Quarterly Report to Stockholders

Farm Credit of Western Oklahoma, ACA Woodward, Oklahoma

March 31, 2011

The shareholders' investment in the Farm Credit of Western Oklahoma, ACA (Association) is materially affected by the financial condition and results of operations of U.S. AgBank, FCB, (AgBank). The 2010 U.S. AgBank Annual Report to Shareholders, the 2010 U.S. AgBank District Annual Report to Shareholders, the U.S. AgBank quarterly shareholders' reports and the U.S. AgBank District quarterly shareholders' reports are available free of charge on AgBank's web site, www.usagbank.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 three months ended March 31, 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.

LOAN PORTFOLIO

Loans outstanding at March 31, 2011 totaled $369,183, a decrease of $23,408, or 5.96%, from loans of $392,591 at December 31, 2010. The decrease was primarily due to decrease in lending demand.

RESULTS OF OPERATIONS

Net income for the three months ended March 31, 2011 was $2,509, an increase of $953, or 61.25%, from the same period ended one year ago, primarily due to patronage from U.S. AgBank, FCB (AgBank), offset by an increase in noninterest expense.

Net interest income for the three months ended March 31, 2011 was $2,681, an increase of $23, or 0.87%, from the same period ended one year ago.

Noninterest income increased $1,064 primarily due to patronage received from AgBank of $1,945. Additionally, during the first quarter of 2010, we received our allocated portion of a distribution of $338 from Farm Credit System Insurance Company (FCSIC), which offset the increase in noninterest income.

The provision for loan losses for the three months ended March 31, 2011 was $43, a decrease of $343, or 87.46%, from the same period ended one year ago. The provision for loan losses decreased as a result of fewer high risk assets.

CAPITAL RESOURCES

Our shareholders' equity at March 31, 2011 was $73,771, an increase from $71,276 at December 31, 2010. This increase is due to net income offset by net stock reductions.

OTHER MATTERS

In November of 2010, the AgBank Board of Directors voted to pursue a merger with CoBank, ACB another Farm Credit System Bank. The proposed merger is targeted to be effective on October 1, 2011. We do 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.

John Grunewald, President/CEO	Jamie Shirkey, VP-CFO	Steve Semmel, Chairman of the Board
May 4, 2011	May 4, 2011	May 4, 2011

Consolidated Statement of Condition

(Dollars in Thousands)

	March 31 2011 UNAUDITED	December 31 2010 AUDITED
ASSETS		
Loans	$ **369,183**	$ 392,591
Less allowance for loan losses	**2,086**	2,056
Net loans	**367,097**	390,535
Cash	**3,470**	3,556
Accrued interest receivable	**6,446**	5,140
Investment in U.S. AgBank, FCB	**10,825**	10,825
Premises and equipment, net	**1,812**	1,786
Prepaid benefit expense	**491**	605
Other assets	**256**	274
Total assets	$ **390,397**	$ 412,721
LIABILITIES		
Note payable to U.S. AgBank, FCB	$ **306,744**	$ 332,504
Advance conditional payments	**5,464**	3,804
Accrued interest payable	**2,601**	3,081
Patronage distributions payable	**1,400**	1,400
Accrued benefits liability	**139**	144
Other liabilities	**278**	512
Total liabilities	**316,626**	341,445
Commitments and Contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	**3**	5
Capital stock	**1,384**	1,396
Unallocated retained earnings	**72,384**	69,875
Total shareholders' equity	**73,771**	71,276
Total liabilities and shareholders' equity	$ **390,397**	$ 412,721

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

Consolidated Statement of Income

(Dollars in Thousands)

UNAUDITED	For the three months ended March 31 2011	2010
INTEREST INCOME		
Loans	$ 4,675	$ 4,776
Total interest income	4,675	4,776
INTEREST EXPENSE		
Note payable to U.S. AgBank, FCB	1,980	2,108
Other	14	10
Total interest expense	1,994	2,118
Net interest income	2,681	2,658
Provision for loan losses	43	343
Net interest income after provision for loan losses	2,638	2,315
NONINTEREST INCOME		
Financially related services income	8	17
Loan fees	7	1
Patronage refund from Farm Credit Institutions	1,945	527
Farm Credit Insurance Fund distribution	-	338
Other noninterest income	32	45
Total noninterest income	1,992	928
NONINTEREST EXPENSE		
Salaries and employee benefits	1,329	942
Occupancy and equipment	73	85
Purchased services from AgVantis, Inc.	151	122
Farm Credit Insurance Fund premium	56	84
Supervisory and examination costs	35	30
Other noninterest expense	477	424
Total noninterest expense	2,121	1,687
Net income	$ 2,509	$ 1,556

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, 2009	$ 9	$ 1,328	$ 66,678	$ 68,015
Net income			1,556	1,556
Stock issued	-	51		51
Stock retired	-	(31)		(31)
Balance at March 31, 2010	$ 9	$ 1,348	$ 68,234	$ 69,591
Balance at December 31, 2010	$ 5	$ 1,396	$ 69,875	$ 71,276
Net income			2,509	2,509
Stock issued	-	37		37
Stock retired	(2)	(49)		(51)
Balance at March 31, 2011	**$ 3**	**$ 1,384**	**$ 72,384**	**$ 73,771**

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, 2010, are contained in the 2010 Annual Report to Shareholders. These unaudited first quarter 2011 financial statements should be read in conjunction with the 2010 Annual Report to Shareholders.

In November of 2010, the U.S. AgBank Board of Directors voted to pursue a merger with CoBank, ACB, (CoBank) another Farm Credit System Bank. The proposed merger is targeted to be effective on October 1, 2011. The Association does not expect there to be any material negative impact to its operations as a result of the merger.

In July 2010, the Financial Accounting Standards Board (FASB) issued guidance on "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Loan Losses," which 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 non-public 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 Financial Accounting Standards Board (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 resulted 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. The results for the three months ended March 31, 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.

	March 31, 2011	March 31, 2010
Balance at beginning of year	$ 2,056	$ 1,994
Provision for loan losses	43	343
Charge-offs	14	304
Recoveries	1	–
Balance at end of period	$ 2,086	$ 2,033

Impaired loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms. Impaired loans including accrued interest totaled $289 as of March 31, 2011 and $4,168 as of March 31, 2010. No impaired loans carried a specific allowance for loan losses at each period end.

The following table summarizes impaired loan information.

	For the three months ended March 31, 2011	March 31, 2010
Average impaired loans	$ 783	$ 3,551
Interest income recognized on impaired loans	$ 6	$ 4

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.

The Association had no assets or liabilities measured at fair value on a recurring basis at March 31, 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 Losses
	Level 1	Level 2	Level 3		
Assets:					
March 31, 2011					
Loans	$ –	$ –	$ 106	$ 106	$ 8
December 31, 2010					
Loans	$ –	$ –	$ 2,418	$ 2,418	$ 323

The Association had no liabilities measured at fair value on a non-recurring basis at March 31, 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.

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 that the principal balance of the loan, a specific reserve is established.

NOTE 4 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through May 4, 2011, which is the date the financial statements were available to be issued, and no material subsequent events were identified.