

**FARM CREDIT SERVICES
OF THE MOUNTAIN PLAINS, ACA**



QUARTERLY REPORT
2ND QUARTER 2011

2011 Second Quarter Report

FARM CREDIT SERVICES OF THE MOUNTAIN PLAINS, ACA

Effective October 1991, the Farm Credit Administration issued regulatory changes which no longer require the distribution of the district Bank's quarterly report to shareholders of the associations under certain circumstances. The shareholders' investment in the Association is materially affected by the financial condition and results of operations of U.S. AgBank, FCB (the Bank). The 2010 AgBank Annual Report to Shareholders, the 2010 AgBank District Annual Report to Shareholders, the AgBank quarterly shareholders' reports and the AgBank District quarterly shareholders' reports are available on AgBank's web site, www.usagbank.com, or may be obtained at no charge by calling Farm Credit Services of the Mountain Plains, ACA, 4505 29th Street, Greeley, Colorado 80634, (970) 330-4071 or (800) 799-6545.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in Thousands, Except as Noted)
(Unaudited)

The following discussion summarizes the financial position and results of operations of Farm Credit Services of the Mountain Plains, ACA (the Association) for the six months ended June 30, 2011, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2010 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

We are a party to a shared lending operation known as the Agribusiness Finance Group (AFG). The agreement includes our association, Premier Farm Credit, ACA, Farm Credit of Southern Colorado, ACA and Farm Credit of New Mexico, ACA. This shared lending operation will be terminated in 2011. We will continue working with these and other Farm Credit institutions to increase our loan participation business. Along with these associations, we pool our resources to coordinate and enhance the marketing, originating and servicing of large, complex commercial and mortgage loans, as well as diversify risk.

LOAN PORTFOLIO

Loans outstanding at June 30, 2011 totaled \$1,093,203, a decrease of \$33,121, or 2.94%, from loans of \$1,126,324 at December 31, 2010. The decrease in loans primarily resulted from payoffs of substandard loans in the dairy industry. Borrowers continue to repay loans due to deleveraging strategies, through alternative sources of capital used to pay down debt, and due to increased competition from other financial institutions..

OTHER PROPERTY OWNED

Other property owned is real or personal property that has been acquired through foreclosure, deed in lieu of foreclosure or other means. We had other property owned of \$1,190 at June 30, 2011 compared with \$621 at December 31, 2010.

RESULTS OF OPERATIONS

Net income for the six months ended June 30, 2011 was \$14,520, an increase of \$4,741, or 48.48%, from the same period ended one year ago, primarily due to patronage from U.S. AgBank, FCB (AgBank).

Net interest income for the six months ended June 30, 2011 was \$15,307, an increase of \$1,369, or 9.82%, from the same period ended one year ago. Net interest income was positively impacted by a reduction in the rate charged by AgBank of 10 basis points, an increase in interest rate spreads, and increase in average loans outstanding compared to the previous year.

The provision for loan losses for the six months ended June 30, 2011 was \$803, a decrease of \$765, or 48.79%, from the provision for loan losses for the same period ended one year ago. The provision for loan losses decreased as a result of payoffs of substandard loans and migration in the portfolio.

Noninterest income increased \$2,877 during the first six months of 2011 compared with the same period in 2010 primarily due to patronage received from AgBank of \$5,952. Additionally, during the first quarter of 2010, we received our allocated portion of a distribution of \$1,211 from Farm Credit System Insurance Company (FCSIC), which offset the increase in noninterest income.

CAPITAL RESOURCES

Our shareholders' equity at June 30, 2011 was \$277,451, an increase from \$262,939 at December 31, 2010. This increase is due to net income offset by the amortization of pension gains included in the net periodic benefit cost, and stock reductions.

MERGER

On September 22, 2010, the Board of Directors signed a Letter of Intent to merge with American AgCredit, ACA headquartered in Santa Rosa, California. The Association is proceeding with the proposed merger and, after approval by our regulators, anticipates submitting the Plan of Merger to shareholders for a vote during 2011.

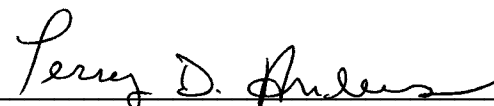
OTHER MATTERS

In December 2010, CoBank and U.S. AgBank, FCB (AgBank) executed a Letter of Intent to merge. The merged bank will continue to do business under the CoBank name and be headquartered in Colorado but will maintain AgBank's existing presence and operations in Wichita, Kansas, and Sacramento, California. In June 2011, the Farm Credit Administration (FCA) voted to grant preliminary approval of the proposed plan of merger between the two banks. The FCA serves as the independent regulator for both banks and the rest of the Farm Credit System. The banks plan to distribute disclosure and voting materials to stockholders in the first half of July, with completed merger ballots due to be returned by September 7, 2011. The boards of the two banks have approved a merger effective date of January 1, 2012. The Association does not expect there to be any material negative impact to its operations as a result of the merger.

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.



Kirvin Knox, Chairman
August 2, 2011



Terry D. Anders, President
August 2, 2011



Anita R. Fossum, Chief Financial Officer
August 2, 2011

Consolidated Statement of Condition

(Dollars in Thousands)

	June 30 2011	December 31 2010
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 1,093,203	\$ 1,126,324
Less allowance for loan losses	7,523	7,651
Net loans	1,085,680	1,118,673
Cash	4,378	7,977
Accrued interest receivable	9,132	6,981
Investment in U.S. AgBank, FCB	28,149	28,149
Premises and equipment, net	6,403	6,454
Other property owned	1,190	621
Prepaid benefit expense	1,350	1,518
Other assets	13,701	3,520
Total assets	\$ 1,149,983	\$ 1,173,893
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 846,928	\$ 885,921
Advance conditional payments	13,492	6,143
Accrued interest payable	4,829	6,217
Patronage distributions payable	-	6,000
Accrued benefits liability	1,472	1,458
Other liabilities	5,811	5,215
Total liabilities	872,532	910,954
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	11	31
Capital stock	1,458	1,474
Unallocated retained earnings	276,282	261,762
Accumulated other comprehensive loss	(300)	(328)
Total shareholders' equity	277,451	262,939
Total liabilities and shareholders' equity	\$ 1,149,983	\$ 1,173,893

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

Consolidated Statement of Income

UNAUDITED	For the six months ended June 30	
	2011	2010
INTEREST INCOME		
Loans	\$ 28,657	\$ 29,344
Total interest income	28,657	29,344
INTEREST EXPENSE		
Note payable to U.S. AgBank, FCB	13,302	15,379
Other	48	27
Total interest expense	13,350	15,406
Net interest income	15,307	13,938
Provision for loan losses	803	1,568
Net interest income after provision for loan losses	14,504	12,370
NONINTEREST INCOME		
Financially related services income	43	24
Loan fees	408	501
Patronage refund from Farm Credit Institutions	5,952	1,828
Farm Credit Insurance Fund distribution	-	1,211
Other noninterest income	87	49
Total noninterest income	6,490	3,613
NONINTEREST EXPENSE		
Salaries and employee benefits	4,012	4,067
Occupancy and equipment	510	496
Purchased services from AgVantis, Inc.	560	406
Losses on other property owned, net	15	4
Farm Credit Insurance Fund premium	309	255
Supervisory and examination costs	204	191
Other noninterest expense	823	706
Total noninterest expense	6,433	6,125
Income before income taxes	14,561	9,858
Provision for income taxes	41	79
Net income	\$ 14,520	\$ 9,779

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

Consolidated Statement of Changes in Shareholders' Equity

(Dollars in Thousands)

UNAUDITED	Protected Borrower Stock	Capital Stock	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2009	\$ 34	\$ 1,485	\$ 250,611	\$ (287)	\$ 251,843
Comprehensive income					
Net income			9,779		
Change in retirement obligation				25	
Total comprehensive income					9,804
Stock issued	-	61			61
Stock retired	(3)	(57)			(60)
Balance at June 30, 2010	\$ 31	\$ 1,489	\$ 260,390	\$ (262)	\$ 261,648
Balance at December 31, 2010	\$ 31	\$ 1,474	\$ 261,762	\$ (328)	\$ 262,939
Comprehensive income					
Net income			14,520		
Change in retirement obligation				28	
Total comprehensive income					14,548
Stock issued	-	54			54
Stock retired	(20)	(70)			(90)
Balance at June 30, 2011	\$ 11	\$ 1,458	\$ 276,282	\$ (300)	\$ 277,451

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

Consolidated Statement of Cash Flows

(Dollars in Thousands)

UNAUDITED	For the six months ended June 30	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 14,520	\$ 9,779
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation	272	301
Provision for loan losses	803	1,568
Gains on sales of premises and equipment	(30)	-
Change in assets and liabilities:		
Increase in accrued interest receivable	(2,151)	(204)
Decrease in prepaid benefit expense	168	168
Increase in other assets	(10,181)	(211)
Decrease in accrued interest payable	(1,388)	(1,096)
Increase/(Decrease) in accrued benefits liability	42	(33)
Increase/(Decrease) in other liabilities	596	(2,503)
Total adjustments	(11,869)	(2,010)
Net cash provided by operating activities	2,651	7,769
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in loans, net	31,621	36,987
Expenditures for premises and equipment, net	(191)	(58)
Net cash provided by investing activities	31,430	36,929
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net repayment of note payable to U.S. AgBank, FCB	(38,993)	(63,563)
Increase in advance conditional payments	7,349	4,776
Protected borrower stock retired	(20)	(3)
Capital stock retired	(70)	(57)
Capital stock issued	54	61
Cash patronage distributions paid	(6,000)	(3,000)
Net cash used in financing activities	(37,680)	(61,786)
Net decrease in cash	(3,599)	(17,088)
Cash at beginning of year	7,977	19,425
Cash at end of year	\$ 4,378	\$ 2,337

SUPPLEMENTAL CASH INFORMATION:

Cash paid during the year for:

Interest	\$ 14,738	\$ 16,502
Income taxes	\$ -	\$ 104

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Loans transferred to other property owned	\$ 569	\$ -
Net charge-offs	\$ 931	\$ 2,824
Change in accumulated other comprehensive loss	\$ 28	\$ 25

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 Services of the Mountain Plains, 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, 2010, are contained in the 2010 Annual Report to Shareholders. These unaudited second quarter 2011 financial statements should be read in conjunction with the 2010 Annual Report to Shareholders.

In December 2010, U.S. AgBank, FCB (AgBank), Farm Credit Services of the Mountain Plains, ACA's funding bank and CoBank executed a Letter of Intent to merge. The merged bank will continue to do business under the CoBank name and be headquartered in Colorado but will maintain AgBank's existing presence and operations in Wichita, Kansas, and Sacramento, California. In June 2011, the Farm Credit Administration (FCA) voted to grant preliminary approval of the proposed plan of merger between the two banks. The FCA serves as the independent regulator for both banks and the rest of the Farm Credit System. AgBank distributed disclosure and voting materials to its stockholder associations in July, with completed merger ballots due to be returned by September 7, 2011. The boards of the two banks have approved a merger effective date of January 1, 2012. The Association does not expect there to be any material negative impact to its operations as a result of the merger.

In September 2010, the Board of Directors signed a Letter of Intent to merge with American AgCredit, ACA headquartered in Santa Rosa, California. Under the terms of the merger, Farm Credit Services of the Mountain Plains, ACA would be merged into American AgCredit, ACA and the new association would be headquartered in Santa Rosa, California and be called American AgCredit. A comprehensive disclosure package will be sent to stockholders of both organizations prior to a stockholder vote. The merger is not expected to be consummated until 2012.

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, the amendments are effective for fiscal years ending after December 15, 2012 and interim and annual periods thereafter. For nonpublic entities, the amendments are effective for fiscal years ending after December 15, 2012 and interim and annual periods thereafter. 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 Loan 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 the 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 by class, nature and extent of financing receivables modified as troubled debt restructurings by class and the effect on the allowance for credit losses. For nonpublic entities, all disclosures are effective for interim and annual reporting periods ending on or after December 15, 2011. The adoption of this Standard will not have an impact on the Association's financial condition or results of operations, but will result in additional disclosures.

Effective January 1, 2010, the Association adopted FASB guidance on "Fair Value Measurements and Disclosures," which is to improve disclosures about fair value measurements by increasing transparency in financial reporting. The changes will provide for a greater level of disaggregated information and more robust disclosures of valuation techniques and inputs to fair value measurements. 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 were 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 and results of operations but did result in additional disclosures.

The accompanying financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations, and conform with generally accepted accounting principles and prevailing practices within the banking industry. Certain amounts in the 2010 financial statements have been reclassified to conform to current financial statement presentation. The results for the six months ended June 30, 2011, are not necessarily indicative of the results to be expected for the year ended December 31, 2011.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of the allowance for loan losses follows.

	June 30, 2011	June 30, 2010
Balance at beginning of year	\$ 7,651	\$ 8,221
Provision for loan losses	803	1,568
Charge-offs	979	2,976
Recoveries	48	152
Balance at end of period	\$ 7,523	\$ 6,965

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, 2011	June 30, 2010
Impaired loans with related allowance	\$14,228	\$ 7,980
Impaired loans with no related allowance	11,684	13,317
Total impaired loans	\$ 25,912	\$ 21,297
Allowance on impaired loans	\$ 1,565	\$ 901

The following table summarizes impaired loan information.

	For the six months ended	
	June 30, 2011	June 30, 2010
Average impaired loans	\$ 15,180	\$ 24,462
Interest income recognized on impaired loans	\$ 131	\$ 95

NOTE 3 - FAIR VALUE MEASUREMENTS

FASB guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2 to the 2010 Annual Report to Shareholders for a more complete description.

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

	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Assets held in nonqualified benefits trusts				
June 30, 2011	\$ 770	\$ —	\$ —	\$ 770
December 31, 2010	\$ 704	\$ —	\$ —	\$ 704

During the first six months of 2011, the Association recorded no transfers in or out of Levels 1, 2, or 3.

The Association had no liabilities measured at fair value on a recurring basis at June 30, 2011 or December 31, 2010.

Assets measured at fair value on a non-recurring basis for each of the fair value hierarchy values are summarized below:

	Fair Value Measurement Using			Total Fair Value	Total Gains/(Losses)
	Level 1	Level 2	Level 3		
Assets:					
June 30, 2011					
Loans	\$ —	\$ —	\$ 12,851	\$ 12,851	\$ 1,158
Other property owned	\$ —	\$ —	\$ 1,294	\$ 1,294	\$ —
December 31, 2010					
Loans	\$ —	\$ —	\$ 10,305	\$ 10,305	\$ 2,524
Other property owned	\$ —	\$ —	\$ 675	\$ 675	\$ —

The Association had no liabilities measured at fair value on a non-recurring basis at June 30, 2011 or December 31, 2010.

Valuation Techniques

As more fully discussed in Note 2 to the 2010 Annual Report to Shareholders, accounting guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following presents a brief

summary of the valuation techniques used by the Association for assets and liabilities, subject to fair value measurement.

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.

Loans

For certain loans evaluated for impairment under FASB guidance, the fair value is based upon the underlying collateral since the loans were collateral dependent loans for which real estate is the collateral. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, these fair value measurements fall within Level 3 of the hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

Other Property Owned

Other property owned is generally classified as Level 3. The process for measuring the fair value of other property owned involves the use of appraisals or other market-based information. As a result, these fair value measurements fall within Level 3 of the hierarchy. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

NOTE 4 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through August 2, 2011, which is the date the financial statements were available to be issued, and no material subsequent events were identified.