Farm Credit of Central Florida, ACA

THIRD QUARTER 2010

TABLE OF CONTENTS

Report on Internal Control Over Financial Reporting 2

Management's Discussion and Analysis of

Financial Condition and Results of Operations 3

Consolidated Financial Statements

Consolidated Balance Sheets 8

Consolidated Statements of Income 9

Consolidated Statements of Changes in Members' Equity 10

Notes to the Consolidated Financial Statements 11

CERTIFICATION

The undersigned certify that we have reviewed the September 30, 2010 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

D. Scott Fontenot
Chief Financial Officer

Lewis S. Stidham
Chairman of the Audit committee

November 5, 2010

Farm Credit of Central Florida, ACA

Report on Internal Control Over Financial Reporting

The Association's principal executives and principal financial officers, or persons performing similar functions, are responsible for establishing and maintaining adequate internal control over financial reporting for the Association's Consolidated Financial Statements. For purposes of this report, "internal control over financial reporting" is defined as a process designed by, or under the supervision of the Association's principal executives and principal financial officers, or persons performing similar functions, and effected by its Board of Directors, management and other personnel. This process provides reasonable assurance regarding the reliability of financial reporting information and the preparation of the Consolidated Financial Statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Association, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial information in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Association, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Association's assets that could have a material effect on its Consolidated Financial Statements.

The Association's management has completed an assessment of the effectiveness of internal control over financial reporting as of September 30, 2010. In making the assessment, management used the framework in *Internal Control — Integrated Framework*, promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria.

Based on the assessment performed, the Association concluded that as of September 30, 2010, the internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on this assessment, the Association determined that there were no material weaknesses in the internal control over financial reporting as of September 30, 2010.

Reginald T. Holt
Chief Executive Officer

D. Scott Fontenot
Chief Financial Officer

November 5, 2010

Farm Credit of Central Florida, ACA

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, 2010. These comments should be read in conjunction with the accompanying financial statements, notes to the financial statements and the 2009 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 horticulture, fruits/vegetables, citrus, 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.

September 30, 2010 compared to December 31, 2009

Loan volume of the Association as of September 30, 2010, was $346,409, a decrease of $24,366 as compared to $370,775 at December 31, 2009. Net loans outstanding at September 30, 2010, were $337,578 as compared to $364,816 at December 31, 2009. The Association has investment securities that are classified as held to maturity in the amount of $45,628 at September 30, 2010, as compared to $49,648 at December 31, 2009. Net loans and investment securities accounted for 92.70 percent of total assets at September 30, 2010, as compared to 92.97 percent of total assets at December 31, 2009.

The Association's total servicing portfolio has decreased to $988,573 as compared to $1,028,899 at December 31, 2009 due to large corporate customers lowering their commitment lines and offset by increased lending activity to other existing corporate and commercial customers. The decrease in net loan volume is primarily due to seasonal lending. The short-term portfolio, which is heavily influenced by operating loans, normally reaches a peak balance between September and December and declines between January and June as strawberry and other winter vegetable growers pay down their loans using proceeds from the sale of their crops. The result of this normal seasonal lending activity causes net loan volume to decrease on revolving credit lines. Due to internal hold limits on individual credits and/or commodities and capital and growth management initiatives, more loan volume has been sold through loan participations to various AgFirst participation pools resulting in participation sold volume to be increased.

ASSET QUALITY AND LOAN LOSS RESERVES

There is an inherent risk in the extension of any type of credit. While credit administration remains satisfactory, portfolio credit quality has weakened as compared to prior periods, primarily in those loans secured by real estate and in the nursery industry. Acceptable and OAEM credit quality as a percentage of total loan portfolio was 85.64% as of September 30, 2010 compared to 88.24% at December 31, 2009 and 89.45% at September 30, 2009. Nonaccrual loan volume was $26,955 at September 30, 2010, compared to $31,860 at December 31, 2009 and $27,421 at September 30, 2009, a decrease of $4,905 and $466, respectively. Majority of the loan assets in nonaccrual are associated with several loans in the nursery industry, several agricultural real estate loans and residential lot loans.

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, 2010, was $8,831 compared to $5,959 at December 31, 2009 and $8,395 at September 30, 2009, and is considered by management to be adequate to cover possible losses. The allowance for loan loss is broken down between specific reserves assigned to an individual loan and general reserves which are available for the possible losses within the entire portfolio. The current allowance for loan loss at September 30, 2010 contains $6,802 in specific reserves and $2,029 in general reserves. The following outlines the allowance for loan loss activity as of September 30, 2010.

Allowance for Loan Losses Activity:	Q1 2010	Q2 2010	Q3 2010	YTD 2010
Balance at beginning of period	$5,959	$7,984	$7,691	$5,959
Charge-offs	(130)	(1,766)	(1,496)	(3,392)
Recoveries	–	3	256	259
Provisions/(Reversals)-General	438	(56)	(580)	(198)
Provisions/(Reversals)–Specifics	1,717	1,526	2,960	6,203
Balance at end of period	$7,984	$7,691	8,831	8,831

The increase in allowance for loan losses was a direct result of the increases in specific reserves within the nursery portfolio's tree farm segment. This increase in allowance was funded through an increase in the provision for loan losses, which was the primary cause for the significantly low final net income.

RESULTS OF OPERATIONS

For the three months ended September 30, 2010

Net income for the three months ended September 30, 2010, totaled $(595), as compared to $538 for the same period in 2009. The decrease of $1,133 for the period is associated directly with the increase of provisions for loan loss as compared to same period prior year.

Net interest income decreased $7 for the three months ended September 30, 2010, as compared to the same period in 2009. The primary reason for the decrease is the reduced net loan assets as compared to the same time last year. Net interest income for the three months ending September 30, 2010 is shown in the following table:

	For the three months ended September 30,			
Net Interest Income	**2010**	**2009**	**$ change**	**% change**
Investment Interest Income	$ 210	$ 229	$ (19)	-8.30%
Loan Interest Income	4,122	4,386	(264)	-6.02%
Total Interest Income	4,332	4,615	(283)	-6.13%
Total Interest Expense	2,056	2,332	(276)	-11.84%
Net Interest Income	$ 2,276	2,283	$ (7)	-0.31%

Provisions for loan losses for the quarter totaled $2,380, as compared to $1,200 for the same period last year. The increase in provisions was due mostly to the decrease in loan volumes offset by the necessary increases required for specific reserves on certain nursery and fruit/vegetable loans. Provisions for loan losses for the three months ending September 30, 2010 are shown in the following table:

	For the three months ended September 30,			
Provisions for Loan Losses	**2010**	**2009**	**$ change**	**% change**
General Reserves	$ (580)	$ (432)	$ (148)	34.26%
Specific Reserves	2,960	1,632	1,328	81.37%
Total Provisions/(Reversals)	$ 2,380	$ 1,200	$ 1,180	98.33%

Noninterest income for the three months ended September 30, 2010, totaled $1,292, as compared to $1,375 for the same period of 2009, an decrease of $83. The decrease is primarily the result of decreased Fees for Financially Related Services and Losses on Other Property Owned offset by increased Loan Fees and Equity in Earnings of other Farm Credit Institutions. Expenses and losses from asset sales represented the decrease on Other Property Owned (OPO) due to increased OPO assets from prior period. . Noninterest income for the three months ending September 30, 2010 is shown in the following table:

	For the three months ended September 30,			
Noninterest Income	**2010**	**2009**	**$ change**	**% change**
Loan fees	$ 224	$ 164	$ 60	36.59%
Fees for financially related services	4	119	(115)	-96.64%
Equity in earnings from other Farm Credit Institutions	1,195	1,078	117	10.85%
Gains (losses) on other property owned, net	(187)	(52)	(135)	-259.6%
Gains (losses) on sales of rural home loans, net	54	27	27	-100.00%
Insurance Fund refund				
Other noninterest income	2	39	(41)	-105.13%
Total noninterest income	$ 1,292	$ 1,375	$ (83)	-6.04%

Noninterest expense for the three months ended September 30, 2010, decreased $137 compared to the same period of 2009. The primary reasons for the decrease was the decrease in Insurance Fund premiums coupled with decreases in all other noninterest expenses. The decrease in Insurance Fund premiums is a result of decrease premium costs and decreased loan asset volumes. Noninterest expense for the three months ending September 30, 2010 is shown in the following table:

	For the three months ended September 30,			
Noninterest Expense	**2010**	**2009**	**$ change**	**% change**
Salary and employee benefits	1,241	1,249	(8)	-0.64%
Occupancy and equipment	172	179	(7)	-3.91%
Insurance Fund Premium	42	146	(104)	-71.23%
Other operating expenses	328	346	(18)	-5.20%
Total noninterest expense	1,783	1,920	(137)	-7.14%

For the nine months ended September 30, 2010

Net income for the nine months ended September 30, 2010, totaled $1,071 as compared to $878 for the same period in 2009. The increase of $193 for the period is associated directly with increased Equity in Earnings of other Farm Credit Institutions.

Net interest income decreased $640 for the nine months ended September 30, 2010, as compared to the same period in 2009. The primary reason for the decrease is the reduced loan volumes from prior year due to decreased loan borrowings on lines of credit. Net interest income for the nine months ending September 30, 2010 is shown in the following table:

	For the nine months ended September 30,			
Net Interest Income	**2010**	**2009**	**$ change**	**% change**
Investment Interest Income	$ 662	$ 720	$ (58)	-8.06%
Loan Interest Income	12,499	15,045	(2,546)	-16.92%
Total Interest Income	13,161	15,765	(2,604)	-16.52%
Total Interest Expense	6,522	8,486	(1,964)	-23.14%
Net Interest Income	$ 6,639	7,279	$ (640)	-8.79%

The effects of changes in average volume and interest rates on net interest income over the past nine months as compared to prior year are presented in the following table:

Change in Net Interest Income:

	Volume	**Rate**	**Non-accrual**	**Amortization**	**Total**
			(dollars in thousands)		
Change in NII	$ (620)	$ 337	$ (357)	$ –	$ (640)

Provisions for loan losses for the year totaled $6,005, as compared to $5,225 for the same period last year. The increase in provisions was due mostly to necessary increases required for specific reserves on certain nursery, fruit/vegetable, citrus, cattle, and rural home loans. Provisions for loan losses for the nine months ending September 30, 2010 are shown in the following table:

	For the nine months ended September 30,			
Provisions for Loan Losses	**2010**	**2009**	**$ change**	**% change**
General Reserves	$ (198)	$ 581	$ (779)	-134.08%
Specific Reserves	6,203	4,644	1,559	33.57%
Total Provisions/(Reversals)	$ 6,005	$ 5,225	$ 780	14.93%

Noninterest income for the nine months ended September 30, 2010, totaled $5,938, as compared to $4,799 for the same period of 2009, an increase of $1,139. The increase is primarily the result of the increase in Equity in Earnings of other Farm Credit Institutions and a refund from the Farm Credit System Insurance Fund. The Association's patronage earnings from the Capitalized Participation Pool (CPP) with AgFirst generated $1,448 for the nine months ending September 30, 2010 compared to zero for the nine months ending September 30, 2010. In addition, during the second quarter of 2010, the Association received a $283 Special Patronage payment from AgFirst. During the first quarter of 2010, the Association recorded $428 of insurance premium refunds from the Farm Credit System Insurance Corporation (FCSIC), which insures the System's debt obligations. These payments are nonrecurring and resulted from the assets of the Farm Credit Insurance Fund exceeding the secure base amount as defined by the Farm Credit Act. Noninterest income for the nine months ending September 30, 2010 is shown in the following table:

	For the nine months ended September 30,			
Noninterest Income	**2010**	**2009**	**$ change**	**% change**
Loan fees	$ 508	$ 769	$ (261)	-33.94%
Fees for financially related services	174	453	(279)	-61.59%
Equity in earnings from other Farm Credit Institutions	5,019	3,326	1,693	50.90%
Gains (losses) on other property owned, net	(410)	(53)	(357)	-673.5%
Gains (losses) on sales of rural home loans, net	134	170	(36)	-21.18%
Insurance Fund Refund	428	0	428	100.00%
Other noninterest income	85	134	(49)	-36.57%
Total noninterest income	$ 5,938	$ 4,799	$ 1,139	23.73%

Noninterest expense for the nine months ended September 30, 2010, decreased $474 compared to the same period of 2009. The primary reasons for the decrease was a decrease in Insurance Fund premiums. All other noninterest expenses recorded decreases from prior period. The decrease in Insurance Fund premiums is a result of decreased premium costs and decreased volumes in performing assets. Noninterest expense for the nine months ending September 30, 2010 is shown in the following table:

	For the nine months ended September 30,			
Noninterest Expense	**2010**	**2009**	**$**	**%**
Salary and employee benefits	3,810	3,822	(12)	-0.31%
Occupancy and equipment	514	531	(17)	-3.20%
Insurance Fund Premium	133	484	(351)	-72.52%
Other operating expenses	1,044	1,138	(94)	-8.26%
Total noninterest expense	5,501	5,975	(474)	-7.93%

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, 2010, was $330,918 as compared to $363,528 at December 31, 2009. The decrease is attributable to paydowns on loans received during the normal course of business being greater than borrowings to fund new loan advances.

CAPITAL RESOURCES

Total members' equity at September 30, 2010, increased to $77,696 from the December 31, 2009, total of $76,794. The increase is primarily attributed to the increase in unallocated surplus resulting from the increased net income.

Total capital stock and participation certificates were $1,158 on September 30, 2010, compared to $1,246 on December 31, 2009. This decrease is attributed to the retirement of 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, 2010, the Association's total surplus ratio and core surplus ratio were 16.72 percent and 14.44 percent, respectively, and the permanent capital ratio was 17.39 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.

REGULATORY MATTERS

On July 8, 2010, the Farm Credit Administration issued an advance notice of proposed rulemaking (ANPRM) to gather public comments on the promulgation of Tier 1 and Tier 2 capital standards for Farm Credit System institutions. The Tier 1/Tier 2 capital standards would be similar to the capital tiers delineated in the Basel Accord that other Federal financial regulatory agencies have adopted for the banking organizations they regulate. The Farm Credit Administration is seeking comments to facilitate the development of this regulatory capital framework, including new minimum risk-based and leverage ratio capital requirements that take into consideration both the System's cooperative structure of primarily wholesale banks owned by retail lender Associations that are, in turn, owned by their member borrowers, and the System's status as a Government-sponsored enterprise. The comment period for the ANPRM ends November 5, 2010.

Financial Regulatory Reform

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) was signed into law on July 21, 2010. While the Dodd-Frank Act represents a significant overhaul of many aspects of the regulation of the financial services industry, many of the rules and regulations are not applicable to the System. The Dodd-Frank Act requires various federal agencies to adopt a broad range of new implementing rules and regulations, and to prepare numerous studies and reports for Congress. The federal agencies are given significant discretion in drafting the implementing rules and regulations, and consequently, many of the details and much of the impact of the Dodd-Frank Act may not be known for many months or years.

The Dodd-Frank Act creates new regulators and expands the authority of the Federal Reserve Board over non-bank financial companies previously not subject to its or other bank regulators' direct jurisdiction, particularly those that are important to the U.S. financial system. Nevertheless, the Dodd-Frank Act largely preserves the authority of the Farm Credit Administration as the System's independent federal regulator by excluding System institutions from being a non-bank financial company and providing other exemptions and exclusions from certain of the law's provisions. Also, the rules prohibiting banking entities from engaging in proprietary trading under the so-called Volcker Rule will not apply to the debt securities issued by the System.

The provisions of the Dodd-Frank Act pertaining to the regulation of over-the-counter derivatives will require more of these transactions to be cleared through a third-party central clearinghouse and traded on regulated exchanges. These requirements have the potential of making derivative transactions more costly and less attractive as risk management tools for System institutions. The Dodd-Frank Act requires the Commodities Futures Trading Commission to consider an end-user exemption from the mandatory clearing and trading requirements for derivative transactions entered into by certain System institutions.

Among the studies called for under the Act are two that will examine Fannie Mae, Freddie Mac, and federal home loan finance. One provision expressed Congress' sense of importance of GSE reform to residential mortgage credit. The other calls for the Treasury department to conduct a study on ending the conservatorship of Fannie Mae and Freddie Mac and reforming the federal housing finance system. A potential risk for the Farm Credit System is that the System is also a GSE and may directly or indirectly be impacted by the decisions made as Congress addresses Fannie Mae and Freddie Mac.

In light of the foregoing, it is difficult to predict at this time the extent to which the Dodd-Frank Act or the forthcoming implementing rules and regulations will have on the System. However, it is possible they could affect funding strategies and increase funding costs.

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. 2832, or writing Susanne Caughman, 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 D. Scott Fontenot, CFO, Farm Credit of Central Florida, ACA, P. O. Box 8009, Lakeland, FL 33802, or accessing the website, *www.farmcreditcfl.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

(dollars in thousands)	September 30, 2010 (unaudited)	December 31, 2009 (audited)
Assets		
Cash	$ 63	$ 61
Investment securities:		
Held to maturity (fair value of $46,045 and $50,057 respectively)	45,628	49,648
Loans	346,409	370,775
Less: allowance for loan losses	8,831	5,959
Net loans	337,578	364,816
Loans held for sale	—	149
Accrued interest receivable	1,726	1,819
Investment in other Farm Credit institutions	14,777	16,225
Premises and equipment, net	900	998
Other property owned	3,861	2,026
Due from AgFirst Farm Credit Bank	4,543	4,942
Other assets	4,322	5,100
Total assets	$ 413,398	$ 445,784
Liabilities		
Notes payable to AgFirst Farm Credit Bank	$ 330,918	$ 363,528
Accrued interest payable	660	768
Patronage refund payable	29	34
Other liabilities	4,095	4,660
Total liabilities	335,702	368,990
Commitments and contingencies		
Members' Equity		
Protected borrower equity	20	33
Capital stock and participation certificates	1,138	1,213
Retained earnings		
Allocated	33,183	33,183
Unallocated	43,327	42,338
Accumulated other comprehensive income	28	27
Total members' equity	77,696	76,794
Total liabilities and members' equity	$ 413,398	$ 445,784

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

Farm Credit Of Central Florida, ACA

Consolidated Statements of Operations

(unaudited)

(dollars in thousands)	For the three months ended September 30, 2010	For the three months ended September 30, 2009	For the nine months ended September 30, 2010	For the nine months ended September 30, 2009
Interest Income				
Investment securities	$ 210	$ 229	$ 663	$ 720
Loans	4,122	4,386	12,498	15,045
Total interest income	4,332	4,615	13,161	15,765
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	2,056	2,332	6,522	8,486
Net interest income	2,276	2,283	6,639	7,279
Provision for loan losses	2,380	1,200	6,005	5,225
Net interest income (loss) after provision for (reversal of allowance for) loan losses	(104)	1,083	634	2,054
Noninterest Income				
Loan fees	224	164	508	769
Fees for financially related services	4	119	174	453
Equity in earnings of other Farm Credit institutions	1,195	1,078	5,019	3,326
Gains (losses) on other property owned, net	(187)	(52)	(410)	(53)
Gains (losses) on sale of rural home loans, net	54	27	134	170
Insurance Fund refund	—	—	428	—
Other noninterest income	2	39	85	134
Total noninterest income	1,292	1,375	5,938	4,799
Noninterest Expense				
Salaries and employee benefits	1,241	1,249	3,810	3,822
Occupancy and equipment	172	179	514	531
Insurance Fund premium	42	146	133	484
Other operating expenses	328	346	1,044	1,138
Total noninterest expense	1,783	1,920	5,501	5,975
Income (loss) before income taxes	(595)	538	1,071	878
Provision for income taxes	—	—	—	—
Net income (loss)	$ (595)	$ 538	$ 1,071	$ 878

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: Allocated	Retained Earnings: Unallocated	Accumulated Other Comprehensive Income	Total Members' Equity
Balance at December 31, 2008	$ 39	$ 1,259	$ 34,758	$ 40,252	$ 31	$ 76,339
Comprehensive income						
Net income				878		878
Employee benefit plans adjustments					(1)	(1)
Total comprehensive income						877
Protected borrower equity retired	(6)					(6)
Capital stock/participation certificates issued/(retired), net		(26)				(26)
Retained earnings retired			(1,142)			(1,142)
Patronage distribution adjustment			(433)	928		495
Balance at September 30, 2009	$ 33	$ 1,233	$ 33,183	$ 42,058	$ 30	$ 76,537
Balance at December 31, 2009	$ 33	$ 1,213	$ 33,183	$ 42,338	$ 27	$ 76,794
Comprehensive income						
Net income				1,071		1,071
Employee benefit plans adjustments					1	1
Total comprehensive income						1,072
Protected borrower equity retired	(13)					(13)
Capital stock/participation certificates issued/(retired), net		(75)				(75)
Patronage distribution adjustment				(82)		(82)
Balance at September 30, 2010	$ 20	$ 1,138	$ 33,183	$ 43,327	$ 28	$ 77,696

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

Notes to the Consolidated Financial Statements

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

NOTE 1 – ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES, AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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, 2009, are contained in the 2009 Annual Report to Shareholders. These unaudited third quarter 2010 consolidated financial statements should be read in conjunction with the 2009 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, 2010, are not necessarily indicative of the results to be expected for the year ending December 31, 2010.

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, 2010, the allowance for losses is adequate in management's opinion to provide for possible losses on existing loans.

In addition to the recently issued accounting pronouncements discussed in the 2009 Annual Report to Shareholders, in June 2009, the Financial Accounting Standards Board (FASB) issued guidance "Accounting for Transfers of Financial Assets," which amended previous guidance by improving the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets.

This guidance was effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application was prohibited. This guidance must be applied to transfers occurring on or after the effective date. Additionally, on and after the effective date, the concept of a qualifying special purpose entity is no longer relevant for accounting purposes. Therefore, formerly qualifying special-purpose entities (as defined under previous accounting guidance) should be evaluated for consolidation by reporting entities on and after the effective date in accordance with the applicable consolidation guidance. If the evaluation on the effective date results in consolidation, the reporting entity should apply the transition guidance that requires consolidation. The Association evaluated the impact of adoption on its loan participation agreements to ensure that participations would meet the requirements for sales treatment. The impact of adoption on January 1, 2010 was immaterial to the Association's financial condition and results of operations.

In June 2009, the FASB also issued guidance, to improve financial reporting for those enterprises involved with variable interest entities, which amends previous guidance by requiring an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity.

Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance.

This guidance was effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application was prohibited. The Association does not have any variable interest or controlling interest in a variable entity. Therefore, there was no impact of adoption of the guidance for the Association.

In January 2010, the FASB issued guidance "Fair Value Measurements and Disclosures," which is to improve disclosures about fair value measurement by increasing transparency in financial reporting. The changes will provide a greater level of disaggregated information and more detailed disclosures of valuation techniques and inputs to fair value measurement. The new disclosures and clarification of existing disclosures were effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of this guidance had no impact on the Association's financial condition and results of operations but resulted in additional disclosures (see Note 6).

In July 2010, the FASB issued guidance on "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses." This guidance is intended to provide additional information to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of its allowance for credit losses. Existing disclosures would be amended to include additional disclosures of financing receivables on both a portfolio segment and class of financing receivable basis. This would include a rollforward schedule of the allowance for credit losses from the beginning of the reporting period to the end of the period on a portfolio segment basis, with the ending balance further disclosed on the basis of the method of impairment (individually or collectively evaluated). The guidance also calls for new disclosures including but not limited to credit quality indicators at the end of the reporting period by class of financing receivables, the aging of past due financing receivables, nature and extent of financing receivables modified as troubled debt restructurings by class and the effect on the allowance for credit losses. For public entities, the disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. The disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. The adoption of this guidance should have no impact on the Association's financial condition or results of operations, but it will result in additional disclosures.

NOTE 2 — INVESTMENT SECURITIES

A summary of the amortized cost and fair value of investment securities held-to-maturity at September 30, 2010 and December 31, 2009 follows:

	September 30, 2010				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Yield
Asset backed securities	$ 45,628	$ 477	$ (60)	$ 46,045	1.87%

	December 31, 2009				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Yield
Asset backed securities	$ 49,648	$ 490	$ (81)	$ 50,057	1.87%

A summary of the expected maturity, amortized cost and estimated fair value of investment securities held-to-maturity at September 30, 2010 and December 31, 2009 follows:

	September 30, 2010		
	Amortized Cost	Fair Value	Weighted Average Yield
In one year or less	$ 31	$ 32	1.50%
After one year through five years	2,032	2,067	1.39
After five years through ten years	32,138	32,507	1.88
After ten years	11,427	11,439	1.94
Total	$ 45,628	$ 46,045	1.87%

	December 31, 2009		
	Amortized Cost	Fair Value	Weighted Average Yield
In one year or less	$ 13	$ 13	(4.31)%
After one year through five years	2,257	2,287	1.66
After five years through ten years	23,803	24,017	1.85
After ten years	23,575	23,740	1.91
Total	$ 49,648	$ 50,057	1.87%

The Association's investments consist of asset-backed securities (ABSs). These ABSs are rated AAA and they are guaranteed by the full faith and credit of the United States government. ABSs are held for managing short-term surplus funds and managing interest rate risk. These securities must meet the applicable Farm Credit Administration (FCA) regulatory guidelines, which require these securities to be high quality, senior class, and rated AAA at the time of purchase. To achieve the ratings, these securities have a guarantee of timely payment of principal and interest or credit enhancement achieved through over collateralization and the priority of payments of senior classes over junior classes. The FCA considers an asset-backed security investment ineligible if it falls below the AAA credit rating criteria and requires System institutions to divest of such an investment unless approval is granted to continue to hold by the FCA. All of the Association's asset-backed securities at September 30, 2010 are considered eligible under FCA regulatory guidelines.

An investment is considered impaired if its fair value is less than its cost. A continuous unrealized loss position for an investment is based on the date the impairment was first identified. The following table shows the fair value and gross unrealized losses for investments that have been in a continuous unrealized loss position aggregated by investment category at September 30, 2010 and December 31, 2009.

	September 30, 2010			
	Less than 12 Months		Greater than 12 Months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Asset-backed securities	$ –	$ –	$ 1,558	$ (60)

	December 31, 2009			
	Less than 12 Months		Greater than 12 Months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Asset-backed securities	$ –	$ –	$ 2,837	$ (81)

The Association performs periodic credit reviews, including other-than-temporary impairment analyses, on its investment securities portfolio. The objective is to quantify any future possible loss of principal or interest due on each security identified for additional analysis. Factors considered in determining whether an impairment is other-than-temporary include among others as applicable: 1) the length of time and the extent to which the fair value is less than cost, 2) adverse conditions specifically related to the industry, 3) geographic area and the condition of the underlying collateral, 4) payment structure of the security, 5) ratings by rating agencies, 6) the credit worthiness of bond insurers, and 7) volatility of the fair value changes.

Based on the results of all analyses, the Association has not recognized any other-than-temporary impairment as the unrealized losses resulted primarily from non-credit related factors. The Association has the ability and intent to hold these investments until a recovery of unrealized losses occurs, which may be at maturity, and at this time expects to collect the full principal amount and interest due on these securities, especially after considering credit enhancements. The Association does not intend to sell these investments and it is not more likely than not that the Association would be required to sell these investments before recovering its costs. Substantially all of these investments were in U. S. government agency securities and the Association expects these securities would not be settled at a price less than their amortized cost. All securities continue to perform.

NOTE 3 — ALLOWANCE FOR LOAN LOSSES AND IMPAIRED LOANS

An analysis of the allowance for loan losses follows:

	For the nine months ended September 30,	
	2010	2009
Balance at beginning of period	$ 5,959	$ 5,243
Provision for (reversal of) loan losses	6,005	5,225
Charge-offs	(3,393)	(2,073)
Recoveries	260	–
Balance at end of period	$ 8,831	$ 8,395

The following table presents information concerning impaired loans as of September 30,

	2010	2009
Impaired loans with related allowance	$20,312	$19,088
Impaired loans with no related allowance	6,643	8,333
Total impaired loans	26,955	27,421
Allowance on impaired loans	$ 6,802	$ 5,910

The following table summarizes impaired loan information for the nine months ended September 30,

	2010	2009
Average impaired loans	$ 31,309	$ 18,341
Interest income recognized on impaired loans	74	80

NOTE 4 — 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,	
	2010	2009
Pension	$ 841	$1,060
401(k)	106	102
Other postretirement benefits	133	133
Total	$ 1,080	$1,295

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

	Actual YTD Through 9/30/10	Projected Contributions For Remainder of 2010	Projected Total Contributions 2010
Pension	$ 16	$ 941	$ 957
Other postretirement benefits	112	43	155
Total	$ 128	$ 984	$ 1,112

Contributions in the above table include allocated estimates of funding for multi-employer plans in which the Association participates. These amounts may change when a total funding amount and allocation is determined by the respective Plan's Sponsor Committee. Also, market conditions could impact discount rates and return on plan assets which could change contributions necessary before the next plan measurement date of December 31, 2010.

Further details regarding employee benefit plans are contained in the 2009 Annual Report to Shareholders.

NOTE 5 — NOTES PAYABLE TO AGFIRST FARM CREDIT BANK

The Association's indebtedness to the Bank represents borrowings by the Association primarily to fund its loan portfolio. This indebtedness is collateralized by a pledge of substantially all of the Association's assets and the terms of the revolving line of credit are governed by the General Financing Agreement (GFA). The GFA defines Association performance criteria for borrowing from the Bank, which for 2009 included borrowing base margin, earnings and capital covenants. The Association failed to meet its earnings covenant at December 31, 2009. The default allows the Bank, in conjunction with the FCA, to accelerate repayment of all indebtedness. The Bank has approved a temporary waiver of the default and allowed the Association to continue to operate under a special credit arrangement pursuant to its GFA through December 31, 2010. The Association has continued to perform its obligations under the special credit arrangement.

NOTE 6 – FAIR VALUE MEASUREMENT

Effective January 1, 2008, the Association adopted FASB guidance on fair value measurements. This guidance defines fair value, establishes a framework for measuring fair value and expands the Association's fair value disclosures for certain assets and liabilities measured at fair value on a recurring and non-recurring basis. These assets and liabilities consist primarily of assets held in trust funds, standby letters of credit, impaired loans, and other property owned.

This guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability.

This guidance establishes a fair value hierarchy for disclosure of fair value measurements to maximize the use of observable inputs, that is, inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels of inputs and the classification of the Association's financial instruments within the fair value hierarchy are as follows:

Level 1

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets. The Association's Level 1 assets at September 30, 2010 consist of assets held in trust funds related to a supplemental retirement plan. The trust funds include investments in securities that are actively traded and have quoted net asset value prices that are directly observable in the marketplace.

Level 2

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices in markets that are not active; and inputs that are observable, or can be corroborated, for substantially the full term of the asset or liability. The Association has no Level 2 assets or liabilities measured at fair value on a recurring basis at September 30, 2010.

Level 3

Level 3 inputs to the valuation methodology are unobservable and supported by little or no market activity. Valuation is determined using pricing models, discounted cash flow methodologies, or similar techniques, and could include significant management judgment or estimation. Level 3 assets and liabilities include instruments whose price has been adjusted based on dealer quoted pricing that is different than the third-party valuation or internal model pricing.

Level 3 assets at September 30, 2010 include impaired loans which represent the fair value of certain loans that were evaluated for impairment under FASB guidance. The fair value was based upon the underlying collateral since these were collateral-dependent loans. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, these fair value measurements fall within Level 3 of the hierarchy. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

Other property owned is classified as a Level 3 asset at September 30, 2010. The fair value for other property owned is based upon the collateral value. Costs to sell represent transaction costs and are not included as a component of the fair value of other property owned. Level 3 liabilities at September 30, 2010 include standby letters of credit whose market value is internally calculated based on information that is not observable either directly or indirectly in the marketplace.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the assets and liabilities that are measured at fair value on a recurring basis at September 30, 2010 and December 31, 2009 for each of the fair value hierarchy levels:

	September 30, 2010			
	Level 1	Level 2	Level 3	Total Fair Value
Assets:				
Assets held in trust funds	$ 145	$ –	$ –	$ 145
Total Assets	$ 145	$ –	$ –	$ 145
Liabilities:				
Standby letters of credit	$ –	$ –	$ 90	$ 90
Total Liabilities	$ –	$ –	$ 90	$ 90

	December 31, 2009			
	Level 1	Level 2	Level 3	Total Fair Value
Assets:				
Assets held in trust funds	$ 159	$ –	$ –	$ 159
Total Assets	$ 159	$ –	$ –	$ 159
Liabilities:				
Standby letters of credit	$ –	$ –	$ 97	$ 97
Total Liabilities	$ –	$ –	$ 97	$ 97

The following tables present the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the nine months ended September 30, 2010 and 2009. The Association had no transfers of assets or liabilities into or out of Level 1 or Level 2 during the first nine months of 2010 and 2009.

	Standby Letters Of Credit
Balance at January 1, 2010	$ 97
Total gains or (losses) realized/unrealized:	
Included in earnings	–
Included in other comprehensive loss	–
Purchases, sales, issuances and settlements, net	(7)
Transfers in and/or out of level 3	–
Balance at September 30, 2010	$ 90

	Standby Letters Of Credit
Balance at January 1, 2009	$ 110
Total gains or (losses) realized/unrealized:	
Included in earnings	–
Included in other comprehensive loss	–
Purchases, sales, issuances and settlements, net	9
Transfers in and/or out of level 3	–
Balance at September 30, 2009	$ 119

Assets and Liabilities Measured at Fair Value on a Non-recurring Basis

Assets and liabilities measured at fair value on a non-recurring basis at September 30, 2010 and December 31, 2009 for each of the fair value hierarchy values are summarized below:

	September 30, 2010				
	Level 1	Level 2	Level 3	Total Fair Value	YTD Total Gains (Losses)
Assets:					
Impaired loans	$ –	$ –	$ 13,510	$ 13,510	$ (6,203)
Other property owned	$ –	$ –	$ 2,974	$ 2,974	$ (253)

	December 31, 2009				
	Level 1	Level 2	Level 3	Total Fair Value	YTD Total Gains (Losses)
Assets:					
Impaired loans	$ –	$ –	$ 19,589	$ 19,589	$ (7,254)
Other property owned	$ –	$ –	$ 1,954	$ 1,954	$ (72)

NOTE 7 — DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values of the Association's financial instruments at September 30, 2010 and December 31, 2009.

Quoted market prices are generally not available for certain System financial instruments, as described below. Accordingly fair values are based on judgments regarding anticipated cash flows, future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates involve uncertainties and matters of judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The estimated fair values of the Association's financial instruments are as follows:

	September 30, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets:				
Cash	$ 63	$ 63	$ 61	$ 61
Loans, net of allowance	$ 339,037	$ 342,090	$ 366,348	$ 369,745
Investment securities	$ 45,894	$ 46,045	$ 49,934	$ 50,057
Assets held in trust funds	$ 145	$ 145	$ 159	$ 159
Financial liabilities:				
Notes payable to AgFirst Farm Credit Bank	$ 331,578	$ 333,946	$ 364,296	$ 366,737

A description of the methods and assumptions used to estimate the fair value of each class of the Association's financial instruments for which it is practicable to estimate that value follows:

A. **Cash:** The carrying value is primarily a reasonable estimate of fair value.

B. **Loans:** Because no active market exists for the Association's loans, fair value is estimated by discounting the expected future cash flows using the Association's current interest rates at which similar loans would be made to borrowers with similar credit risk. Discount rates are based on the Bank's loan rates as well as management estimates.

   For purposes of determining fair value of accruing loans, the loan portfolio is segregated into pools of loans with homogeneous characteristics based upon repricing and credit risk. Expected future cash flows and interest rates reflecting appropriate credit risk are separately determined for each individual pool.

   Fair value of loans in a nonaccrual status is estimated to be the carrying amount of the loan less specific reserves.

   The book value of accrued interest, which has been included in the carrying amount of loans, approximates its fair value.

C. **Investment Securities:** Fair value is primarily based upon prices obtained from a third party valuation service.

D. **Investment in AgFirst Farm Credit Bank and Other Farm Credit Institutions:** Estimating the fair value of the Association's investment in the Bank and Other Farm Credit Institutions is not practicable because the stock is not traded. The net investment is a requirement of borrowing from the Bank and is carried at cost plus allocated equities in the accompanying Consolidated Balance Sheets. The Association owns 3.53 percent of the issued stock of the Bank as of September 30, 2010 net of any reciprocal investment. As of that date, the Bank's assets totaled $30.0 billion and shareholders' equity totaled $2.0 billion. The Bank's earnings were $307.2 million during the first nine months of 2010.

   In addition, the Association has an investment of $294 related to other Farm Credit institutions.

E. **Notes Payable to AgFirst Farm Credit Bank:** The notes payable are segregated into pricing pools according to the types and terms of the loans (or other assets) which they fund. Fair value of the notes payable is estimated by discounting the anticipated cash flows of each pricing pool using the current rate that would be charged for additional borrowings. For purposes of this estimate it is assumed the cash flow on the notes is equal to the principal payments on the Association's loan receivables plus accrued interest on the notes payable. This assumption implies that earnings on the Association's interest margin are used to fund operating expenses and capital expenditures.

   The book value of accrued interest, which has been included in the carrying amount of notes payable, approximates its fair value.

F. **Commitments to Extend Credit:** The estimated market value of off-balance-sheet commitments is minimal since the committed rate approximates current rates offered for commitments with similar rate and maturity characteristics and since the related credit risk is not significant.

G. **Assets Held in Trust Funds:** See Note 6 for discussion of estimation of fair value for this instrument.

NOTE 8 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events and has determined there are none requiring disclosure through November 5, 2010, which is the date the financial statements were issued.