



Farm Credit Services of Colusa-Glenn, ACA

Farm Credit Services of Colusa-Glenn, PCA
Farm Credit Services of Colusa-Glenn, FLCA

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August 7, 2009

Dear Member/Stockholder:

DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

STATEMENT OF CONDITION

The attached Balance Sheet shows loan volume at June 30, 2009, to be \$246.3 million, \$9.9 million higher than at 2008 year-end. The increase is due to \$18 million in new mortgage loans, partially offset by repayments of operating loans.

The allowance for loan losses of \$1,400,047 is .57% of loans. Management considers the allowance for loan losses at June 30, 2009, to be an adequate provision for any foreseeable losses.

The Association's unallocated retained earnings were \$53,703,061 at June 30, 2009, \$2,072,201 higher than at 2008 year-end. The Association's permanent capital ratio as of June 30, 2009, was 18.67%, within the optimum permanent capital goal range of 18 - 21%.

STATEMENT OF INCOME

The Association had a net income after income taxes of \$2,072,201 through the first six months of this year, which is \$239,627 higher than the first six months of 2008. The increase in net income can be attributed primarily to increased net interest income, which resulted from lower interest rates on borrowed funds, and a reversal of a portion of the provision for loan losses. The increases in net income were partially offset by reduced patronage distributions from U.S. AgBank.

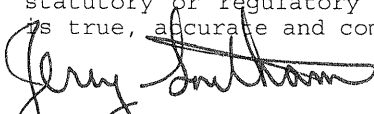
GENERAL

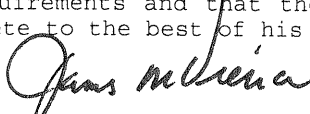
The overall financial condition of the Association has been stable. Earnings were adequate with a year-to-date return on average assets of 1.79%.

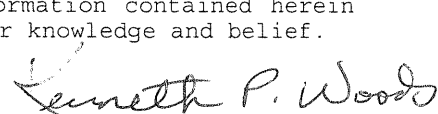
The Association has a \$6,703,965 investment in U.S. AgBank (AgBank). The stockholders' investment in the Association is materially affected by the financial condition and the results of operation of AgBank. A copy of AgBank's quarterly report to shareholders is available upon request.

Please refer to the attached statements for additional details. If you have any questions, or if you have any suggestions of how we can better serve you, please be sure to contact your area director or the office. Your patronage as a member/stockholder of this cooperative is very much appreciated.

On behalf of the Board, the undersigned certify that they have reviewed this report and that this report 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 his or her knowledge and belief.


Jerry Southam
Chairman


James M. Vierra
President


Kenneth P. Woods
Chief Financial Officer

JMV:kc

Enclosure: Quarterly Statements

FARM CREDIT SERVICES OF COLUSA-GLENN, ACA
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>June 30,</u> 2009	<u>December 31,</u> 2008
ASSETS		
Loans	\$246,287,921	\$236,439,592
Allowance for loan losses	(1,400,047)	(1,593,789)
Net loans	<u>244,887,874</u>	<u>234,845,803</u>
Cash	13,596	7,785
Accrued interest receivable	4,130,505	3,338,698
Investment in and receivable from U.S. AgBank, FCB	6,703,965	6,703,965
Premises and equipment	217,417	188,023
Other assets	<u>185,148</u>	<u>280,808</u>
 Total assets	 <u><u>\$256,138,505</u></u>	 <u><u>\$245,365,082</u></u>
 LIABILITIES		
Note payable to U.S. AgBank, FCB	\$172,704,852	\$178,595,782
Advance conditional payments	28,310,141	13,508,793
Accrued interest payable	317,671	388,759
Other liabilities	<u>327,850</u>	<u>478,548</u>
 Total liabilities	 <u><u>201,660,514</u></u>	 <u><u>192,971,882</u></u>
 Commitments and contingent liabilities		
 MEMBERS' EQUITY		
Capital stock and participation certificates	774,930	762,340
Unallocated retained earnings	<u>53,703,061</u>	<u>51,630,860</u>
 Total members' equity	 <u><u>54,477,991</u></u>	 <u><u>52,393,200</u></u>
 Total liabilities and members' equity	 <u><u>\$256,138,505</u></u>	 <u><u>\$245,365,082</u></u>

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

FARM CREDIT SERVICES OF COLUSA-GLENN, ACA
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the three months ended June 30,		For the six months ended June 30,	
	2009	2008	2009	2008
INTEREST INCOME				
Loans	<u>\$2,883,362</u>	<u>\$3,159,350</u>	<u>\$5,606,854</u>	<u>\$6,555,913</u>
INTEREST EXPENSE				
Note payable to U.S. AgBank, FCB	951,409	1,381,312	1,858,592	2,977,056
Other	<u>86,633</u>	<u>135,045</u>	<u>189,030</u>	<u>330,084</u>
Total interest expense	<u>1,038,042</u>	<u>1,516,357</u>	<u>2,047,622</u>	<u>3,307,140</u>
Net interest income	1,845,320	1,642,993	3,559,232	3,248,773
(Reversal of) provision for loan losses	<u>(182,118)</u>	<u>491,103</u>	<u>(193,742)</u>	<u>347,370</u>
Net interest income after provision for loan losses	<u>2,027,438</u>	<u>1,151,890</u>	<u>3,752,974</u>	<u>2,901,403</u>
NONINTEREST INCOME				
Patronage refund from U.S. AgBank, FCB	15,450	166,471	25,505	367,743
Fees for financially related services	10,630	7,462	16,685	14,811
Miscellaneous	<u>4,070</u>	<u>20,103</u>	<u>27,677</u>	<u>29,595</u>
Total noninterest income	<u>30,150</u>	<u>194,036</u>	<u>69,867</u>	<u>412,149</u>
NONINTEREST EXPENSE				
Salaries and employee benefits	437,844	382,469	884,031	760,012
Occupancy and equipment expense	19,245	15,253	40,746	35,685
Insurance fund premium	71,858	79,217	147,697	157,147
Other operating expenses	<u>163,591</u>	<u>141,959</u>	<u>364,298</u>	<u>399,122</u>
Total noninterest expense	<u>692,538</u>	<u>618,898</u>	<u>1,436,772</u>	<u>1,351,966</u>
Income before income taxes	1,365,050	727,028	2,386,069	1,961,586
Provision for (reversl of) income taxes	<u>208,294</u>	<u>(3,366)</u>	<u>313,868</u>	<u>129,012</u>
Net income	<u>\$1,156,756</u>	<u>\$730,394</u>	<u>\$2,072,201</u>	<u>\$1,832,574</u>

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

FARM CREDIT SERVICES OF COLUSA-GLENN, ACA
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
Six Months Ended June 30, 2008 and 2009
(Unaudited)

	<u>Capital Stock and Participation Certificates</u>	<u>Unallocated Retained Earnings</u>	<u>Total Members' Equity</u>
Balance at December 31, 2007	\$9,760,715	\$47,619,573	\$57,380,288
Net income		1,832,574	1,832,574
Capital stock and participation certificates issued	1,649,615		1,649,615
Capital stock and participation certificates retired	<u>(1,193,925)</u>		<u>(1,193,925)</u>
Balance at June 30, 2008	<u>\$10,216,405</u>	<u>\$49,452,147</u>	<u>\$59,668,552</u>
Balance at December 31, 2008	\$762,340	\$51,630,860	\$52,393,200
Net income		2,072,201	2,072,201
Capital stock and participation certificates issued	59,840		59,840
Capital stock and participation certificates retired	<u>(47,250)</u>		<u>(47,250)</u>
Balance at June 30, 2009	<u>\$774,930</u>	<u>\$53,703,061</u>	<u>\$54,477,991</u>

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

FARM CREDIT SERVICES OF COLUSA-GLENN, ACA
NOTES TO THE FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - Organization and Significant Accounting Policies

A description of the organization and operations of the Farm Credit Services of Colusa-Glenn, ACA, (ACA) the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2008 are contained in the 2008 Annual Reports to Stockholders. These unaudited second quarter 2009 financial statements should be read in conjunction with the 2008 Annual Report to Stockholders.

The accompanying financial statements contain all adjustments necessary for a fair presentation of the ACA's interim financial condition and results of operations and conform with generally accepted accounting principles and prevailing practices within the banking industry. These unaudited second quarter 2009 financial statements may have been reclassified to conform to current financial statement presentation.

NOTE 2 - Allowance for Loan Losses

An analysis of the allowance for loan losses follows:

	June 30,	
	<u>2009</u>	<u>2008</u>
Balance at beginning of period	\$1,582,165	\$1,180,491
Provision for loan losses	(182,118)	<u>491,103</u>
Balance at end of period	<u>\$1,400,047</u>	<u>\$1,671,594</u>

The following table presents information concerning impaired loans as of:

	June 30,	
	<u>2009</u>	<u>2008</u>
Impaired loans with related allowance	\$ 271,410	\$ 0
Impaired loans with no related allowance	<u>201,362</u>	<u>163,654</u>
Total impaired loans	<u>\$ 472,772</u>	<u>\$ 163,654</u>
Allowance on impaired loans	<u>\$ 207,656</u>	<u>\$ 0</u>

The following table summarizes impaired loan information for the six months ended:

	June 30,	
	<u>2009</u>	<u>2008</u>
Average impaired loans	\$ 387,610	\$ 293,224
Interest income recognized on impaired loans	<u>\$ 274</u>	<u>\$ 3,691</u>

NOTE 3 - Fair Value Measurements

SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 2 to the 2008 Annual Report to Stockholders for a more complete description.

NOTE 4 - Subsequent Events

The Association has evaluated subsequent events through August 7, 2009, which is the date the financial statements were available to be issued.

The stockholder's investment in the Association is materially affected by the financial condition and the results of operation of U.S. AgBank, FCB (AgBank). To obtain a copy of AgBank's Second Quarter 2009 Report to Shareholders, free of charge, please contact U.S. AgBank, FCB, 245 North Waco, Wichita, Kansas 67201, or call toll free 1-800-322-9880. The website address is www.usagbank.com.



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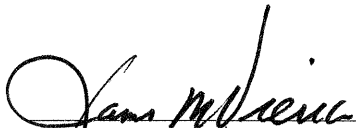
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CERTIFICATION OF THE SECOND QUARTER 2009
FARM CREDIT SERVICES OF COLUSA-GLENN, ACA
FINANCIAL STATEMENTS


The undersigned certify that for the period between the end of the preceding fiscal quarter and the end of the most recent fiscal quarter, no significant events (as defined in 620.1(q)) have occurred which are likely to have a material impact on the association.

On behalf of the Board, the undersigned certify that this report 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 his or her knowledge and belief.


James M. Vierra
Chief Executive Officer
Farm Credit Services of Colusa-Glenn, ACA


8-7-09

Date


James M. Vierra
Certifying Officer
Farm Credit Services of Colusa-Glenn, ACA

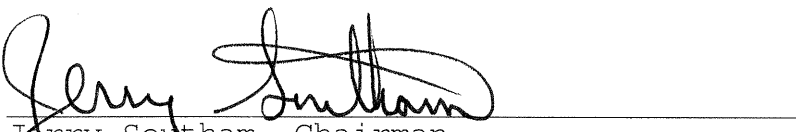
8-7-09

Date


Kenneth P. Woods
Chief Financial Officer
Farm Credit Services of Colusa-Glenn, ACA

8-7-09

Date


Jerry Southam, Chairman
Farm Credit Services of Colusa-Glenn, ACA

8-7-09

Date