



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial position and consolidated results of operations of FCS Financial, ACA and its subsidiaries. The accompanying consolidated financial statements and notes also contain important information about our financial position and results of operations. Our 2008 annual report should also be read for a description of our organization, operations and significant accounting policies.

AgriBank FCB's financial condition and results of operations materially affect shareholders' investment in FCS Financial, ACA. To request a free copy of the combined AgriBank, FCB and Affiliated Associations' financial reports or additional copies of our report contact us at 1934 East Miller Street, Jefferson City, Missouri 65101, (573) 635-7956, or via e-mail at jeffersoncitymo@myfcsfinancial.com or visit us on the web at www.myfcsfinancial.com. You may also contact AgriBank, FCB at 375 Jackson Street, St. Paul, Minnesota 55101-1810, (651) 282-8800, or via electronic mail to AGRIBANKMN@agribank.com. The combined AgriBank, FCB and Affiliated Associations' financial reports are also available through AgriBank, FCB's website at www.agribank.com.

Loan Portfolio

Loan volume totaled \$2.2 billion at September 30, 2009, a \$3.2 million decrease from December 31, 2008. This decrease is due to the continued challenging economic conditions.

The following table summarizes risk assets (accruing volume includes accrued interest receivable) and delinquency information (in thousands):

As of:	September 30 2009	December 31 2008
Loans:		
Accruing restructured	\$ 522	\$ 962
Past due 90 days or more still accruing	379	927
Nonaccrual	108,799	51,624
Total risk loans	109,700	53,513
Other property owned	471	605
Total risk assets	\$ 110,171	\$ 54,118
Risk loans as a % of total loans	5.0%	2.5%
Total delinquencies as a % of total loans	2.0%	10%

Our risk assets have increased from December 31, 2008, and are primarily due to the challenging economic conditions facing our customers. Despite the challenging economic conditions, our risk assets remain at acceptable levels. Based on our analysis, loans 90 days or more past due and still accruing interest were adequately secured and in the process of collection.

The increase in nonaccrual loans was due to continued pressure on the Agri-Business section of our portfolio. Despite the increase in nonaccrual loans, total risk loans as a percentage of total loans remains within our established risk management guidelines. The volume of nonaccrual loans remained at an acceptable level at September 30, 2009, and represented 5.1% of our total portfolio. At September 30, 2009, 64.6% of our nonaccrual loans were current.

In April 2009, we acquired a portion of our nonaccrual volume, representing our interest in certain ethanol loans. The acquired properties are held in limited liability corporations formed by the lenders for that purpose. The total amount of our share of the acquired properties was \$7.5 million, of which \$6.4 million were sold in June 2009, and \$0.7 million were sold in September 2009.

As a result of continued stress in our portfolio and the challenging economic conditions, the credit quality of our portfolio has declined since December 31, 2008. Adversely classified assets increased from 3.5% of the portfolio at December 31, 2008, to 11.1% of the portfolio at September 30, 2009. Adversely classified assets are assets we have identified as showing some credit weakness outside our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for loan losses.

In some circumstances, we use various governmental guarantee programs to reduce the risk of loss. At September 30, 2009, \$127 million of our loans were, to some level, guaranteed under these governmental programs.

In general, rainfall patterns during the third quarter of 2009 were favorable throughout our territory. Cooler than average summer temperatures slowed the maturity of the corn crop and late planted beans. Corn and soybean harvests have begun with above average yields in many areas. Hay crop yields were favorable this year, but producers that harvest fescue seed saw reduced revenues due to low yields and seed prices. Grain prices have weakened recently due to near record crops expected in the United States and other parts of the world. The swine and dairy industries continue to face major financial challenges due to continued operating losses.

Following the financial market upheaval during the second half of 2008, financial markets improved during 2009. Policy actions of the Federal Reserve and US Treasury contributed to increased liquidity and stabilization of financial markets. The treasury yield curve steepened, swap spreads tightened and stabilized, and Farm Credit bond spreads to both treasuries and the swap curve improved.

The allowance for loan losses is an estimate of losses on loans in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on periodic evaluation of factors such as loan loss history, portfolio quality and current economic and environmental conditions.

Comparative allowance coverage of various loan categories follows:

Allowance as a percentage of:	September 30 2009	December 31 2008
Loans	1.1%	0.2%
Nonaccrual loans	22.4%	9.7%
Total risk loans	22.2%	9.4%

The increase in our allowance for loan losses reflects the continued stress in our portfolio. We have increased our general allowance in anticipation of additional losses due to these events. In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at September 30, 2009.

Results of Operations

Net income for the nine months ended September 30, 2009 totaled \$15.2 million compared to \$31.9 million for the same period of 2008. The following table illustrates profitability information:

As of September 30	2009	2008
Return on average assets	0.9%	1.8%
Return on average members' equity	5.2%	11.8%

The following table summarizes the changes in components of net income for the nine months ended September 30, 2009 compared to September 30, 2008 (in thousands):

Increase (decrease) in net income	2009 vs 2008
Net interest income	(\$ 2,654)
Provision for loan losses	(20,275)
Patronage income	2,291
Financially related services and miscellaneous income, net	1,286
Operating expenses	106
Provision for income taxes	2,545
Total change in net income	(\$ 16,701)

Net interest income was \$42.0 million for the nine months ended September 30, 2009. The following table quantifies changes in net interest income for the nine months ended September 30, 2009 compared to September 30, 2008 (in thousands):

Change in net interest income	2009 vs 2008
Changes in volume	(\$ 4,763)
Changes in rates	2,444
Changes in nonaccrual income and other	(335)
Net change	(\$ 2,654)

The decrease in net interest income is primarily related to the \$489.6 million participation interest in real estate loans sold to AgriBank in June 2008. The change in the provision for loan losses is related to the current economic conditions and the expectation of future losses as a consequence of the continued stress on our portfolio. The increase in patronage income is related to patronage received on participations sold to AgriBank. The increase in financially related services and miscellaneous income, net is primarily due to crop insurance premiums. The change in provision for income taxes is related to lower taxable income.

Changes in our return on average assets and return on average members' equity are directly related to the changes in income discussed above, changes in assets discussed in the Loan Portfolio section and changes in capital discussed in the Funding, Liquidity and Capital section below.

Funding, Liquidity and Capital

We borrow from AgriBank, FCB in the form of a line of credit. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio which significantly reduces our market interest rate risk. Our promissory note matured in the third quarter of 2009, and was renewed for \$2.2 billion with a maturity date of May 31, 2010. The note will be renegotiated at that time.

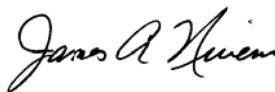
Total members' equity increased \$15.4 million from December 31, 2008, due to net income for the period and an increase in capital stock and participation certificates.

Farm Credit Administration Regulations require us to maintain a permanent capital ratio of at least 7%, a total surplus ratio of at least 7% and a core surplus ratio of at least 3.5%. The calculation of these ratios according to Farm Credit Administration Regulations is discussed below:

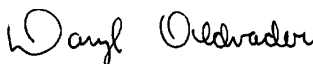
- The permanent capital ratio is average at-risk capital divided by average risk-adjusted assets. At September 30, 2009, our ratio was 13.8%.
- The total surplus ratio is average unallocated surplus less any deductions made in the computation of permanent capital divided by average risk-adjusted assets. At September 30, 2009, our ratio was 13.3%.
- The core surplus ratio is average unallocated surplus less any deductions made in the computation of total surplus and less any preferred stock investment in AgriBank, FCB divided by average risk-adjusted assets. At September 30, 2009, our ratio was 13.3%.

The capital adequacy ratios are directly impacted by the changes in capital as more fully explained above and the changes in assets as further discussed in the Loan Portfolio section.

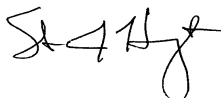
The undersigned certify they have reviewed FCS Financial, ACA's September 30, 2009 quarterly report and it has been prepared under the oversight of the audit committee and in accordance with all applicable statutory or regulatory requirements and the information contained herein is true, accurate, and complete to the best of our knowledge and belief.



James Nivens
Chairperson of the Board
FCS Financial, ACA



Daryl Oldvader
Chief Executive Officer
FCS Financial, ACA



Steve Harrington
Chief Financial Officer
FCS Financial, ACA

November 9, 2009

CONSOLIDATED STATEMENT OF CONDITION

FCS Financial, ACA

(Dollars in thousands)

(Unaudited)

	September 30 2009	December 31 2008
ASSETS		
Loans	\$ 2,156,081	\$ 2,159,320
Allowance for loan losses	24,321	5,032
Net loans	2,131,760	2,154,288
Investment in AgriBank	79,539	82,157
Accrued interest receivable	27,058	23,924
Premises and equipment, net	10,322	10,942
Other property owned	471	605
Net deferred income tax asset	2,475	--
Other assets	11,238	11,632
Total assets	\$ 2,262,863	\$ 2,283,548
LIABILITIES		
Note payable to AgriBank	\$ 1,843,077	\$ 1,866,071
Accrued interest payable	12,424	17,032
Net deferred income tax liability	--	421
Patronage distribution payable	--	4,020
Other liabilities	7,684	11,678
Total liabilities	1,863,185	1,899,222
MEMBERS' EQUITY		
Protected members' equity	29	35
Capital stock and participation certificates	11,021	10,896
Unallocated surplus	388,628	373,395
Total members' equity	399,678	384,326
Total liabilities and members' equity	\$ 2,262,863	\$ 2,283,548

CONSOLIDATED STATEMENT OF INCOME

FCS Financial, ACA

(Dollars in thousands)

(Unaudited)

Period ended September 30	Three Months		Nine Months	
	2009	2008	2009	2008
Interest income	\$ 26,324	\$ 30,359	\$ 80,962	\$ 105,714
Interest expense	12,445	17,039	38,931	61,029
Net interest income	13,879	13,320	42,031	44,685
Provision for loan losses	8,500	125	21,000	725
Net interest income after provision for loan losses	5,379	13,195	21,031	43,960
Other income				
Compensation income	35	33	98	96
Patronage income	3,016	3,318	9,384	7,095
Financially related services and miscellaneous income, net	2,946	2,306	5,380	4,094
Total other income	5,997	5,657	14,862	11,285
Operating expense				
Salaries and employees benefits	2,543	4,172	11,051	12,008
Other operating	3,800	3,625	11,558	10,707
Total operating expenses	6,343	7,797	22,609	22,715
Income before income taxes	5,033	11,055	13,284	32,530
Provision for income taxes	454	290	(1,955)	590
Net income	\$ 4,579	\$ 10,765	\$ 15,239	\$ 31,940

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

FCS Financial, ACA

(Dollars in thousands)

(Unaudited)

	Protected Members' Equity	Capital Stock and Participation Certificates	Unallocated Surplus	Total Members' Equity
Balance at December 31, 2007	\$ 48	\$ 10,573	\$ 336,580	\$ 347,201
Net income	--	--	31,940	31,940
Earnings reserved for patronage distribution	--	--	(3,002)	(3,002)
Capital stock/participation certificates issued	--	1,083	--	1,083
Capital stock/participation certificates retired	(10)	(769)	--	(779)
Balance at September 30, 2008	\$ 38	\$ 10,887	\$ 365,518	\$ 376,443
Balance at December 31, 2008	\$ 35	\$ 10,896	\$ 373,395	\$ 384,326
Net income	--	--	15,239	15,239
Earnings reserved for patronage distribution	--	--	(6)	(6)
Capital stock/participation certificates issued	--	861	--	861
Capital stock/participation certificates retired	(6)	(736)	--	(742)
Balance at September 30, 2009	\$ 29	\$ 11,021	\$ 388,628	\$ 399,678

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: Organization and Significant Accounting Policies

Our 2008 annual report contains a description of our organization and operations, significant accounting policies followed, and financial condition and results of operations as of and for the year ended December 31, 2008. These unaudited third quarter 2009 consolidated financial statements should be read in conjunction with the 2008 annual report.

The accompanying consolidated financial statements contain all information necessary for a fair presentation of the interim consolidated financial condition and consolidated results of operations. Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America and the prevailing practices within the financial services industry. The results of the nine months ended September 30, 2009 are not necessarily indicative of the results to be expected for the year ended December 31, 2009.

The consolidated financial statements present the consolidated financial results of FCS Financial, ACA (the parent) and FCS Financial, FLCA and FCS Financial, PCA (the subsidiaries). All material intercompany transactions and balances have been eliminated in consolidation.

Recent Accounting Developments

Effective January 1, 2009, we adopted accounting guidance for fair value measurements of nonfinancial assets and nonfinancial liabilities. The impact of adoption resulted in additional fair value disclosures, but did not have an impact on our financial condition or results of operations.

In May 2009, the FASB issued guidance, "Subsequent Events," which sets forth general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Under this Standard, subsequent events that arise from conditions that existed at the date of the balance sheet are recognized in the financial statements, while subsequent events that arise from conditions that did not exist as of the balance sheet date are not recognized in the financial statements. This Standard, which includes a required disclosure of the date through which an entity has evaluated subsequent events, is effective for interim or annual periods ending after June 15, 2009.

In June 2009, the FASB issued guidance, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles." This Codification became the source of authoritative U.S. generally accepted accounting principles recognized by the FASB. This guidance is effective for financial statements issued for interim and annual periods ending after September 15, 2009. This guidance impacted how we refer to guidance in our disclosures but did not have an impact on our financial condition or results of operations.

NOTE 2: Loans

The following table presents information concerning risk loans (in thousands):

As of September 30	2009	2008
Volume with specific reserves	\$ 49,328	\$ 1827
Volume without specific reserves	60,372	4,133
Total risk loans	\$ 109,700	\$ 5,960
Total specific reserves	\$ 15,696	\$ 709
For the nine months ended September 30	2009	2008
Income on accrual risk loans	\$ 544	\$ 440
Income on nonaccrual loans	171	190
Total income on risk loans	\$ 715	\$ 630
Average recorded investment	\$ 80,961	\$ 6,207

The change in risk loans reflects the continued stress in the agribusiness segment of our portfolio. Similarly, other producers are also experiencing stress in their operations.

NOTE 3: Allowance for Loan Losses

A summary of changes in the allowance for loan losses follows (in thousands):

Nine months ended September 30	2009	2008
Balance at beginning of year	\$ 5,032	\$ 1,309
Provision for loan losses	21,000	725
Loan recoveries	25	96
Loan chargeoffs	(1,736)	(185)
Balance at end of period	\$ 24,321	\$ 1,945

The increase in our Allowance for Loan Losses reflects our expectation of future losses due to the current economic environment.

NOTE 4: Contingencies

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which are not reflected in the accompanying consolidated financial statements. We do not anticipate any material losses because of these contingencies or commitments.

From time to time, we may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these consolidated financial statements, we were not aware of any such actions that would have a material impact on our financial condition. However, such actions could arise in the future.

NOTE 5: Fair Value Measurements

The FASB guidance on "Fair Value Measurements and Disclosures" 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. The guidance also establishes a fair value hierarchy, with three levels of inputs that may be used to measure fair value. See Notes 2 and 13 to the 2008 Annual Report to Stockholders for a more complete description.

We do not have any assets or liabilities measured at fair value on a recurring basis. We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis. The following table provides information on assets measured at fair value on a nonrecurring basis at September 30, 2009 (in thousands):

	Fair Value Measurement Using			Total Fair Value	Total Gains (Losses)
	Level 1	Level 2	Level 3		
Assets:					
Loans (1)	\$0	\$30,955	\$4,359	\$35,314	(\$11,395)
Other property owned (2)	--	200	282	482	(74)

(1) Represents the carrying amount and related write-downs of loans which were evaluated for individual impairment based on the appraised value of the underlying collateral. The fair value measurement would fall under level 2 of the hierarchy if the process uses independent appraisals and other market-based information. The fair value measurement would fall under level 3 of the hierarchy if the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral, and other matters. 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. (2) Represents the fair value and related losses of foreclosed assets that were measured at fair value.

NOTE 6: Subsequent Events

We have evaluated subsequent events through November 9, 2009, which is the date the financial statements were issued.