



Farm Credit Services of Hawaii, ACA
Federal Land Bank Association of Hawaii, FLCA
Hawaii Production Credit Association

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May 7, 2008

The Farm Credit System

Dear Stockholder:

It gives us great pleasure to present the financial condition of your Association for the first quarter of 2008. These first quarter 2008 statements were prepared under the oversight of the audit committee. As you are aware, the Hawaii Production Credit Association and Federal Land Bank Association of Hawaii, FLCA stockholders approved the formation of the Farm Credit Services of Hawaii, ACA effective on April 1, 2001. This report reflects operating results for the first quarter of 2008 on a consolidated basis.

We present the financial results of the Farm Credit Services of Hawaii, ACA. Net income for the three months ended March 31, 2008 was \$185,981 compared to \$220,880 for the three months ended March 31, 2007 a decrease of \$34,899. The decrease was due to lower noninterest income and increased noninterest expense. Total assets amounted to \$80,387,503 for the first quarter of 2008. Total assets decreased by \$1,944,487 from the first quarter 2007 level of \$82,331,990.

The first quarter results as of March 31, 2008 when compared to the 2008 Business Plan Goals are mixed as earning asset volume and loans to young farmers are below plan. Permanent capital ratio at 25.55% and loans classified as Acceptable or OAEM quality at 99.91% are ahead of plan. New loan activity for the first quarter of 2008 remained slow, much like the last two quarters of 2007. The loan portfolio is performing well.

The October 1, 2003 merger of the Western Farm Credit Bank and the Farm Credit Bank of Wichita created U.S AgBank, FCB (AgBank) and the new U.S. AgBank District.

Please note that the U.S. AgBank, FCB will not send a copy of their quarterly report (First Quarter 2008) to shareholders under separate cover to each shareholder of the Association. A copy of the report may be obtained free of charge by contacting our Honolulu or Hilo Office or the U.S. AgBank, FCB, P. O. Box 2940, Wichita, KS 67201-2940, telephone (800) 322-9880.

David Nobriga
Chairman

Theodore M. Tokunaga, Jr.
President

THE CUSTOMER COMES FIRST.



FARM CREDIT SERVICES OF HAWAII, ACA
CONSOLIDATED BALANCE SHEET
(Unaudited)

	March 31		December 31	
	2008	2007	2007	2006
ASSETS				
Cash	\$ 275,702	\$ 461,331	\$ 576,001	\$ 317,587
Investment in and receivable from AgBank	2,754,720	2,754,720	2,754,720	2,754,720
Loans	77,568,856	79,144,912	77,508,653	80,707,402
Allowance for loan losses	<u>(1,175,000)</u>	<u>(1,175,000)</u>	<u>(1,175,000)</u>	<u>(1,175,000)</u>
Net loans	76,393,856	77,969,912	76,333,653	79,532,402
Accrued interest receivable	431,201	565,286	543,384	630,599
Premises and equipment, net	382,974	418,529	388,493	431,084
Other assets	<u>149,050</u>	<u>162,212</u>	<u>133,476</u>	<u>134,768</u>
Total assets	<u>\$ 80,387,503</u>	<u>\$ 82,331,990</u>	<u>\$ 80,729,727</u>	<u>\$ 83,801,160</u>
LIABILITIES				
Note payable to AgBank	\$ 60,483,661	\$ 62,702,633	\$ 60,597,884	\$ 64,280,223
Accrued interest payable to AgBank	181,252	293,865	245,894	292,322
Advanced conditional payments	401,291	537,419	463,753	363,112
Deferred tax liabilities	66,752	40,549	63,429	35,673
Other liabilities	<u>455,999</u>	<u>709,090</u>	<u>621,525</u>	<u>872,721</u>
Total liabilities	<u>61,588,955</u>	<u>64,283,556</u>	<u>61,992,485</u>	<u>65,844,051</u>
Commitments and contingent liabilities				
MEMBERS' EQUITY				
Capital stock and participation certificates	290,365	297,440	290,040	301,995
Unallocated retained earnings	18,508,183	17,986,490	18,447,202	17,890,610
Accumulated other comprehensive loss	<u>()</u>	<u>(235,496)</u>	<u>()</u>	<u>(235,496)</u>
Total members' equity	<u>18,798,548</u>	<u>18,048,434</u>	<u>18,737,242</u>	<u>17,957,109</u>
Total liabilities and members' equity	<u>\$ 80,387,503</u>	<u>\$ 82,331,990</u>	<u>\$ 80,729,727</u>	<u>\$ 83,801,160</u>

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

FARM CREDIT SERVICES OF HAWAII, ACA
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

	For the three months ended March 31,	
	2008	2007
INTEREST INCOME		
Loans	\$ 1,303,346	\$ 1,515,448
INTEREST EXPENSE		
Note payable to AgBank	654,061	883,312
Advance conditional payments	2,994	6,292
Total interest expense	657,055	889,604
Net interest income	646,291	625,844
Reversal of loan losses		
Net interest income after provision for loan losses	646,291	625,844
NONINTEREST INCOME		
Patronage refund from AgBank	78,686	89,383
Miscellaneous	17,471	20,739
Total noninterest income	96,157	110,122
NONINTEREST EXPENSE		
Salaries and employee benefits	271,414	274,587
Occupancy and equipment	42,146	41,165
Other operating expenses	203,473	156,390
Supervisory and examination expense	8,808	9,405
Insurance Fund premium	27,303	28,663
Total noninterest expense	553,144	510,210
Income before income taxes	189,304	225,756
Provision for income taxes	(3,323)	(4,876)
Net income	\$ 185,981	\$ 220,880

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

FARM CREDIT SERVICES OF HAWAII, ACA
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
(Unaudited)

	<u>At-Risk Equity</u>			
	<u>Capital Stock and Participation Certificates</u>	<u>Retained Earnings Unallocated</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Members' Equity</u>
Balance at December 31, 2006	\$ 301,995	\$17,890,610	\$ (235,496)	\$17,957,109
Comprehensive Income				
Net income		220,880		
Total comprehensive income				220,880
Dividends		(125,000)		(125,000)
Capital stock and participation certificates issued	4,250			4,250
Capital stock and participation certificates retired	<u>(8,805)</u>			<u>(8,805)</u>
Balance at March 31, 2007	<u>\$ 297,440</u>	<u>\$17,986,490</u>	<u>\$ (235,496)</u>	<u>\$18,048,434</u>
Balance at December 31, 2007	\$ 290,040	\$18,447,202	\$ (-)	\$18,737,242
Comprehensive Income				
Net income		185,981		
Total comprehensive income				185,981
Dividends		(125,000)		(125,000)
Capital stock and participation certificates issued	5,725			5,725
Capital stock and participation certificates retired	<u>(5,400)</u>			<u>(5,400)</u>
Balance at March 31, 2008	<u>\$ 290,365</u>	<u>\$18,508,183</u>	<u>\$ (-)</u>	<u>\$18,798,548</u>

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

FARM CREDIT SERVICES OF HAWAII, ACA
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

The Farm Credit Services of Hawaii, ACA and wholly-owned subsidiaries, Federal Land Bank Association of Hawaii, FLCA and Hawaii Production Credit Association, (collectively called the Association) is a member-owned cooperative that provides credit and credit related services to or for the benefit of eligible borrowers/stockholders for qualified agricultural purposes in the counties of Honolulu, Hawaii, Maui and Kauai in the state of Hawaii.

A description of the organization and operations of the subsidiary associations, the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2007, are contained in the 2007 Annual Report To Stockholders (2007 Annual Report). These unaudited first quarter 2008 consolidated financial statements should be read in conjunction with the 2007 Annual Report.

The accompanying consolidated financial statements prepared under the oversight of the audit committee contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations, and conform with generally accepted accounting principles. Certain amounts in prior period's consolidated financial statements have been reclassified to conform to current financial statement presentation. The results of operations for the three months ended March 31, 2008, are not necessarily indicative of the results to be expected for the full year.

NOTE 2. - ALLOWANCE FOR LOAN LOSSES:

An analysis of the allowance for loan losses follows:

	<u>March 31, 2008</u>	<u>March 31, 2007</u>
Balance at beginning of quarter	\$ 1,175,000	\$ 1,175,000
(Reversal of) provision for loan losses	-	-
Charge -offs	-	-
Recoveries	-	-
Balance at end of quarter	<u>\$ 1,175,000</u>	<u>\$ 1,175,000</u>

NOTE 3 - MEMBER'S EQUITY:

A description of the subsidiary association's capitalization requirements, capital protection mechanisms, regulatory capitalization requirements and restrictions, and equities is contained in the 2007 Annual Report to Stockholders. On February 21, 2008, the Association's Board of Directors declared a cash dividend distribution equal to 2.38% of the interest earned from borrowers payable to stockholders of record as of December 31, 2007. The total amount distributed to stockholders from unallocated retained earnings on March 31, 2008 was \$125,000.

The stockholder's investment in the Association is materially affected by the financial condition and the results of operation of the U.S. AgBank, FCB (AgBank). To obtain a copy of the AgBank's First Quarter 2008 Report to Shareholders, free of charge, please contact the U.S. AgBank, Administrative Office, P.O. Box 2940, Wichita, KS 67201-2940; Telephone (800) 322-9880.