

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



QUARTERLY REPORT

3RD QUARTER 2011

2011 Third 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 nine months ended September 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 were party to a shared lending operation known as the Agribusiness Finance Group (AFG). The agreement included our association, Premier Farm Credit, ACA, Farm Credit of Southern Colorado, ACA and Farm Credit of New Mexico, ACA. This shared lending operation was terminated in 2011. We 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 September 30, 2011 totaled \$1,038,604, a decrease of \$87,720, or 7.79%, from loans of \$1,126,324 at December 31, 2010. The decrease in loans primarily resulted from payoffs on loans in the other assets especially mentioned (OAEM) and substandard loan portfolios. 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. Acceptable (including OAEM volume) credit quality has improved from 92.17% as of December 31, 2010 to 96.60% as of September 30, 2011. Substandard loan payoffs combined with loan classification upgrades have substantially reduced credit risk in the portfolio. Loan classification upgrades have primarily resulted from improved dairy segment conditions. The capital markets portfolio has decreased slightly in terms of accrual volume and credit quality has been stable to slightly improving. The Association continues to sub-participate capital markets volume primarily to former partners of the AFG alliance.

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 \$2,608 at September 30, 2011 compared with \$621 at December 31, 2010.

RESULTS OF OPERATIONS

Net income for the nine months ended September 30, 2011 was \$19,816, an increase of \$6,594, or 49.87%, from the same period ended one year ago, primarily due to patronage from U.S. AgBank, FCB (AgBank).

Net interest income for the nine months ended September 30, 2011 was \$22,189, an increase of \$1,423, or 6.85%, 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 loan loss reversal for the nine months ended September 30, 2011 was \$455, a decrease of \$2,668, or 120.56%, 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, migration in the portfolio, and to a change in methodology for calculating the allowance for loan losses.

Noninterest income increased \$3,085 during the first nine 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.

During the first nine months of 2011, noninterest expense increased \$634 to \$9,806, primarily due to the termination of expense sharing related to the AFG shared lending operations.

CAPITAL RESOURCES

Our shareholders' equity at September 30, 2011 was \$282,753, 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.

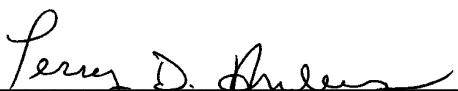
OTHER MATTERS

In November of 2010, the AgBank Board of Directors voted to pursue a merger with CoBank, ACB another Farm Credit System Bank. On September 8, 2011, AgBank and CoBank announced that their voting stockholders have approved the proposed plan of merger between the two banks. The Farm Credit Administration (FCA) had already granted preliminary approval to the transaction. Final approval from the FCA is expected following a statutorily required 35 day reconsideration period. The proposed merger is targeted to be effective on January 1, 2012. We do not expect there to be any material negative impact to our 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
November 4, 2011



Terry D. Anders, President
November 4, 2011



Anita R. Fossum, Chief Financial Officer
November 4, 2011

Consolidated Statement of Condition

(Dollars in Thousands)		
	September 30 2011 UNAUDITED	December 31 2010 AUDITED
ASSETS		
Loans	\$ 1,038,604	\$ 1,126,324
Less allowance for loan losses	5,345	7,651
Net loans	1,033,259	1,118,673
Cash	3,730	7,977
Accrued interest receivable	10,680	6,981
Investment in U.S. AgBank, FCB	28,149	28,149
Premises and equipment, net	6,232	6,454
Other property owned	2,608	621
Prepaid benefit expense	1,108	1,518
Other assets	1,900	3,520
Total assets	\$ 1,087,666	\$ 1,173,893
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 727,398	\$ 885,921
Advance conditional payments	17,266	6,143
Accrued interest payable	5,669	6,217
Patronage distributions payable	-	6,000
Accrued benefits liability	1,497	1,458
Other liabilities	53,083	5,215
Total liabilities	804,913	910,954
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	11	31
Capital stock	1,450	1,474
Unallocated retained earnings	281,578	261,762
Accumulated other comprehensive income/(loss)	(286)	(328)
Total shareholders' equity	282,753	262,939
Total liabilities and shareholders' equity	\$ 1,087,666	\$ 1,173,893

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

Consolidated Statement of Income

UNAUDITED	For the nine months ended September 30	
	2011	2010
(Dollars in Thousands)		
INTEREST INCOME		
Loans	\$ 41,736	\$ 43,676
Total interest income	41,736	43,676
INTEREST EXPENSE		
Note payable to U.S. AgBank, FCB	19,463	22,864
Other	84	46
Total interest expense	19,547	22,910
Net interest income	22,189	20,766
(Loan loss reversal)/Provision for loan losses	(455)	2,213
Net interest income after (loan loss reversal)/provision for loan losses	22,644	18,553
NONINTEREST INCOME		
Financially related services income	102	47
Loan fees	653	799
Patronage refund from Farm Credit Institutions	5,952	1,828
Farm Credit Insurance Fund distribution	-	1,211
Other noninterest income	318	55
Total noninterest income	7,025	3,940
NONINTEREST EXPENSE		
Salaries and employee benefits	6,138	6,065
Occupancy and equipment	858	749
Purchased services from AgVantis, Inc.	791	614
Losses on other property owned, net	85	7
Farm Credit Insurance Fund premium	442	385
Supervisory and examination costs	306	287
Other noninterest expense	1,186	1,065
Total noninterest expense	9,806	9,172
Income before income taxes	19,863	13,321
Provision for income taxes	47	99
Net income	\$ 19,816	\$ 13,222

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			13,222		
Change in retirement obligation				37	
Total comprehensive income					13,259
Stock issued	-	89			89
Stock retired	(3)	(79)			(82)
Balance at September 30, 2010	\$ 31	\$ 1,495	\$ 263,833	\$ (250)	\$ 265,109
Balance at December 31, 2010	\$ 31	\$ 1,474	\$ 261,762	\$ (328)	\$ 262,939
Comprehensive income					
Net income			19,816		
Change in retirement obligation				42	
Total comprehensive income					19,858
Stock issued	-	76			76
Stock retired	(20)	(100)			(120)
Balance at September 30, 2011	\$ 11	\$ 1,450	\$ 281,578	\$ (286)	\$ 282,753

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

Consolidated Statement of Cash Flows

(Dollars in Thousands)

UNAUDITED	For the nine months ended September 30	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 19,816	\$ 13,222
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation	463	445
Provision for loan losses	(455)	2,213
Gains on sales of premises and equipment	(30)	-
Gains on sales of other property owned	(7)	-
Change in assets and liabilities:		
Increase in accrued interest receivable	(3,699)	(2,582)
Decrease in prepaid benefit expense	410	367
Decrease/(Increase) in other assets	1,620	(647)
Decrease in accrued interest payable	(548)	(493)
Increase/(Decrease) in accrued benefits liability	81	(45)
Increase/(Decrease) in other liabilities	47,868	(2,909)
Total adjustments	45,703	(3,651)
Net cash provided by operating activities	65,519	9,571
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in loans, net	83,509	17,682
Expenditures for premises and equipment, net	(211)	(89)
Proceeds from sales of other property owned	380	-
Net cash provided by investing activities	83,678	17,593
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net repayment of note payable to U.S. AgBank, FCB	(158,523)	(46,813)
Increase in advance conditional payments	11,123	4,728
Protected borrower stock retired	(20)	(3)
Capital stock retired	(100)	(79)
Capital stock issued	76	89
Cash patronage distributions paid	(6,000)	(3,000)
Net cash used in financing activities	(153,444)	(45,078)
Net decrease in cash	(4,247)	(17,914)
Cash at beginning of year	7,977	19,425
Cash at end of year	\$ 3,730	\$ 1,511
SUPPLEMENTAL CASH INFORMATION:		
Cash paid during the year for:		
Interest	\$ 20,095	\$ 23,403
Income taxes	\$ -	\$ 137
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Financed sales of other property owned	\$ 196	\$ -
Loans transferred to other property owned	\$ 2,556	\$ -
Net charge-offs	\$ 1,851	\$ 2,954
Patronage distributions payable	\$ -	\$ 399
Change in accumulated other comprehensive income/loss	\$ 42	\$ 37

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 third 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. On September 8, 2011, AgBank and CoBank announced that their voting stockholders have approved the proposed plan of merger between the two banks. Final approval from the FCA is expected following a statutorily required 35 day reconsideration period. 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 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 and postretirement benefits other than pensions, which should help financial statement users better understand the financial health of significant plans in which 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, 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 and is 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 nine months ended September 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.

	September 30, 2011	September 30, 2010
Balance at beginning of year	\$ 7,651	\$ 8,221
Provision for loan losses/(Loan loss reversal)	(455)	2,213
Charge-offs	2,059	3,106
Recoveries	208	152
Balance at end of period	\$ 5,345	\$ 7,480

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.

	September 30, 2011	September 30, 2010
Impaired loans with related allowance	\$ 8,700	\$ 9,550
Impaired loans with no related allowance	4,073	3,446
Total impaired loans	\$ 12,773	\$ 12,996
Allowance on impaired loans	\$ 679	\$ 1,242

The following table summarizes impaired loan information.

	For the nine months ended September 30, 2011	September 30, 2010
Average impaired loans	\$ 14,689	\$ 23,611
Interest income recognized on impaired loans	\$ 136	\$ 101

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				
September 30, 2011	\$ 779	\$ —	\$ —	\$ 779
December 31, 2010	\$ 704	\$ —	\$ —	\$ 704

During the first nine 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 September 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:					
September 30, 2011					
Loans	\$ —	\$ —	\$10,291	\$10,291	\$ 1,102
Other property owned	\$ —	\$ —	\$ 2,805	\$ 2,805	\$ —
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 September 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 November 4, 2011, which is the date the financial statements were available to be issued, and no material subsequent events were identified.