

THIRD QUARTER 2008

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CERTIFICATION

The undersigned certify that we have reviewed the September 30, 2008 quarterly report of Farm Credit of Central Florida, ACA, that the report has been prepared under the oversight of the Audit Committee of the Board of Directors and 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.



Reginald T. Holt
Chief Executive Officer



Gregory D. Ellis
Chief Financial Officer



Al Bellotto
Chairman of the Board

October 22, 2008

Management's Discussion and Analysis of Financial Condition and Results of Operations

(dollars in thousands)

The following commentary reviews the financial condition and results of operations of Farm Credit of Central Florida, ACA, (Association) for the period ended September 30, 2008. These comments should be read in conjunction with the accompanying financial statements, notes to the financial statements and the 2007 Annual Report of the Association. The accompanying consolidated financial statements were prepared under the oversight of the Audit Committee of the Board of Directors.

LOAN PORTFOLIO

The Association provides funds to farmers, rural homeowners and farm-related businesses for financing of short and intermediate-term loans and long-term real estate mortgage loans. The Association's loan portfolio is diversified over a range of agricultural commodities in our region, including citrus, fruits/vegetables, horticulture, and cattle. Farm size varies and many of the borrowers in the region have diversified farming operations. This factor, along with the numerous opportunities for non-farm income in the area, reduces the level of dependency on a given commodity.

The gross loan volume of the Association as of September 30, 2008, was \$382,022, an increase of \$12,359 as compared to \$369,663 at December 31, 2007. Net loans outstanding at September 30, 2008, were \$378,183 as compared to \$368,190 at December 31, 2007. The Association has investment securities that are classified as held to maturity in the amount of \$44,603 at September 30, 2008, as compared to \$30,247 at December 31, 2007. Net loans and investment securities accounted for 94.10 percent of total assets at September 30, 2008, as compared to 92.65 percent of total assets at December 31, 2007.

The increase in gross and net loan volume is due to increased borrowings by the Association's core agricultural producers and seasonal lending. The short-term portfolio, which is heavily influenced by operating loans, normally reaches a peak balance between September and December as strawberry and other winter vegetable growers prepare for the next crop season.

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level and credit administration remains satisfactory. Nonaccrual loans increased \$6,207 to \$11,016 at September 30, 2008, compared to \$4,809 at December 31, 2007, the majority being due to the weaknesses associated with residential mortgages and one large loan in the nursery industry.

Association management maintains an allowance for loan losses in an amount considered sufficient to absorb possible

losses in the loan portfolio based on current and expected future conditions. The allowance for loan losses at September 30, 2008, was \$3,839 compared to \$1,473 at December 31, 2007, and is considered by management to be adequate to cover possible losses. This increase in allowance was funded through an increase in the provision for loan losses, which significantly reduced current period final net income.

RESULTS OF OPERATIONS

For the three months ended September 30, 2008

Net income for the three months ended September 30, 2008, totaled \$1,394, as compared to \$2,984 for the same period in 2007. Net interest income decreased \$350 for the three months ended September 30, 2008, as compared to the same period in 2007. The primary reason for this decrease in net interest income is the reduced interest rate environment even though the volume of loans and investments is greater as compared to the same time last year.

At September 30, 2008, interest income on accruing loans decreased \$944 to \$6,265 as compared to \$7,209 at September 30, 2007. Nonaccrual income was \$1 for the three months ended September 30, 2008, as compared to \$3 for the same period in 2007. Interest income on investment securities was \$343 for the three months ended September 30, 2008 as compared to \$414 for the same period in 2007. Interest expense decreased \$665 for the three months ended September 30, 2008, as compared to the same period in 2007.

Noninterest income for the three months ended September 30, 2008, totaled \$2,309, as compared to \$1,948 for the same period of 2007, an increase of \$361. The increase is primarily the result of the increases in equity in earnings of the Bank (\$489) and fees for financially related services (\$32) being partially offset by the reduction in noninterest income other (\$44) and loan fees (\$116). Noninterest expense for the three months ended September 30, 2008, decreased \$9 compared to the same period of 2007. The primary reasons for the decrease in noninterest expense were decreases in salary and employee benefits expenses (\$60) and Insurance Fund premium (\$10) being partially offset by the increase in other operating expenses (\$57) and occupancy and equipment expense (\$4).

For the nine months ended September 30, 2008

Net income for the nine months ended September 30, 2008, totaled \$6,160, as compared to \$8,745 for the same period in 2007. The primary reason for this decline of \$2,585 is due to the increase in provisions for loan losses which increased by \$2,770 between the two periods. Net interest income decreased \$282 for the nine months ended September 30,

2008, as compared to the same period in 2007. The primary cause of the decrease in net interest income is the overall lower interest rate environment as compared to the same time last year.

At September 30, 2008, interest income on accruing loans decreased \$1,789 to \$19,717 as compared to \$21,506 at September 30, 2007. Nonaccrual income was \$13 for the nine months ended September 30, 2008, as compared to \$20 at September 30, 2007. Interest income on investment securities was \$1,011 for the nine months ended September 30, 2008, as compared to \$1,302 at September 30, 2007. Interest expense decreased \$1,798 for the nine months ended September 30, 2008, as compared to the same period in 2007.

Noninterest income for the nine months ended September 30, 2008, totaled \$6,629, as compared to \$5,992 for the same period of 2007, an increase of \$637. The increase is primarily the result of the increase in loan fees (\$214), other noninterest income (\$59), fees for financially related services (\$66) and equity in earnings of the Bank (\$298). Noninterest expense for the nine months ended September 30, 2008, increased \$170 compared to the same period of 2007. The primary reasons for the increase in noninterest expense were increases in salaries and employee benefits (\$65), other operating expenses (\$104) and insurance fund premiums (\$7) being partially offset by the reduction in occupancy and equipment expense (\$6).

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with the Bank through a General Financing Agreement. The General Financing Agreement utilizes the Association's credit and fiscal performance as criteria for establishing a line of credit on which the Association may draw funds. The funds are advanced by the Bank to the Association in the form of notes payable. The notes payable are segmented into variable rate and fixed rate sections. The variable rate note is utilized by the Association to fund variable rate loan advances and operating funds requirements. The fixed rate note is used specifically to fund fixed rate loan advances made by the Association. The total notes payable to the Bank at September 30, 2008, was \$364,730 as compared to \$343,677 at December 31, 2007. The increase is attributable to increased borrowings to fund new loan advances.

CAPITAL RESOURCES

Total members' equity at September 30, 2008, increased to \$78,035 from the December 31, 2007, total of \$73,753. The increase is primarily attributed to the increase in surplus along with a very small decrease in capital stock and participation certificates.

Total capital stock and participation certificates were \$1,296 on September 30, 2008, compared to \$1,331 on December 31, 2007. This decrease is attributed to the retirement of protected stock and participation certificates on loans liquidated in the normal course of business.

Farm Credit Administration regulations require all Farm Credit institutions to maintain minimum permanent capital, total

surplus and core surplus ratios. These ratios are calculated by dividing the Association's permanent capital, total surplus and core surplus as defined in FCA regulations, by a risk-adjusted asset base. As of September 30, 2008, the Association's total surplus ratio and core surplus ratio were 15.24 percent and 12.22 percent, respectively, and the permanent capital ratio was 16.21 percent. All three ratios were well above the minimum regulatory ratios of 7.00 percent for permanent capital and total surplus ratios and 3.50 percent for the core surplus ratio.

NOTE:

Shareholder investment in the Association could be affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's annual and quarterly reports are available upon request free of charge by calling 1-800-845-1745, ext. 378, or writing Stephen Gilbert, AgFirst Farm Credit Bank, P.O. Box 1499, Columbia, SC 29202. Information concerning AgFirst Farm Credit Bank can also be obtained at their website, www.agfirst.com. Copies of the Association's annual and quarterly reports are also available upon request free of charge by calling 1-800-533-2773, or writing Greg Ellis, CFO, Farm Credit of Central Florida, ACA, P. O. Box 8009, Lakeland, FL 33802, or accessing the website, www.farmcreditfl.com. The Association prepares a quarterly report within 40 days after the end of each fiscal quarter, except that no report need be prepared for the fiscal quarter that coincides with the end of the fiscal year of the institution.

Farm Credit of Central Florida, ACA
Consolidated Balance Sheets

<i>(dollars in thousands)</i>	September 30, 2008 <i>(unaudited)</i>	December 31, 2007 <i>(audited)</i>
Assets		
Cash	\$ 12	\$ 72
Investment securities:		
Held to maturity (fair value of \$44,678 and \$30,148 respectively)	44,603	30,247
Total investment securities	44,603	30,247
Loans	382,022	369,663
Less: allowance for loan losses	3,839	1,473
Net loans	378,183	368,190
Accrued interest receivable	2,616	2,699
Investment in other Farm Credit institutions	13,975	15,114
Premises and equipment, net	1,059	999
Other property owned	674	1,061
Due from AgFirst Farm Credit Bank	4,888	7,360
Other assets	3,279	4,297
Total assets	\$ 449,289	\$ 430,039
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 364,730	\$ 343,677
Accrued interest payable	1,419	1,688
Patronage refund payable	39	4,703
Other liabilities	5,066	6,218
Total liabilities	371,254	356,286
Commitments and contingencies		
Members' Equity		
Protected borrower equity	39	64
Capital stock and participation certificates	1,257	1,267
Retained earnings		
Allocated	31,170	33,511
Unallocated	45,662	39,214
Accumulated other comprehensive income (loss)	(93)	(303)
Total members' equity	78,035	73,753
Total liabilities and members' equity	\$ 449,289	\$ 430,039

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

Farm Credit of Central Florida, ACA
Consolidated Statements of Income

(unaudited)

<i>(dollars in thousands)</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2008	2007	2008	2007
Interest Income				
Investment securities	\$ 343	\$ 414	\$ 1,011	\$ 1,302
Loans	6,265	7,209	19,717	21,506
Total interest income	6,608	7,623	20,728	22,808
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	4,267	4,932	13,119	14,917
Net interest income	2,341	2,691	7,609	7,891
Provision for (reversal of allowance for) loan losses	1,460	(150)	2,520	(250)
Net interest income after provision for (reversal of allowance for) loan losses	881	2,841	5,089	8,141
Noninterest Income				
Loan fees	184	300	914	700
Fees for financially related services	164	132	435	369
Equity in earnings of other Farm Credit institutions	1,930	1,441	5,077	4,779
Gains (losses) on other property owned, net	6	—	(72)	—
Gains (losses) on sale of rural home loans, net	29	66	153	61
Other noninterest income	(4)	9	122	83
Total noninterest income	2,309	1,948	6,629	5,992
Noninterest Expense				
Salaries and employee benefits	1,081	1,141	3,421	3,356
Occupancy and equipment	176	172	517	523
Insurance Fund premium	119	129	397	390
Other operating expenses	420	363	1,223	1,119
Total noninterest expense	1,796	1,805	5,558	5,388
Income before income taxes	1,394	2,984	6,160	8,745
Provision (benefit) for income taxes	—	—	—	—
Net income	\$ 1,394	\$ 2,984	\$ 6,160	\$ 8,745

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

Farm Credit of Central Florida, ACA
**Consolidated Statements of Changes in
Members' Equity**

(unaudited)

(dollars in thousands)

	Protected Borrower Capital	Capital Stock and Participation Certificates	Retained Earnings		Accumulated Other Comprehensive Income	Total Members' Equity
			Allocated	Unallocated		
Balance at December 31, 2006	\$ 97	\$ 1,209	\$ 28,995	\$ 38,799	\$ —	\$ 69,100
Net income				8,745		8,745
Protected borrower equity retired	(33)					(33)
Capital stock/participation certificates issued/(retired), net		51				51
Retained earnings retired			(2,178)			(2,178)
Patronage distribution adjustment			(305)	(311)		(616)
Balance at September 30, 2007	\$ 64	\$ 1,260	\$ 26,512	\$ 47,233	\$ —	\$ 75,069
Balance at December 31, 2007	\$ 64	\$ 1,267	\$ 33,511	\$ 39,214	\$ (303)	\$ 73,753
Net income				6,160		6,160
Protected borrower equity retired	(25)					(25)
Capital stock/participation certificates issued/(retired), net		(10)				(10)
Retained earnings retired			(2,178)			(2,178)
Patronage distribution adjustment			(163)	313		150
Employee benefit plans adjustments				(25)	210	185
Balance at September 30, 2008	\$ 39	\$ 1,257	\$ 31,170	\$ 45,662	\$ (93)	\$ 78,035

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

Farm Credit of Central Florida, ACA

Notes to the Consolidated Financial Statements

*(dollars in thousands, except as noted)
(unaudited)*

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements include the accounts of Farm Credit of Central Florida, ACA (the Association). A description of the organization and operations of the Association, 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 Shareholders. These unaudited third quarter 2008 consolidated financial statements should be read in conjunction with the 2007 Annual Report to Shareholders.

The accompanying consolidated 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 (GAAP) and prevailing practices within the banking industry. The results for the nine months ended September 30, 2008, are not necessarily indicative of the results to be expected for the year ending December 31, 2008.

Certain amounts in the prior period's consolidated financial statements may have been reclassified to conform to the current period's consolidated financial statement presentation. Such reclassifications had no effect on the prior period net income or total capital as previously reported.

The Association maintains an allowance for loan losses in accordance with GAAP. The loan portfolio is reviewed quarterly to determine the adequacy of the allowance for losses. As of September 30, 2008, the allowance for losses is adequate in management's opinion to provide for possible losses on existing loans.

In December 2007, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141R, "Business Combinations" (SFAS 141R). SFAS 141R requires business combinations to be accounted for under the acquisition method of accounting (previously called the purchase method). The acquisition method requires (a) identifying the acquirer, (b) determining the acquisition date, (c) recognizing and measuring the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, at their acquisition date fair values, and (d) recognizing and measuring goodwill

or a gain from a bargain purchase. SFAS 141R should be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early application is prohibited. The Association is still evaluating the provisions of SFAS 141R, but believes that its adoption will significantly impact its accounting for combinations/acquisitions that may occur in 2009 and beyond.

NOTE 2 – ALLOWANCE FOR LOAN LOSSES

An analysis of the allowance for loan losses follows:

	For the nine months ended September 30,	
	2008	2007
Balance at beginning of period	\$ 1,473	\$ 1,639
Provision for (reversal of) loan losses	2,520	(250)
Loans (charged off), net of recoveries	(154)	24
Balance at end of period	\$ 3,839	\$ 1,413

NOTE 3 – EMPLOYEE BENEFIT PLANS

The following is a table of retirement and other postretirement benefit expenses for the Association:

	For the nine months ended September 30,	
	2008	2007
Pension	\$ 446	\$ 346
401(k)	102	83
Other postretirement benefits	126	122
Total	\$ 674	\$ 551

The following is a table of retirement and other postretirement benefit contributions for the Association:

	Actual YTD Through 9/30/08	Projected Contributions For Remainder of 2008	Projected Total Contributions 2008
Pension	\$ 11	\$ 8	\$ 19
Other postretirement benefits	86	19	105
Total	\$ 97	\$ 27	\$ 124

As of September 30, 2008, contributions of \$11 have been made to the pension plan for 2008. Actuarial projections as of the last plan measurement date (September 30, 2007) anticipated total contributions of \$19 for 2008. However, a new funding policy adopted during 2008 and a declining investment market, which has impacted the discount rate and the return on plan assets, will require an additional contribution to be made prior to the next plan measurement date at December 31, 2008. The additional contribution amount will be determined by the plan's Sponsor Committee.

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans (SFAS 158)*, which required the recognition of the overfunded or underfunded status of pension and other postretirement benefit plans on the balance sheet. The balance sheet recognition provisions of SFAS 158 were adopted at December 31, 2007 by the Association.

SFAS 158 also requires that employers measure the benefit obligation and plan assets as of the fiscal year end for fiscal years ending after December 15, 2008. In fiscal 2007 and earlier, a September 30 measurement date was used for pension and other postretirement benefit plans. The Standard provides two approaches for an employer to transition to a fiscal year end measurement date. The approach applied by the Association allows for the use of the measurements determined for the prior year end. Under this alternative, pension and other postretirement benefit expense measured for the three-month period October 1, 2007 to December 31, 2007 (determined using the September 30, 2007 measurement date) is reflected as an adjustment to beginning 2008 unallocated retained earnings. As a result, the Association decreased unallocated retained earnings and increased the pension liability by \$25.

Upon adoption, SFAS 158 further required the determination of the fair value of plan assets and recognition of actuarial gains and losses, prior service costs or credits, and transition assets or obligations as a component of accumulated other comprehensive income (AOCI). These amounts are subsequently recognized as components of net periodic benefit costs. For the first nine months of 2008, \$210 has been recognized as a credit to AOCI and a debit to pension expense to reflect the amortization of the components previously recognized in AOCI.

Further details regarding employee benefit plans and adoption of SFAS 158 are contained in the 2007 Annual Report to Shareholders.