Quarterly Report to Stockholders

Farm Credit of
Western Oklahoma, ACA
Woodward, Oklahoma

June 30, 2012

The shareholders' investment in the Farm Credit of Western Oklahoma, ACA (Association) is materially affected by the financial condition and results of operations of CoBank, ACB, (CoBank). The 2011 CoBank Annual Report to Shareholders, the 2011 U.S. AgBank District Annual Report to Shareholders, and the CoBank quarterly shareholders' reports are available free of charge on CoBank's web site, www.cobank.com, or may be obtained at no charge by visiting or contacting the Association at 3302 Williams Avenue, Woodward, Oklahoma 73801 or calling 580-256-3465 or toll-free 1-800-299-3465.

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 of Western Oklahoma, ACA for the six months ended June 30, 2012, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2011 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of our Audit Committee.

Commodity prices remain strong, and our area economy continues to be heavily influenced from outside income, i.e. oil, gas and wind energy production. Weather conditions are creating challenges in some areas of the Association's territory.

On January 1, 2012, U.S. AgBank, FCB (AgBank) merged with and into CoBank, FCB, a wholly-owned subsidiary of CoBank, ACB (CoBank). Beginning January 1, 2012, we receive our funding from CoBank. In the following disclosure, our funding bank both prior to and after the merger date will be referred to as "the Bank".

LOAN PORTFOLIO

Loans outstanding at June 30, 2012 totaled $414,382, an increase of $32,494, or 8.51%, from loans of $381,888 at December 31, 2011. The increase was due to overall strong agriculture economy, increased demand for loans and relative low interest rates.

RESULTS OF OPERATIONS

Net income for the six months ended June 30, 2012 was $2,778, a decrease of $793, or 22.21%, from the same period ended one year ago, primarily due to patronage from the Bank.

Net interest income for the six months ended June 30, 2012 was $5,449, an increase of $164 or 3.10%, compared with June 30, 2011.

The provision for loan losses for the six months ended June 30, 2012 was $191, an increase of $150, or 365.85%, from the provision for loan losses for the same period ended one year ago. The provision for loan losses increased as a result of changes in the overall risk profile of the portfolio, increased loan volume and charge-offs on two loans of $83.

Noninterest income decreased $547 during the first six months of 2012 compared with the first six months in 2011 primarily due to the timing of recording patronage income from the Bank. Patronage recorded during the first six months of 2011 was based on the Bank's 2010 annual earnings and was received during the first quarter of 2011. In the first six months of 2012 we accrued patronage of $736. Beginning in 2012, patronage is accrued monthly based on the Bank's 2012 earnings and will be paid in March 2013.

Mineral income of $321 was recognized during the first six months of 2012. Of this amount, quarterly payments totaling $318 were received from the Bank. In 2011, mineral income was received from the Bank as a priority patronage and included as part of the bank patronage income received annually.

In the second quarter of 2012 we received our allocated portion of a rebate of $377 distributed by Farm Credit System Insurance Company (FCSIC). There was no FCSIC rebate in 2011. This rebate somewhat offset the decrease in noninterest income.

During the first six months of 2012, noninterest expense increased $260 to $3,984, primarily due to increase in employee benefits, purchased services from AgVantis and others, communication expense, filing fees, advertising and public and member relations offset by a decrease in salaries and Farm Credit System Insurance Fund premiums.

CAPITAL RESOURCES

Our shareholders' equity at June 30, 2012 was $81,878, an increase from $79,108 at December 31, 2011. This increase is due to net income offset by net stock reductions

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.

Jimmie Purvine	John Grunewald	Jamie Shirkey
Jimmie Purvine, Chairman of the Board	John Grunewald, President/CEO	Jamie Shirkey, Sr. V.P. - CFO
August 7, 2012	August 7, 2012	August 7, 2012

Consolidated Statement of Condition

(Dollars in Thousands)

	June 30 2012 UNAUDITED	December 31 2011 AUDITED
ASSETS		
Loans	**$ 414,382**	$ 381,888
Less allowance for loan losses	**2,271**	2,149
Net loans	**412,111**	379,739
Cash	**4,066**	3,113
Accrued interest receivable	**7,702**	5,114
Investment in Funding Bank	**13,215**	13,215
Premises and equipment, net	**1,826**	1,749
Prepaid benefit expense	**361**	521
Other assets	**999**	1,989
Total assets	**$ 440,280**	$ 405,440
LIABILITIES		
Note payable to Funding Bank	**$ 347,381**	$ 312,833
Advance conditional payments	**7,410**	8,365
Accrued interest payable	**3,084**	2,958
Patronage distributions payable	**-**	1,500
Accrued benefits liability	**118**	126
Other liabilities	**409**	550
Total liabilities	**358,402**	326,332
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	**1**	3
Capital stock	**1,377**	1,383
Unallocated retained earnings	**80,500**	77,722
Total shareholders' equity	**81,878**	79,108
Total liabilities and shareholders' equity	**$ 440,280**	$ 405,440

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

Consolidated Statement of Comprehensive Income

(Dollars in Thousands)

UNAUDITED	For the three months ended June 30 2012	For the three months ended June 30 2011	For the six months ended June 30 2012	For the six months ended June 30 2011
INTEREST INCOME				
Loans	$ 4,675	$ 4,535	$ 9,277	$ 9,210
Total interest income	4,675	4,535	9,277	9,210
INTEREST EXPENSE				
Note payable to Funding Bank	1,895	1,915	3,789	3,895
Other	21	16	39	30
Total interest expense	1,916	1,931	3,828	3,925
Net interest income	2,759	2,604	5,449	5,285
Provision for loan losses/(loan loss reversal)	99	(2)	191	41
Net interest income after provision for loan losses/loan loss reversal	2,660	2,606	5,258	5,244
NONINTEREST INCOME				
Financially related services income	10	10	16	18
Loan fees	3	9	1	16
Patronage refund from Farm Credit Institutions	369	-	736	1,945
Farm Credit Insurance Fund distribution	377	-	377	-
Mineral income	184	24	321	26
Other noninterest income	46	16	53	46
Total noninterest income	989	59	1,504	2,051
NONINTEREST EXPENSE				
Salaries and employee benefits	841	809	2,193	2,138
Occupancy and equipment	71	69	145	142
Purchased services from AgVantis, Inc.	173	145	346	296
Farm Credit Insurance Fund premium	39	46	76	102
Supervisory and examination costs	38	35	77	70
Other noninterest expense	582	499	1,147	976
Total noninterest expense	1,744	1,603	3,984	3,724
Net income	1,905	1,062	2,778	3,571
OTHER COMPREHENSIVE INCOME				
Other comprehensive income	-	-	-	-
Comprehensive income	$ 1,905	$ 1,062	$ 2,778	$ 3,571

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	Total Shareholders' Equity
Balance at December 31, 2010	$ 5	$ 1,396	$ 69,875	$ 71,276
Comprehensive income			3,571	3,571
Stock issued	-	76		76
Stock retired	(2)	(85)		(87)
Balance at June 30, 2011	$ 3	$ 1,387	$ 73,446	$ 74,836
Balance at December 31, 2011	$ 3	$ 1,383	$ 77,722	$ 79,108
Comprehensive income			2,778	2,778
Stock issued	-	83		83
Stock retired	(2)	(89)		(91)
Balance at June 30, 2012	**$ 1**	**$ 1,377**	**$ 80,500**	**$ 81,878**

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 of Western Oklahoma, 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, 2011, are contained in the 2011 Annual Report to Shareholders. These unaudited second quarter 2012 financial statements should be read in conjunction with the 2011 Annual Report to Shareholders.

In December 2011, the Financial Accounting Standards Board (FASB) issued guidance entitled, "Balance Sheet – Disclosures about Offsetting Assets and Liabilities." The guidance requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. This includes the effect or potential effect of rights of setoff associated with an entity's recognized assets and recognized liabilities. The requirements apply to recognized financial instruments and derivative instruments that are offset in accordance with the rights of offset set forth in accounting guidance and for those recognized financial instruments and derivative instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset or not. This guidance is to be applied retrospectively for all comparative periods and is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The adoption of this guidance will not impact financial condition or results of operation, but may result in additional disclosures.

In September 2011, the 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. The adoption will not impact the Association's financial condition or results of operation.

In June and December 2011, the 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 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. This guidance did not change the items that must be reported in other comprehensive income. With either approach an entity is required to present reclassification adjustments for items reclassified from other comprehensive income to net income in the statement(s). The December 2011 guidance deferred the effective date for the presentation of reclassification adjustments.

This guidance is to be applied retrospectively and is effective for fiscal years and interim periods within those years, beginning after December 15, 2011. The adoption of this guidance did not impact financial condition or results of operations, but resulted 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 clarify certain aspects of the fair value measurement and disclosure requirements. The amendments are to be applied prospectively. The amendments are effective during interim and annual periods beginning after December 31, 2011. The adoption of this guidance did not impact the financial condition or results of operations, but resulted in additional disclosures.

In April 2011, the FASB issued 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 troubled debt restructuring. In evaluating whether a restructuring is a troubled debt restructuring, 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. The guidance is effective for nonpublic entities for annual periods ending on or after December 15, 2012, including interim periods within those annual periods. The adoption of this guidance was not material to the financial condition or results of operations.

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. The results for the six months ended June 30, 2012, are not necessarily indicative of the results to be expected for the year ended December 31, 2012.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of loans follows.

	June 30, 2012	December 31, 2011
Real estate mortgage	**$ 264,598**	$ 242,137
Production and intermediate-term	**133,245**	126,506
Agribusiness:		
Loans to cooperatives	**4,542**	2,644
Processing and marketing	**6,592**	6,120
Farm-related business	**922**	375
Rural residential real estate	**4,483**	4,106
Total loans	**$ 414,382**	$ 381,888

The Association purchases or sells 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 the balances of participations purchased and sold at June 30, 2012:

	Other Farm Credit Institutions		Non-Farm Credit Institutions		Total	
	Purchased	Sold	Purchased	Sold	Purchased	Sold
Real estate mortgage	$ 33,375	$ 11,121	$ 270	$ 196	$ 33,645	$ 11,317
Production and intermediate-term	21,782	1,533	17	--	21,799	1,533
Agribusiness	6,592	--	--	--	6,592	--
Total	$ 61,749	$ 12,654	$ 287	$ 196	$ 62,036	$ 12,850

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:

	June 30, 2012	December 31, 2011
Real estate mortgage		
Acceptable	**98.66%**	98.25%
OAEM	**1.06%**	1.35%
Substandard	**0.28%**	0.40%
Total	**100.00%**	100.00%
Production and intermediate-term		
Acceptable	**98.57%**	98.23%
OAEM	**1.02%**	1.43%
Substandard	**0.41%**	0.34%
Total	**100.00%**	100.00%
Agribusiness		
Acceptable	**80.32%**	98.57%
OAEM	**0.00%**	1.43%
Substandard	**19.68%**	0.00%
Total	**100.00%**	100.00%
Rural residential real estate		
Acceptable	**98.88%**	98.75%
OAEM	**0.00%**	1.25%
Substandard	**1.12%**	0.00%
Total	**100.00%**	100.00%
Total Loans		
Acceptable	**98.11%**	98.25%
OAEM	**1.01%**	1.33%
Substandard	**0.88%**	0.42%
Total	**100.00%**	100.00%

High risk assets consist of impaired loans and other property owned. These nonperforming assets (including related accrued interest) and related credit quality are as follows:

(dollars in thousands)	**June 30, 2012**	December 31, 2011
Nonaccrual loans		
Real estate mortgage	**$ 1,318**	$ ---
Production and intermediate-term	**152**	320
Agribusiness	**89**	128
Rural residential real estate	**---**	---
Total nonaccrual loans	**1,559**	449
Accruing loans 90 days past due		
Real estate mortgage	**---**	390
Total accruing loans 90 days past due	**---**	390
Total impaired loans	**$ 1,559**	$ 839

Additional impaired loan information is as follows:

	June 30, 2012			December 31, 2011		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
Impaired loans with no related allowance for credit losses:						
Real estate mortgage	**$ 1,318**	**$ 1,307**	**---**	$ 390	$ 360	---
Production and intermediate-term	**152**	**1,526**	**---**	320	1,866	---
Agribusiness:						
Loans to cooperatives	**89**	**93**	**---**	128	124	---
Rural residential real estate	**---**	**---**	**---**	1	3	---
Total	**$ 1,559**	**$ 2,927**	**---**	$ 839	$ 2,353	---
Total impaired loans:						
Real estate mortgage	**$ 1,318**	**$ 1,308**	**$ ---**	$ 390	$ 360	$ ---
Production and intermediate-term	**152**	**1,526**	**---**	320	1,866	---
Agribusiness:						
Loans to cooperatives	**89**	**93**	**---**	128	124	---
Rural residential real estate	**---**	**---**	**---**	1	3	---
Total	**$ 1,559**	**$ 2,927**	**$ ---**	$ 839	$ 2,353	$ ---

	For the Three Months Ended June 30, 2012				For the Three Months Ended June 30, 2011			
	Average Impaired Loans		Interest Income Recognized		Average Impaired Loans		Interest Income Recognized	
Impaired loans with no related allowance for credit losses:								
Real estate mortgage	$	1,297	$	1	$	106	$	--
Production and intermediate-term		201		4		182		--
Agribusiness:								
Loans to cooperatives		89		--		--		--
Rural residential real estate		---		--		--		--
Total	$	1,587	$	5	$	288	$	--
Total impaired loans:								
Real estate mortgage	$	1,297	$	1	$	106	$	--
Production and intermediate-term		201		4		182		--
Agribusiness:								
Loans to cooperatives		89		--		--		--
Rural residential real estate		---		--		--		--
Total	$	1,587	$	5	$	288	$	--

	For the Six Months Ended June 30, 2012				For the Six Months Ended June 30, 2011			
	Average Impaired Loans		Interest Income Recognized		Average Impaired Loans		Interest Income Recognized	
Impaired loans with no related allowance for credit losses:								
Real estate mortgage	$	1,230	$	13	$	107	$	--
Production and intermediate-term		254		7		427		6
Agribusiness:								
Loans to cooperatives		106		--		---		--
Rural residential real estate		---		2		---		--
Total	$	1,590	$	22	$	534	$	6
Total impaired loans:								
Real estate mortgage	$	1,230	$	13	$	107	$	--
Production and intermediate-term		254		7		427		6
Agribusiness:								
Loans to cooperatives		106		--		---		--
Rural residential real estate		---		2		---		--
Total	$	1,590	$	22	$	534	$	6

The following tables provide an age analysis of past due loans (including accrued interest).

June 30, 2012	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 Accruing Loans 90 Days or More Past Due
Real estate mortgage	$	$ 623	$ 623	$ 269,074	$ 269,697	$
Production and intermediate-term		135	135	135,606	135,741	
Agribusiness				12,106	12,106	
Rural residential real estate				4,540	4,540	
Total	$	$ 758	$ 758	$ 421,326	$ 422,084	$

December 31, 2011						
Real estate mortgage	$ 1,037	$ 390	$ 1,427	$ 243,947	$ 245,374	$ 390
Production and intermediate-term	22	287	30	127,927	128,236	---
Agribusiness	---	128	128	9,115	9,243	---
Rural residential real estate	---	---	---	4,149	4,149	---
Total	$ 1,059	$ 805	$ 1,864	$ 385,138	$ 387,002	$ 390

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.

A summary of changes in the allowance for loan losses and period end recorded investment in loans is as follows:

	Balance at March 31, 2012	Charge-offs	Recoveries	Provision for Loan Losses	Balance at June 30, 2012
Real estate mortgage	$ 161	$ 41	$ --	$ 49	$ 169
Production and intermediate-term	1,930	36	20	47	1,961
Agribusiness	133	--	--	2	135
Rural residential real estate	5	--	--	1	6
Total	$ 2,229	$ 77	$ 20	$ 99	$ 2,271

	Balance at December 31, 2011	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2012
Real estate mortgage	$ 54	$ 41	$ --	$ 156	$ 169
Production and intermediate-term	2,018	49	21	(29)	1,961
Agribusiness	73	--	--	62	135
Rural residential real estate	4	--	--	2	6
Total	$ 2,149	$ 90	$ 21	$ 191	$ 2,271

	Balance at March 31, 2011	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2011
Real estate mortgage	$ 257	$ ---	$ ---	$ (1)	$ 256
Production and intermediate-term	1,788	22	79	(52)	1,793
Agribusiness	37	---	---	50	87
Rural residential real estate	4	---	---	1	5
Total	$ 2,086	$ 22	$ 79	$ (2)	$ 2,141

	Balance at December 31, 2010	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Balance at June 30, 2011
Real estate mortgage	$ 188	$ ---	$ ---	$ 68	$ 256
Production and intermediate-term	1,828	36	80	-79	1,793
Agribusiness	37	---	---	50	87
Rural residential real estate	3	---	---	2	5
Total	$ 2,056	$ 36	$ 80	$ 41	$ 2,141

	Allowance for Credit Losses Ending Balance at June 30, 2012		Recorded Investments in Loans Outstanding Ending Balance at June 30, 2012	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ ---	$ 169	$ 1,318	$ 268,379
Production and intermediate-term	---	1,961	152	135,589
Agribusiness	---	135	89	12,017
Rural residential real estate	---	6	---	4,540
Total	$ ---	$ 2,271	$ 1,559	$ 420,525

	Allowance for Credit Losses Ending Balance at December 31, 2011		Recorded Investments in Loans Outstanding Ending Balance at December 31, 2011	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
Real estate mortgage	$ ---	$ 54	$ 390	$ 244,984
Production and intermediate-term	---	2,018	320	127,916
Agribusiness	---	73	128	9,115
Rural residential real estate	---	4	1	4,148
Total	$ ---	$ 2,149	$ 839	$ 386,163

NOTE 3 - FAIR VALUE MEASUREMENTS

Accounting guidance 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 2011 Annual Report to Shareholders for a more complete description.

The Association had no assets or liabilities measured at fair value on a recurring basis at June 30, 2012 or December 31, 2011.

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**	**Total**
	Level 1	**Level 2**	**Level 3**	**Value**	**Losses**
June 30, 2012	**$ –**	**$ –**	**$ 884**	**$ 884**	**$ 83**
December 31, 2011	$ –	$ –	$ 32	$ 32	$ 39

Valuation Techniques

As more fully discussed in Note 2 to the 2011 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.

Loans

For certain loans evaluated for impairment under accounting 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.

NOTE 4 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through August 7, 2012, which is the date the financial statements were issued, and no material subsequent events were identified.