

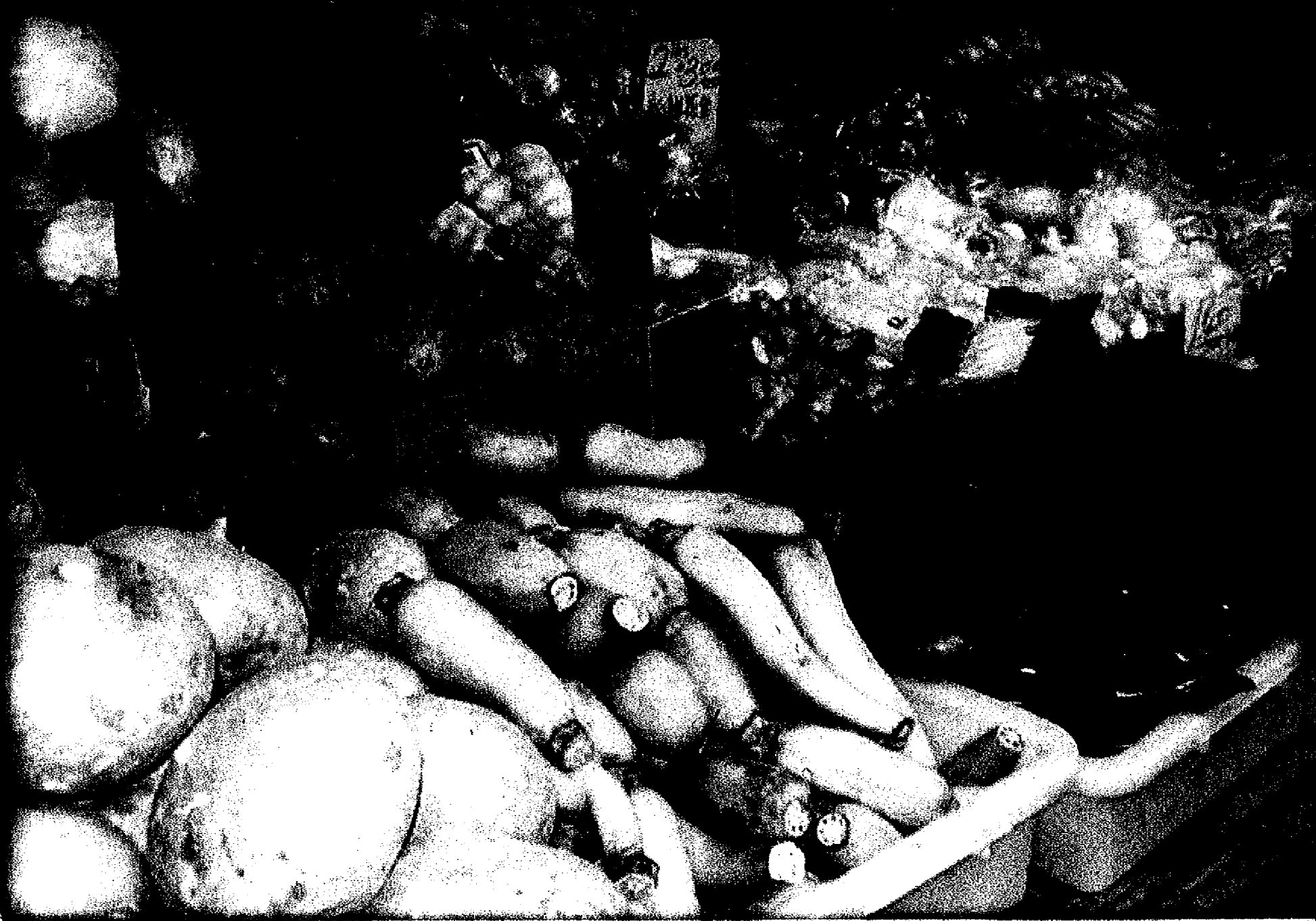
2009

Dedicated to the Growth and Prosperity of Agriculture

FARM CREDIT SERVICES OF HAWAII, ACA

Federal Land Bank Association of Hawaii, FLCA

Hawaii Production Credit Association



Farm Credit Services of Hawaii, ACA
2009 Annual Report
Table of Contents

Chairman's and President's Report	1
Report of Management	2
Audit Committee Report.....	3
Five-Year Summary of Selected Financial Data	4
Management's Discussion and Analysis.....	5
Report of Independent Auditors	27
Consolidated Statement of Condition	28
Consolidated Statements of Income	29
Consolidated Statement of Changes in Members' Equity	30
Consolidated Statements of Cash Flows	31
Notes to Consolidated Financial Statements	32
Disclosure Information	47

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

We entered 2009 with great uncertainty as the financial crisis began to accelerate and the economy appeared to be sliding into the abyss. Unemployment climbed above 10.00% as businesses cut expenses to generate a bottom-line and survive the recession. The Federal Government took immediate action by infusing capital into troubled institutions to help them survive the down turn and stabilize the economy. Losses from investments, poor credit quality and flawed business models took a toll on struggling financial institutions. Federal Government bailouts became the mantra as more businesses began to falter beneath the crushing pressure of the recession not felt since the great depression. The Federal Reserve lowered borrowing cost of institutions to a very low level which helped financial institutions improve the bottom line and re-build capital.

Amiss the financial turmoil mentioned above, the results reflected below of the Agricultural Credit Association (ACA) parent company of the Federal Land Bank Association of Hawaii, FLCA and Hawaii Production Credit Association represent an improvement over the results of 2008. The Association pension plan expenses were an unexpected \$251,000, an increase from the \$79,000 for 2008, and bank patronage income decreased to only \$46,000 from the prior year level of \$281,000, but as the highlights reflect the year was solid.

Highlights of the Farm Credit Services of Hawaii, ACA operating performance for 2009 are as follows:


- Members' equity ended the year at \$19,794,000 and that was an increase of \$757,000 over 2008 members' equity of \$19,037,000.
- Net income for 2009 amounted to \$879,000 and was \$453,000 higher than the 2008 net income of \$426,000.
- Permanent capital ratio increased from 27.51% as of December 31, 2008 to 27.63% as of December 31, 2009.
- Total loan volume increased by \$3,179,000 or 4.29% from \$74,034,000 as of December 31, 2008 to \$77,213,000 as of December 31, 2009.
- Noninterest expense decreased from \$2,502,000 as of December 31, 2008 to \$2,447,000 as of December 31, 2009 a decrease of \$55,000.
- Acceptable and special mention credit quality was 99.05% as of December 31, 2009 a decrease of .85% from the December 31, 2008 level of 99.90%.

The Board of Directors declared a dividend of \$125,000 at the February 18, 2010 meeting.

This 2009 Annual Report contains the required disclosures and audited financial statements, which in the opinion of management, fairly represent the condition and results of operation of the Association.

Aloha and Mahalo to our stockholders for their continued support, and special thanks to our Board of Directors for a job well done. Thank you to our dedicated staff for the contribution towards the success of the Association.


Mamoru Kaneshiro
Chairman of the Board
Farm Credit Services of Hawaii, ACA


Theodore M. Tokunaga, Jr.
President, Chief Executive Officer, & Secretary
Farm Credit Services of Hawaii, ACA

March 15, 2010

**Farm Credit Services of Hawaii, ACA
Report of Management**

The financial statements of Farm Credit Services of Hawaii, ACA (the Association) are prepared by management, who is responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances, and in the opinion of management, fairly present the financial condition of the Association. Other financial information included in the 2009 annual report is consistent with that in the financial statements.


To meet its responsibility for reliable financial information, management depends on the Association's accounting and internal control systems, which have been designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions are properly authorized and recorded. To monitor compliance, the Association's internal auditor performs audits of the accounting records, reviews accounting systems and internal controls, and recommends improvements as appropriate. The financial statements are examined by PricewaterhouseCoopers LLP, independent auditors, who also conduct a review of internal controls to the extent necessary to comply with auditing standards generally accepted in the United States of America. The Association is also examined by the Farm Credit Administration.

The Audit Committee of the Board of Directors has overall responsibility for the Association's system of internal control and financial reporting. The Audit Committee consults regularly with management and reviews the results of the examinations by the various entities named above. The independent auditors have direct access to the Audit Committee.

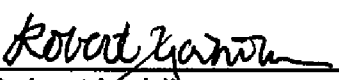
The undersigned certify the Farm Credit Services of Hawaii, ACA Annual Report has been reviewed, prepared in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.



Mamoru Kaneshiro
Chairman of the Board



Theodore M. Tokunaga, Jr.
President, Chief Executive Officer & Secretary



Robert Yahiku
Chief Financial Officer

March 15, 2010

**Farm Credit Services of Hawaii, ACA
Audit Committee Report**

The Audit Committee (Committee) includes seven members from the Board of Directors of Farm Credit Services of Hawaii, ACA (the Association). In 2009, 11 Committee meetings were held. The Committee oversees the scope of the Association's internal audit program, the independence of the outside auditors, the adequacy of the Association's system of internal controls and procedures, and the adequacy of management's action with respect to recommendations arising from those auditing activities. The Committee's responsibilities are described more fully in the Internal Control Policy and the Audit Committee Charter. The Committee approved the appointment of PricewaterhouseCoopers, LLP (PwC) as the Association's independent auditors for 2009.

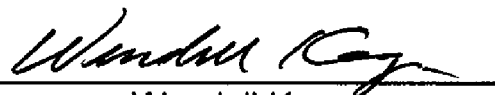
The fees for professional services rendered for the Association by its independent auditor, PwC, during 2009 were \$59,434 for audit services and \$6,800 for tax services.

The Committee reviewed the non-audit services provided by PwC and concluded these services were not incompatible with maintaining the independent auditor's independence.

Management is responsible for the Association's internal controls and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. PwC is responsible for performing an independent audit of the Association's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and to issue a report thereon. The Committee's responsibilities include monitoring and overseeing these processes.

In this context, the Committee reviewed and discussed the Association's Quarterly Reports and the Association's financial statements for the year ended December 31, 2009 (the "Audited Financial Statements") with management. The Committee also reviews with PwC the matters required to be discussed by Statement on Auditing Standards No. 114 (*The Auditor's Communication with Those Charged with Governance*). Both PwC and the Association's internal auditors directly provide reports on significant matters to the Committee.

Based on the foregoing review and discussions and relying thereon, the Committee recommended that the Board of Directors include the Financial Statements in the Association's Annual Report to Shareholders for the year ended December 31, 2009.


Wendell Koga
Chairman of the Audit Committee

Michael G. Fitzgerald
Mamoru Kaneshiro
Raymond M. Kawamata
David Buddy Nobriga
Faith Okabe
Joseph M. Souki

March 15, 2010

Farm Credit Services of Hawaii, ACA
Five-Year Summary of Selected Financial Data
December 31, 2009, 2008 and 2007

	2009	2008	2007	December 31, 2006	2005
Statement of Condition Data					
Loans	\$ 77,213	\$ 74,034	\$ 77,509	\$ 80,707	\$ 79,390
Less: Allowance for loan losses	(1,255)	(1,195)	(1,175)	(1,175)	(1,175)
Net loans	75,958	72,839	76,334	79,532	78,215
Cash	422	329	576	318	244
Accrued interest receivable	386	439	543	631	548
Investment in AgBank	2,755	2,755	2,755	2,755	2,583
Other assets	711	768	522	566	644
Total assets	\$ 80,232	\$ 77,130	\$ 80,730	\$ 83,802	\$ 82,234
Obligation with maturities of one year or less	\$ 60,438	\$ 58,093	\$ 61,992	\$ 65,599	\$ 64,623
Obligations with maturities greater than one year	-	-	-	245	427
Total liabilities	60,438	58,093	61,992	65,844	65,050
Capital stock and participation certificates	291	288	290	302	321
Unallocated retained earnings	19,503	18,749	18,448	17,891	17,274
Accumulated other comprehensive loss	-	-	-	(235)	(411)
Total members' equity	19,794	19,037	18,738	17,958	17,184
Total liabilities and members' equity	\$ 80,232	\$ 77,130	\$ 80,730	\$ 83,802	\$ 82,234
Statement of Income Data					
Net interest income	\$ 3,237	\$ 2,636	\$ 2,452	\$ 2,524	\$ 2,687
(Reversal of) provision for loan losses	-	-	-	-	(25)
Noninterest expense, net	(2,367)	(2,190)	(1,752)	(1,717)	(1,728)
(Benefit from) provision for income taxes	(9)	20	18	65	35
Net income	\$ 879	\$ 426	\$ 682	\$ 742	\$ 949
Key Financial Ratios					
For the Year					
Return on average assets	1.13%	0.55%	0.85%	0.92%	1.17%
Return on average total members' equity	4.53%	2.25%	3.74%	4.22%	5.60%
Net interest income as a percentage of average earning assets	3.30%	3.58%	3.25%	3.27%	3.47%
At Year End					
Debt to members' equity	3:05:01	3:05:1	3.31:1	3.67:1	3.79:1
Total members' equity as a percentage of total assets	24.67%	24.68%	23.21%	21.43%	20.90%
Net (recoveries) charge-offs as a percentage of average loans	0.08%	0%	0%	0%	0%
Allowance for loan losses as a percentage of loans	1.63%	1.61%	1.52%	1.46%	1.48%
Permanent capital ratio	27.63%	27.51%	26.19%	24.38%	23.99%
Total surplus ratio	27.22%	27.09%	25.78%	23.97%	23.55%
Core surplus ratio	23.55%	23.31%	22.09%	20.47%	20.19%
Other					
Cash dividends paid	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125