit Bank of Texas, as well as the capitalization of certain salary and benefit expenses relating to loan origination. These improvements have been offset, to a large extent, by increases to pension funding costs, increases in the area of cost of space, and increases in FCSIC insurance premiums.

The Association's return on average assets for the nine months ended September 30, 2011, was 2.58 percent compared to 2.48 percent for the same period in 2010. The Association's return on average equity for the nine months ended September 30, 2011 was 16.39 percent compared to 16.46 percent for the same period in 2010. In addition to the income and expense items discussed previously, these ratios also reflect differences in tax estimates and differences in the funding of the allowance account over the two interim periods. In total, income was positively impacted during the first nine months of 2011 by a reversal to the allowance totaling \$396,357 which resulted from a combination of improved credit quality and reduced estimates of loss used within the allowance calculation. This compares to a provision which reduced income totaling \$29,455 which occurred during the comparable 2010 period.

LIQUIDITY AND FUNDING SOURCES

The Association secures the majority of its lendable funds from the Farm Credit Bank of Texas (Bank), which obtains its funds through the issuance of Systemwide obligations and with lendable equity. The interest rate risk inherent in the Association's loan portfolio is substantially mitigated through the funding relationship with the Bank. The Bank manages interest rate risk through its direct loan pricing and asset/liability management process; however, a portion of the Association's own funds, which represents the amount of the Association's loan portfolio funded by the Association's equity, is impacted by rate movements. The following schedule summarizes the Association's borrowings from the Bank.

	<u>September 30, 2011</u>	<u>December 31, 2010</u>
Note payable to the Bank	\$ 379,679,835	\$ 350,486,462
Accrued interest on note payable	<u>584,104</u>	<u>592,857</u>
Total	\$ 380,263,939	\$ 351,079,319

The indebtedness is collateralized by a pledge of substantially all of the Association's assets to the Bank and is governed by a financing agreement. The increase in note payable to the Bank corresponds to growth in the association's loan portfolio. The Association will continue to fund its operations through direct borrowings from the bank, capital surplus from prior years, and borrower stock. It is management's opinion that funds available to the Association are sufficient to fund its operations for the coming year.

CAPITAL RESOURCES

The Association's capital position totaled \$71,082,912 as of September 30, 2011 which represents an increase of \$5,813,772 compared to December 31, 2010 primarily reflecting the combination of earnings for the period reduced by the impact of a patronage allocation accrual. The Association's debt as a ratio to members' equity was 5.57:1 at quarter end, compared to 5.60:1 at year end and 5.79:1 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. The following table illustrates the Associations regulatory capital ratios.

	<u>2011</u>	September 30, <u>2010</u>	Dec. 31, <u>2010</u>
Capital Adequacy Ratio	14.7%	14.2%	14.7%
Total Surplus Ratio	13.6%	13.0%	13.3%
Core Surplus Ratio	11.9%	11.4%	11.7%

These ratios fluctuate inversely with changes in leverage. The Association's capital ratios reflect strong earnings, moderate loan volume growth, and an increase in the retirement period for allocated equities. 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 4.

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 stockholder's investment in the Association. The Management's Discussion and Analysis and Notes to Financial Statements contained in the December 31, 2010 Annual Report of Great Plains Ag Credit more fully describe the Association's relationship with the Bank.

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, Texas 78720, or by calling (512) 483-9260. Copies of the District's quarterly and annual stockholder reports also can be requested by e-mail at fcf@farmcreditbank.com. The District makes its annual and quarterly stockholder reports available on its web site at www.farmcreditbank.com.

The Association's quarterly stockholder reports are also available free of charge, upon request. These reports can be obtained by writing to Great Plains Ag Credit, P.O. Box 50060 Amarillo, TX 79159-0060 or calling (806) 376-4669. Copies of the Association's quarterly stockholder reports can also be requested by e-mailing Carolyn.Brand@gpactx.com. The Association makes its annual and quarterly stockholder reports available on its web site at www.greatplainsagcredit.com.

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

	September 30, 2011	December 31, 2010
	UNAUDITED	AUDITED
ASSETS		
CASH	\$98,328	\$26,499
INVESTMENTS.....	\$5,517,311	\$7,403,693
LOANS.....	\$442,410,737	\$404,272,031
LESS ALLOWANCE FOR LOAN LOSSES	\$772,743	\$1,188,958
NET LOANS.....	<u>\$441,637,994</u>	<u>\$403,083,073</u>
ACCRUED INTEREST RECEIVABLE.....	\$4,886,133	\$4,493,742
INVESTMENT IN THE BANK	\$6,777,870	\$6,777,870
RECEIVABLE FROM THE BANK	\$1,424,601	\$3,305,869
PATRONAGE RECEIVABLE FROM THE BANK	\$2,237,729	\$1,783,645
PREMISES AND EQUIPMENT, NET	\$2,668,568	\$2,286,799
DEFERRED TAX ASSET/LIABILITY, NET.....	\$782,771	\$806,051
OTHER ASSETS.....	<u>\$1,329,406</u>	<u>\$1,012,185</u>
TOTAL ASSETS.....	<u>\$467,360,711</u>	<u>\$430,979,426</u>
LIABILITIES		
NOTES PAYABLE TO THE BANK	\$379,679,835	\$350,486,462
ACCRUED INTEREST PAYABLE.....	\$584,411	\$595,330
ACCOUNTS PAYABLE.....	\$505,014	\$849,581
ACCRUED POSTRETIREMENT BENEFIT LIABILITY....	\$2,172,998	\$2,100,269
PATRONAGE DISTRIBUTION PAYABLE.....	\$2,458,004	\$2,763,106
ADVANCE CONDITIONAL PAYMENTS.....	\$9,850,442	\$7,517,294
OTHER LIABILITIES.....	<u>\$1,027,095</u>	<u>\$1,398,244</u>
TOTAL LIABILITIES.....	<u>\$396,277,799</u>	<u>\$365,710,286</u>
CAPITAL		
CLASS B COMMON CAPITAL STOCK.....	\$989,000	\$961,415
CLASS A COMMON CAPITAL STOCK.....	\$1,120	\$1,120
PARTICIPATION CERTIFICATES.....	\$20,620	\$23,030
ALLOCATED SURPLUS.....	\$11,097,252	\$11,098,871
UNALLOCATED SURPLUS.....	\$58,882,460	\$53,027,144
ACCUMULATED OTHER COMPREHENSIVE INCOME.....	<u>\$92,460</u>	<u>\$157,560</u>
NET WORTH.....	<u>\$71,082,912</u>	<u>\$65,269,140</u>
TOTAL LIABILITIES AND NET WORTH.....	<u>\$467,360,711</u>	<u>\$430,979,426</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, 2011 UNAUDITED	SEPTEMBER 30, 2010 UNAUDITED	SEPTEMBER 30, 2011 UNAUDITED	SEPTEMBER 30, 2010 UNAUDITED
INTEREST INCOME				
LOANS.....	\$4,985,577	\$4,823,677	\$13,785,316	\$13,719,868
INVESTMENTS.....	\$87,280	\$107,544	\$280,537	\$184,476
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TOTAL INTEREST INCOME.....	\$5,072,857	\$4,931,221	\$14,065,853	\$13,904,344
INTEREST EXPENSE				
NOTE PAYABLE TO BANK.....	\$1,749,057	\$1,775,004	\$5,150,315	\$5,477,963
ADVANCE CONDITIONAL PAYMENTS.....	\$3,229	\$3,236	\$9,516	\$9,312
OTHER	\$1,574	\$2,488	\$5,252	\$7,984
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TOTAL INTEREST EXPENSE.....	\$1,753,860	\$1,780,728	\$5,165,083	\$5,495,259
NET INTEREST INCOME.....	\$3,318,997	\$3,150,493	\$8,900,770	\$8,409,085
OTHER INCOME				
FEEs FOR FINANCIALLY RELATED SERVICES.....	\$697,595	\$382,127	\$1,121,922	\$672,151
OTHER OPERATING INCOME.....	\$111,200	\$381,805	\$286,148	\$1,330,675
PATRONAGE INCOME.....	\$761,530	\$698,843	\$2,467,072	\$2,308,614
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TOTAL OTHER INCOME.....	\$1,570,325	\$1,462,775	\$3,875,142	\$4,311,440
OTHER EXPENSE				
SALARIES AND EMPLOYEE BENEFITS.....	\$1,090,498	\$1,011,753	\$3,225,572	\$3,055,539
OCCUPANCY AND EQUIPMENT.....	\$87,579	\$81,004	\$324,720	\$255,995
FARMER MAC FEES.....	\$50,892	\$65,447	\$155,510	\$202,987
FCSIC INSURANCE EXPENSE.....	\$55,621	\$43,950	\$160,603	\$127,693
OTHER OPERATING EXPENSES.....	\$279,816	\$345,439	\$903,444	\$1,105,131
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TOTAL OTHER EXPENSES(INCOME).....	\$1,564,406	\$1,547,593	\$4,769,849	\$4,747,345
PROVISIONS FOR LOSSES ON LOANS (REVERSAL)	(\$301,456)	\$163,032	(\$396,357)	\$29,455
INCOME(LOSS) BEFORE FEDERAL INCOME TAX..	\$3,626,372	\$2,902,643	\$8,402,420	\$7,943,725
PROVISION(BENEFIT) FOR FEDERAL INCOME TAXES.....	(\$3,375)	\$133,115	\$70,382	\$207,415
DEFERRED TAX (INCOME)EXPENSE.....	\$21,977	\$29,648	\$23,280	\$99,447
ADJUSTMENT FOR PRIOR YEARS.....	(\$4,266)	(\$4,245)	(\$4,266)	(\$4,245)
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NET INCOME(LOSS).....	\$3,612,036	\$2,744,125	\$8,313,024	\$7,641,108

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, 2009	\$945,405	\$120	\$24,790	\$10,089,937	\$48,053,222	\$366,468	\$59,479,942
NET INCOME	\$0	\$0	\$0	\$0	\$7,641,108	\$0	\$7,641,108
OTHER COMPREHENSIVE INCOME							
AMORTIZATION OF COSTS INCLUDED IN PERIODIC RETIREMENT BENEFIT COST	\$0	\$0	\$0	\$0	\$0	(\$66,930)	(\$66,930)
OTHER COMPREHENSIVE INCOME	\$0	\$0	\$0	\$0	\$0	(\$66,930)	(\$66,930)
CAPITAL STOCK/PARTICIPATION CERTIFICATES ISSUED	\$112,340	\$1,000	\$4,795	\$0	\$0	\$0	\$118,135
CAPITAL STOCK/PARTICIPATION CERTIFICATES AND ALLOCATED SURPLUS RETIRED	(\$96,495)	\$0	(\$3,555)	\$0	\$0	\$0	(\$100,050)
PATRONAGE DISTRIBUTIONS:							
CASH	\$0	\$0	\$0	(\$332)	(\$2,466,525)	\$0	(\$2,466,857)
CAPITAL STOCK/PARTICIPATION CERTIFICATES AND ALLOCATED RETAINED EARNINGS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BALANCES AS OF SEPTEMBER 30, 2010	\$961,250	\$1,120	\$26,030	\$10,089,605	\$53,227,805	\$299,538	\$64,605,348
BALANCES AS OF DECEMBER 31, 2010	\$961,415	\$1,120	\$23,030	\$11,098,871	\$53,027,144	\$157,560	\$65,269,140
NET INCOME	\$0	\$0	\$0	\$0	\$8,313,024	\$0	\$8,313,024
OTHER COMPREHENSIVE INCOME							
AMORTIZATION OF COSTS INCLUDED IN PERIODIC RETIREMENT BENEFIT COST	\$0	\$0	\$0	\$0	\$0	(\$65,100)	(\$65,100)
OTHER COMPREHENSIVE INCOME	\$0	\$0	\$0	\$0	\$0	(\$65,100)	(\$65,100)
CAPITAL STOCK/PARTICIPATION CERTIFICATES ISSUED	\$100,725	\$0	\$2,765	\$0	\$0	\$0	\$103,490
CAPITAL STOCK/PARTICIPATION CERTIFICATES AND ALLOCATED SURPLUS RETIRED	(\$73,140)	\$0	(\$5,175)	\$0	\$0	\$0	(\$78,315)
PATRONAGE DISTRIBUTIONS:							
CASH	\$0	\$0	\$0	(\$1,619)	(\$2,457,708)	\$0	(\$2,459,327)
CAPITAL STOCK/PARTICIPATION CERTIFICATES AND ALLOCATED RETAINED EARNINGS	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BALANCES AS OF SEPTEMBER 30, 2011	\$989,000	\$1,120	\$20,620	\$11,097,252	\$58,882,460	\$92,460	\$71,082,912

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

NOTES TO QUARTERLY REPORT

Note 1 - Organization and Significant Accounting Policies

Great Plains Ag Credit, ACA, 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.

In September 2011, the Financial Accounting Standards Board (FASB) issued guidance entitled, "Compensation – Retirement Benefits – Multiemployer Plans." The guidance is intended to provide more information about an employer's financial obligations to a multiemployer pension plan, which should help financial statement users better understand the financial health of significant plans that the employer participates. The additional disclosures include: a) a description of the nature of plan benefits, b) a qualitative description of the extent to which the employer could be responsible for the obligations of the plan, including benefits earned by employees during employment with another employer, and c) other quantitative information to help users understand the financial information about the plan. The amendments are effective for annual periods for fiscal years ending after December 15, 2011 for public entities or for annual periods for fiscal years ending after December 15, 2012 for non-public entities. The amendments should be applied retrospectively for all prior periods presented.

In June 2011, the Financial Accounting Standards Board (FASB) issued guidance entitled, "Comprehensive Income – Presentation of Comprehensive Income." This guidance is intended to increase the prominence of other comprehensive income in financial statements. The current option that permits the presentation of other comprehensive income in the statement of changes in equity has been eliminated. The main provisions of the guidance provides that an entity that reports items of other comprehensive income has the option to present comprehensive income in either one or two consecutive financial statements:

- A single statement must present the components of net income and total net income, the components of other comprehensive income and total other comprehensive income, and a total for comprehensive income.
- In a two-statement approach, an entity must present the components of net income and total net income in the first statement. That statement must be immediately followed by a financial statement that presents the components of other comprehensive income, a total for other comprehensive income, and a total for comprehensive income.

This guidance is to be applied retrospectively. For public entities, it is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The adoption of this guidance will not impact financial condition or results of operations, but will result in changes to the presentation of comprehensive income.

In May 2011, the FASB issued guidance entitled, "Fair Value Measurement – Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs." The amendments change the wording used to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The amendments include the following:

1. Application of the highest and best use and valuation premise is only relevant when measuring the fair value of nonfinancial assets (does not apply to financial assets and liabilities.)
2. Aligning the fair value measurement of instruments classified within an entity's shareholders' equity with the guidance for liabilities. As a result, an entity should measure the fair value of its own equity instruments from the perspective of a market participant that holds the instruments as assets.
3. Clarifying that a reporting entity should disclose quantitative information about the unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy.
4. An exception to the requirement for measuring fair value when a reporting entity manages its financial instruments on the basis of its net exposure, rather than its gross exposure, to those risks.
5. Clarifying that the application of premiums and discounts in a fair value measurement is related to the unit of account for the asset or liability being measured at fair value. Premiums or discounts related to size as a characteristic of the entity's holding (that is, a blockage factor) instead of as a characteristic of the asset or liability (for example, a control premium), are not permitted. A fair value measurement that is not a Level 1 measurement may include premiums or discounts other than blockage factors when market participants would incorporate the premium or discount into the measurement at the level of the unit of account specified in other guidance.
6. Expansion of the disclosures about fair value measurements. The most significant change will require entities, for their recurring Level 3 fair value measurements, to disclose quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements. New disclosures are required about the use of a nonfinancial asset measured or disclosed at fair value if its

use differs from its highest and best use. In addition, entities must report the level in the fair value hierarchy of assets and liabilities not recorded at fair value but where fair value is disclosed.

The amendments are to be applied prospectively. The amendments are effective during interim and annual periods beginning after December 15, 2011. Early application is not permitted.

In January 2011, the FASB issued guidance entitled, “Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings.” This guidance temporarily delayed the effective date of the disclosures about troubled debt restructurings required by the guidance previously issued on “Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses.” The effective date of the new disclosures about troubled debt restructurings (TDR) coincides with the guidance for determining what constitutes a TDR as described below.

In April 2011, the FASB issued its guidance entitled, “A Creditor’s Determination of Whether a Restructuring is a Troubled Debt Restructuring,” which provides for clarification on whether a restructuring constitutes a TDR. In evaluating whether a restructuring is a TDR, a creditor must separately conclude that both of the following exists: (1) the restructuring constitutes a concession, and (2) the debtor is experiencing financial difficulties. For nonpublic entities, the guidance is effective for annual periods ending on or after December 15, 2012, including interim periods within those annual periods. The Association is currently evaluating the impact of adoption of this Standard on the financial condition or results of operations. The adoption will result in additional disclosures.

In July 2010, the FASB issued guidance on “Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses.” This guidance is intended to provide additional information to assist financial statement users in assessing an entity’s credit risk exposures and evaluating the adequacy of its allowance for credit losses. Existing disclosures are amended to include additional disclosures of financing receivables on a disaggregated basis (by portfolio segment and class of financing receivable) including among others, a rollforward schedule of the allowance for credit losses from the beginning of the reporting period to the end of the period on a portfolio segment basis, with the ending balance further disaggregated on the basis of the method of impairment (individually or collectively evaluated). The guidance also calls for new disclosures including but not limited to credit quality indicators at the end of the reporting period by class of financing receivables, the aging of past due financing receivables, nature and extent of financing receivables modified as troubled debt restructurings by class and the effect on the allowance for credit losses. For public entities, the disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. The adoption of this Standard did not impact the Association’s financial condition or results of operations, but did result in significant additional disclosures.

In January 2010, the FASB issued guidance on “Fair Value Measurements and Disclosures,” which is to improve disclosures about fair value measurement by increasing transparency in financial reporting. The changes will provide a greater level of disaggregated information and more robust disclosures of valuation techniques and inputs to fair value measurement. The new disclosures and clarification of existing disclosures were effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this Standard did not impact the Association’s financial condition or results of operations but did result in additional disclosures.

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 not to 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 the nine months ended September 30, 2011 are not necessarily indicative of the results to be expected for the year ended December 31, 2011. Certain amounts in the prior period’s financial statements have been reclassified to conform to current financial statement presentation.

Note 2 – Investments

Held-to-Maturity

The following table presents a summary of the amortized cost and fair value of investment securities held-to-maturity. These securities have a weighted average life of 2.17 years as of September 30, 2011.

<u>September 30, 2011</u>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Mortgage-backed securities	5,517,311	164,151	-	5,681,462	6.15%
Total	\$ 5,517,311	\$ 164,151	\$ -	\$ 5,681,462	6.15%

<u>December 31, 2010</u>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Weighted Average Yield
Mortgage-backed securities	7,403,693	3,739	-	7,407,432	5.56%
Total	\$ 7,403,693	\$ 3,739	\$ -	\$ 7,407,432	5.56%

Note 3 – Loans and Allowance for Loan Losses

A summary of loans follows:

	September 30, <u>2011</u>	December 31, <u>2010</u>
Real estate mortgage	\$ 206,892,049	\$ 181,764,656
Production and intermediate term	213,619,198	193,213,801
Loans to cooperatives	775,114	2,786,780
Processing and marketing	13,287,191	15,516,988
Farm related business	6,761,797	9,740,720
Rural residential real estate	784,492	1,035,479
Lease receivables	290,896	213,607
Total loans	\$ 442,410,737	\$ 404,272,031

The Bank and Associations purchase or sell participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. The following table presents information regarding participations purchased and sold at September 30, 2011:

	<u>Other Farm Credit Institutions</u>		<u>Non-Farm Credit Institutions</u>		<u>Total</u>	
	<u>Participations Purchased</u>	<u>Participations Sold</u>	<u>Participations Purchased</u>	<u>Participations Sold</u>	<u>Participations Purchased</u>	<u>Participations Sold</u>
Real estate mortgage	\$ 14,279,755	\$ 66,398,009	\$ -	\$ -	\$ 14,279,755	\$ 66,398,009
Production and intermediate term	6,223,756	307,184,113	7,850,411	-	14,074,167	307,184,113
Agribusiness	12,152,068	2,804,487	-	-	12,152,068	2,804,487
Total	\$ 32,655,579	\$376,386,609	\$ 7,850,411	\$ -	\$ 40,505,990	\$ 376,386,609

Nonperforming assets (including related accrued interest) and related credit quality statistics are as follows:

	September 30, <u>2011</u>	December 31, <u>2010</u>
Nonaccrual loans:		
Real estate mortgage	\$ 15,754,936	\$ 15,864,454
Production and intermediate-term	3,569,069	3,855,836
Total nonaccrual loans	\$ 19,324,005	19,720,290
Accruing restructured loans:		
Real estate mortgage	\$ -	\$ -
Production and intermediate-term	-	-
Total accruing restructured loans	\$ -	-
Accruing loans 90 days or more past due:		
Real estate mortgage	\$ -	\$ -
Production and intermediate-term	-	-
Total accruing loans 90 days or more past due	\$ -	-
Total nonperforming loans (including accrued interest)	\$ 19,324,005	\$ 19,720,290
Other property owned	-	-
Total nonperforming assets	\$ 19,324,005	\$ 19,720,290

The following table shows loans and related accrued interest classified under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans and related accrued interest receivable by loan type as of:

	September 30, <u>2011</u>	December 31, <u>2010</u>
Real estate mortgage		
Acceptable	96.1	86.9
OAEM	0.0	8.4
Substandard/doubtful	3.9	4.7
	<u>100.0</u>	<u>100.0</u>
Production and intermediate-term		
Acceptable	96.0	88.7
OAEM	2.3	6.3
Substandard/doubtful	1.7	5.0
	<u>100.0</u>	<u>100.0</u>
Agribusiness		
Acceptable	90.5	88.6
OAEM	9.5	11.4
Substandard/doubtful	0.0	0.0
	<u>100.0</u>	<u>100.0</u>
Rural residential real estate		
Acceptable	100.0	71.8
OAEM	0.0	28.2
Substandard/doubtful	0.0	0.0
	<u>100.0</u>	<u>100.0</u>
Lease receivables		
Acceptable	100.0	100.0
OAEM	0.0	0.0
Substandard/doubtful	0.0	0.0
	<u>100.0</u>	<u>100.0</u>
Total Loans		
Acceptable	95.8	87.8
OAEM	1.6	7.7
Substandard/doubtful	2.6	4.5
	<u>100.0</u>	<u>100.0</u>

The following table provides an age analysis of past due loans (including accrued interest) as of September 30, 2011:

	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or less than 30 Days Past Due	Total Loans	Recorded Investment >90 Days and Accruing
Real estate mortgage	\$ 228,880	\$ 7,727,464	\$ 7,956,344	\$ 202,084,701	\$210,041,045	\$ -
Production and intermediate term	1,378,732	2,102,368	3,481,100	211,627,043	215,108,143	-
Loans to cooperatives	-	-	-	796,252	796,252	-
Processing and marketing	-	-	-	13,317,150	13,317,150	-
Farm-related business	-	-	-	6,902,909	6,902,909	-
Rural residential real estate	-	-	-	800,583	800,583	-
Lease receivables	-	-	-	295,034	295,034	-
Total	\$1,607,612	\$ 9,829,832	\$ 11,437,444	\$ 435,823,672	\$447,261,116	\$ -

Note: The recorded investment in the receivable is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, or acquisition costs and may also reflect a previous direct write-down of the investment.

Additional impaired loan information is as follows:

	<u>At September 30, 2011</u>		<u>For the nine months ended September 30, 2011</u>	
	<u>Recorded Investment</u>	<u>Related Allowance</u>	<u>Average Impaired Loans</u>	<u>Interest Income Recognized</u>
Impaired loans with a related allowance for credit losses:				
Real estate mortgage	\$ -	\$ -	\$ -	\$ -
Production and inter-mediate term	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	\$ 15,754,936	\$ -	\$ 15,636,752	\$ 57,926
Production and inter-mediate term	3,569,069	\$ -	3,669,146	\$ 10,005
Total	\$ 19,324,005	\$ -	\$ 19,305,898	\$ 67,931
Total impaired loans:				
Real estate mortgage	\$ 15,754,936	\$ -	\$ 15,636,752	\$ 57,926
Production and inter-mediate term	3,569,069	\$ -	3,669,146	\$ 10,005
Total	\$ 19,324,005	\$ -	\$ 19,305,898	\$ 67,931

	At December 31, 2010		For the year ended December 31, 2010	
	<u>Recorded Investment</u>	<u>Related Allowance</u>	<u>Average Impaired Loans</u>	<u>Interest Income Recognized</u>
Impaired loans with a related allowance for credit losses:				
Real estate mortgage	\$ -	\$ -	\$ -	\$ -
Production and inter-mediate term	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Impaired loans with no related allowance for credit losses:				
Real estate mortgage	\$ 15,864,455	\$ -	\$ 10,596,760	\$ 311,191
Production and inter-mediate term	3,855,835	-	2,467,068	78,246
Total	\$ 19,720,290	\$ -	\$ 13,063,828	\$ 389,437
Total impaired loans:				
Real estate mortgage	\$ 15,864,455	\$ -	\$ 10,596,760	\$ 311,191
Production and inter-mediate term	3,855,835	-	2,467,068	78,246
Total	\$ 19,720,290	\$ -	\$ 13,063,828	\$ 389,437

A summary of changes in the allowance for loan losses is as follows:

	Real estate mortgage	Production and intermediate term	Agribusiness	Rural residential real estate	Lease receivables	Total
Allowance for Loan Losses:						
Balance at December 31, 2010	\$ 676,026	\$ 450,629	\$ 55,582	\$ 6,618	\$ 103	\$ 1,188,958
Charge-offs	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-
Provision for loan losses	(457,344)	31,397	12,366	(5,495)	2,861	(416,215)
Other	-	-	-	-	-	-
Balance at September 30, 2011	\$ 218,682	\$ 482,026	\$ 67,948	\$ 1,123	\$ 2,964	\$ 772,743

Note 4 – 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 5 – Income Taxes

Great Plains Ag Credit, ACA and its subsidiary, Great Plains Ag Credit, PCA 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 2011, 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. 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 6 – 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. See Notes 2 and 12 to the 2010 Annual Report to Stockholders for a more complete description.

Note 7 – 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>2011</u>	<u>2010</u>
Service cost	\$ 14,766	\$ 11,746
Interest cost	29,422	26,887
Expected return on plan assets	-	-
Amortization of prior service costs	(21,700)	(22,310)
Amortizations of net (gain) loss	<u>900</u>	<u>0</u>
Net periodic benefit cost	<u>\$ 23,388</u>	<u>\$ 16,323</u>

As of September 30, 2011 \$795,513 of contributions have been made to the Defined Benefit pension plan with no expected additional contributions anticipated in 2011.

NOTE 8— Commitments and Contingent Liabilities:

The Association may be involved in various legal proceedings in the normal course of business. In the opinion of management, there are no legal proceedings at this time that are likely to materially affect the Association.

NOTE 9 — Subsequent Events:

The Association has evaluated subsequent events through October 27, 2011, which is the date the financial statements were issued. There were no events requiring recording or disclosure in the financial statements for the nine months ended September 30, 2011.