MANAGEMENT'S DISCUSSION AND ANALYSIS

(Dollars in thousands)

The commentary which follows reviews the consolidated financial position and consolidated results of operations of Farm Credit Services of Mid-America, ACA and its subsidiaries (the Association). This discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto and the Association's 2002 annual report.

The financial condition and results of operations of AgriBank, FCB materially affect shareholders' investments in the Association. A copy of the combined AgriBank and Seventh District Associations' financial reports or additional copies of the Association's report are available by contacting the Association at 1601 UPS Drive, P.O. Box 34390, Louisville, Kentucky 40232, (800) 444-FARM, or through the Association's website at www.e-farmcredit.com or via electronic mail to efcsales@e-farmcredit.com. District reports are also available by contacting AgriBank, Post Office Box 64949, St. Paul, Minnesota 55164-0949, (651) 282-8800, or through AgriBank's website at www.agribank.com.

LOAN PORTFOLIO

The Association's loan volume totaled over $6.9 billion at March 31, 2003, a $54,138 increase from December 31, 2002. Competitive interest rates, aggressive marketing, increased participation activity and a strong off-farm economy in the Association's territory have all contributed to the growth in the Association's loan portfolio. The commercial portfolio tends to follow seasonal trends with volume increasing through the growing season and decreasing as crops are harvested and sold.

The following table presents risk asset information:

As of:	March 31 2003	December 31 2002
Loans:		
Accruing restructured	**$3,719**	$3,693
Past due 90 days or more still accruing	**1,732**	245
Nonaccrual	**71,559**	73,851
Total risk loans	**77,010**	77,789
Other property owned	**642**	663
Total risk assets	**$77,652**	$78,452
Risk loans as a % of total loans	**1.1%**	1.1%
Total delinquencies as a % of total loans	**0.9%**	0.7%

The Association's risk loans have not changed significantly from December 31, 2002, and remain at acceptable levels. At March 31, 2003, 71.3% of the Association's nonaccrual loans were paid current.

The war put the U.S. general economy on hold. However, given recent events, we should see growth accelerate to 4% in the second half of 2003. Inflation is expected to remain low and unemployment is expected to peak in the third quarter of 2003. Interest rates are expected to rise later this year and into 2004.

Grains and oilseeds will continue to be driven by the emergence of major global competitors. A weaker U.S. dollar will boost global purchasing power in dollar terms. However, the underlying income growth is not strong and will limit demand side improvements. Price enhancements for grains and oilseeds will be mainly driven by production shortfalls in the immediate future.

The livestock and dairy sectors provide a mixed outlook. The red meat sector should do well in 2003, due to a significant reduction in output and an improving economy. A continued expected reduction in hog numbers should set the stage for much stronger markets in the third and fourth quarter of 2003. Dairy faces the greatest challenge, since it shows no signs of significant voluntary output reductions in the face of weaker prices.

The farm sector continues to have a strong balance sheet. The earnings outlook for 2003 (barring production problems) will offer most enterprises a positive cash flow and improved working capital position. This is due to disaster and other government payments from 2002/2003 production because of slow farm program sign-up.

Our loan portfolio is holding up better than expected. We do not anticipate material challenges in credit quality or material increases in non-accrual volume or loan losses in 2003.

Included in the Association's formally restructured loans are loans purchased from the former Farm Credit Bank of Louisville, FCB (the Bank) which the Bank had restructured. Such loans totaled $1,566 at March 31, 2003 compared to $1,645 at December 31, 2002.

The Association's allowance for loan losses is maintained at a level consistent with the loss potential inherent in the loan portfolio. Management determines the appropriate level by considering such factors as loan loss experience, portfolio quality, portfolio concentrations and economic and environmental factors.

Comparative allowance coverage of various loan categories follows:

Allowance as a percentage of:	March 31 2003	December 31 2002
Loans	**1.7%**	1.7%
Nonaccrual loans	**160.3%**	153.9%
Total risk loans	**148.9%**	146.1%

Management considers the allowance for loan losses at March 31, 2003, to be reasonable in relation to the inherent risk in the Association's loan portfolio.

RESULTS OF OPERATIONS

The Association's net income for the three months ended March 31, 2003 totaled $31,252 compared to $25,306 for the same period of 2002. The following table illustrates profitability information:

As of March 31	2003	2002
Return on average assets	**1.7%**	1.5%
Return on average members' equity	**10.6%**	9.9%

The major components of the changes in net income for the three months ended March 31, 2003, compared to March 31, 2002, are presented in the following table:

Increase (decrease) in net income	2003 vs.2002
Net interest income	**$3,275**
Provision for loan losses	**(822)**
Equalization and patronage income	**2,942**
Financially related services and miscellaneous income, net	**856**
Operating expenses	**(1,568)**
Provision for income taxes	**1,263**
Total change in net income	**$5,946**

Net interest income for the Association was $40,478 for the three months ended March 31, 2003. The following table quantifies changes in net interest income for the three months ended March 31, 2003, compared to March 31, 2002:

Change in net interest income	2003 vs.2002
Changes in volume	**$5,285**
Changes in rates	**(2,010)**
Net change	**$3,275**

The increase in the provision for loan losses reflects an increase in loan volume.

The increase in equalization and patronage income is due primarily to changes in the calculation methodology between 2003 and 2002. Effective January 1, 2003, equalization is based on the quarterly average balance of the amount of investment in AgriBank held over the required amount. Previously, the Association received dividends on both the excess and required AgriBank investment. Additionally, estimated patronage is being recorded monthly during 2003, while all 2002 patronage was reflected in December.

The increase in financially related services and miscellaneous income, net is due to an increase in prepayment fees collected as of March 31, 2003 compared to March 31, 2002.

The increase in operating expenses is due to increased purchased service expense and System insurance costs.

The decrease in the provision for income taxes is due to a decrease in income subject to taxation.

The changes in the Association's return on average assets and return on average capital 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.

FUNDING, LIQUIDITY AND CAPITAL

The Association receives external funding from AgriBank. Effective January 1, 2003, the line of credit was renegotiated with AgriBank totaling $7,000,000. The new maturity date is December 31, 2003, for the Association's note payable at which time the note will be renegotiated. Under the terms of its general financing agreement, the repricing attributes of the Association's note payable corresponds to the repricing attributes of its loan portfolio. Accordingly, market interest rate risk is significantly reduced.

Total capital increased $31,902 from December 31, 2002, reflecting net income and an increase in capital stock and participation certificates.

At March 31, 2003, the Association's permanent capital ratio, total surplus ratio and core surplus ratio exceeded the regulatory minimum requirements of 7%, 7% and 3.5%, respectively. These ratios are calculated in accordance with FCA Regulations and are discussed in the following paragraphs:

- The permanent capital ratio is average at-risk capital divided by average risk-adjusted assets. At March 31, 2003, the Association's ratio was 15.5%.
- 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 March 31, 2003, the Association's ratio was 14.7%.
- The core surplus ratio is average unallocated surplus less the Association's investment in AgriBank divided by average risk-adjusted assets. At March 31, 2003, the Association's ratio was 13.1%.

The Association's 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.

Gordon Carter

Gordon E. Carter
Chairperson of the Board
Farm Credit Services of Mid-America, ACA

Donnie Winters

Donald W. Winters
President and Chief Executive Officer
Farm Credit Services of Mid-America, ACA

April 30, 2003

CONSOLIDATED STATEMENT OF CONDITION

Farm Credit Services of Mid-America, ACA

(Dollars in thousands)

(Unaudited)

	March 31 2003	December 31 2002
ASSETS		
Loans	**$6,932,564**	$6,878,426
Allowance for loan losses	**114,698**	113,683
Net loans	**6,817,866**	6,764,743
Investment in AgriBank	**220,225**	220,225
Accrued interest receivable	**65,256**	79,522
Premises and equipment, net	**35,181**	35,480
Other property owned	**642**	663
Assets held for lease, net	**104,980**	105,377
Net deferred income tax asset	**2,633**	6,406
Other assets	**20,704**	35,140
Total assets	**$7,267,487**	$7,247,556
LIABILITIES		
Note payable to AgriBank	**$5,976,648**	$5,980,033
Accrued interest payable	**67,136**	71,258
Other liabilities	**28,932**	33,396
Total liabilities	**6,072,716**	6,084,687
Contingent liabilities		
MEMBERS' EQUITY		
Protected members' equity	**52**	59
Capital stock and participation certificates	**56,242**	55,585
Unallocated surplus	**1,138,477**	1,107,225
Total members' equity	**1,194,771**	1,162,869
Total liabilities and members' equity	**$7,267,487**	$7,247,556

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

CONSOLIDATED STATEMENT OF INCOME

Farm Credit Services of Mid-America, ACA

(Dollars in thousands)

(Unaudited)

Period ended March 31	2003	2002
Interest income	**$106,109**	$108,875
Interest expense	**65,631**	71,672
Net interest income	**40,478**	37,203
Provision for loan losses	**1,267**	445
Net interest income after provision for loan losses	**39,211**	36,758
Other income		
Equalization and patronage income	**4,949**	2,007
Financially related services and miscellaneous income, net	**2,707**	1,851
Total other income	**7,656**	3,858
Operating expense		
Salaries and employees benefits	**6,361**	6,531
Other operating	**8,636**	6,898
Total operating expenses	**14,997**	13,429
Income before income taxes	**31,870**	27,187
Provision for income taxes	**618**	1,881
Net income	**$31,252**	$25,306

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Farm Credit Services of Mid-America, ACA

(Dollars in thousands)

(Unaudited)

	Protected Members' Equity	Capital Stock and Participation Certificates	Unallocated Surplus	Total Members' Equity
Balance at December 31, 2001	$86	$52,138	$960,969	$1,013,193
Net income	--	--	25,306	25,306
Capital stock/participation certificates issued	--	2,123	--	2,123
Capital stock/participation certificates retired	(7)	(1,365)	--	(1,372)
Balance at March 31, 2002	$79	$52,896	$986,275	$1,039,250
Balance at December 31, 2002	$59	$55,585	$1,107,225	$1,162,869
Net income	**--**	**--**	**31,252**	**31,252**
Capital stock/participation certificates issued	**--**	**2,116**	**--**	**2,116**
Capital stock/participation certificates retired	**(7)**	**(1,459)**	**--**	**(1,466)**
Balance at March 31, 2003	**$52**	**$56,242**	**$1,138,477**	**$1,194,771**

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1:

ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of the Association, significant accounting policies followed, and financial condition and results of operations as of and for the year ended December 31, 2002 are contained in the 2002 annual report. These unaudited first quarter 2003 consolidated financial statements should be read in conjunction therewith.

The accompanying consolidated financial statements contain all information necessary for a fair presentation of the interim consolidated financial condition and consolidated results of operations and conform to generally accepted accounting principles in the United States of America and prevailing practices within the financial services industry. The results of the three months ended March 31, 2003, are not necessarily indicative of the results to be expected for the year ended December 31, 2003.

The consolidated financial statements present the consolidated financial results of Farm Credit Services of Mid-America, ACA (the parent) and Farm Credit Services of Mid-America, FLCA and Farm Credit Services of Mid-America, PCA (the subsidiaries). All material intercompany transactions were eliminated in consolidation.

NOTE 2:

ALLOWANCE FOR LOAN LOSSES

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

Three months ended March 31	2003	2002
Balance at beginning of year	**$113,683**	$106,570
Provision for loan losses	**1,267**	445
Loan recoveries	**735**	1,285
Loan chargeoffs	**(987)**	(539)
Balance at end of period	**$114,698**	$107,761

NOTE 3:

CONTINGENCIES

In the normal course of business, the Association has outstanding various commitments and contingent liabilities, primarily commitments to extend credit, which are not reflected in the accompanying consolidated financial statements. No material losses are anticipated as a result of these commitments or contingencies.

The Association may, from time to time, 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, management is not aware of any such actions that would have a material impact upon the Association's consolidated financial condition. However, management cannot ensure that such actions will not arise in the future.

Quarterly Report

March 31, 2003

Farm Credit Services
OF MID-AMERICA