

FIRST QUARTER 2009

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CERTIFICATION

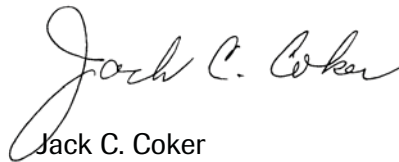
The undersigned certify that we have reviewed the March 31, 2009 quarterly report of Farm Credit of South Florida, ACA, that the report has been prepared under the oversight of the Audit Committee of the Board of Directors and in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate, and complete to the best of our knowledge and belief.



Don Rice
Chief Executive Officer



Linda Rusciano
Chief Financial Officer



Jack C. Coker
Chairman of the Board

April 29, 2009

Farm Credit of South 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, to provide 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 and 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 March 31, 2009. 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 March 31, 2009 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 March 31, 2009.



Don Rice
Chief Executive Officer



Linda Rusciano
Chief Financial Officer

April 29, 2009

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 South Florida, ACA, (Association) for the period ended March 31, 2009. These comments should be read in conjunction with the accompanying consolidated financial statements, notes to the consolidated financial statements and the 2008 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, vegetables, sugar, cattle, dairy, nurseries and tropical fruits. During the last five years, the Association's territory witnessed a rapid appreciation of real estate values offset by a significant decline since the summer of 2007, leaving the South Florida real estate market in shambles. The overall volume of sales transactions has declined significantly, and recently, sellers have begun to reduce prices hoping to attract a buyer. Land prices have declined 30-50% and the South Florida housing market currently has one of the highest foreclosure rates in the country.

In addition to the volatile real estate market, the Association's territory was impacted by hurricanes in 2004 and 2005. These storms had the biggest impact on our nursery growers. Most of them had collateral and/or crop insurance that helped cover their losses. The loss of inventory from these storms, coupled with higher demand related to housing growths during those periods, led to increased production and expansion in anticipation of higher sales in 2008. Subsequently, the real estate market decline and water restrictions, imposed as a result of last year's drought, have resulted in a significant reduction in plant sales and oversupply of product. Growers are currently stressed and finding it necessary to adjust their operations to bring costs in line with lower sales and reductions in prices. Demand for landscape products and field grown trees continues to decline due to the economic condition of the housing market. The 2008-09 citrus crop is down from last season by 2.5%. Citrus canker and citrus greening continue to plague growers and these diseases continue to severely impact the decline of citrus acreage in the state. Cattle prices remain in the mid \$.80/lb range and are projected to increase slightly during the next twelve months. Exports of beef currently exceed beef imports. The demand for beef in restaurants has declined reducing the demand for higher cuts of beef. This is lowering the price feed lots are willing to pay for feeders and resulted in lower cattle prices. Milk demand has decreased and dairies are culling herds which is driving down the price for

slaughter cows. Milk prices for 2008 were the highest on record but have fallen to an average of \$.17/cst for 2009. The high price during 2008 was a result of a larger demand of powdered milk and cheese for exports but these demands have declined due to the recession. Feed costs have declined due to lower corn and transportation costs. The 2008-09 sugarcane harvest is complete with average yields overall. Growers are concerned about increased fuel and fertilizer costs without a corresponding increase in the price of sugar. The 2008-09 vegetable season is currently being harvested. Winter corn in the Glades was lost due to the freeze and the Homestead area growers received favorable prices for their product. Bean prices have been good but pepper prices were poor during the fall crop but yielding better now. Tomatoes have had low returns all season.

The gross loan volume of the Association as of March 31, 2009, was \$593,090, an increase of \$3,846 as compared to \$589,244 at December 31, 2008. Net loans outstanding at March 31, 2009, were \$586,096 as compared to \$581,193 at December 31, 2008 an increase of 0.84 percent. Net loans accounted for 95.70 percent of total assets at March 31, 2009, as compared to 95.42 percent of total assets at December 31, 2008. The increase in both gross and net loan volume during the period is primarily attributed to an increase in participation loans purchased and new business attained by the Association.

There is an inherent risk in the extension of any type of credit. Portfolio credit quality has declined but continues to be at an acceptable level and credit administration remains satisfactory. Nonaccrual loans decreased to \$13,543 from the \$14,394 balance at December 31, 2008. This decrease is the result of three properties being moved to other property owned, after being acquired through foreclosure, offset by five additional borrowers being moved to nonaccrual status during the period. 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 March 31, 2009, was \$6,994 compared to \$8,051 at December 31, 2008. This decrease is the result of charge offs of \$1,077 recorded on loans transferred to nonaccrual during the period offset by recoveries of \$20. Management considers the current level of allowance to be adequate to cover additional possible losses. The ratio of the allowance for loan losses to gross loans at March 31, 2009 was 1.18 percent.

RESULTS OF OPERATIONS

For the three months ended March 31, 2009

Net income for the three months ended March 31, 2009, totaled \$4,194, as compared to \$4,830 for the same period in 2008. This decrease is a result of a \$186 decline in net interest income coupled with decreases in noninterest

income. Net interest income was \$3,977 as of March 31, 2009 as compared to \$4,163 March 31, 2008. The decline in net interest income represents a decrease of 13.17 percent when compared to the same period last year. This decrease is attributed to the reduction of variable interest rates offset by the increase in outstanding volume.

Noninterest income for the three months ended March 31, 2009, totaled \$2,181, as compared to \$2,566 for the same period of 2008, a decrease of \$385 or 15.0 percent. This decrease is attributed primarily to a reduction in fees for financially related services of \$354, reflecting a slowdown of crop insurance premiums paid by our customers. The association also realized a reduction in loan fees of \$173, other noninterest income of \$36 and losses on other property owned of \$11. These declines in noninterest income were offset by an increase in equity earnings from Farm Credit institutions of \$189.

Noninterest expense for the three months ended March 31, 2009, increased \$65 or 3.42 percent compared to the same period of 2008. The primary reasons for the increase in noninterest expense is attributed to \$51 in salaries and employee benefits and \$39 in the Farm Credit Insurance Fund premium offset by decreases of \$15 in occupancy and equipment expense and \$10 in other operating expense.

FUNDING SOURCES

The principal source of funds for the Association is the borrowing relationship established with AgFirst Farm Credit Bank (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. These 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 March 31, 2009, was \$485,759 as compared to \$484,670 at December 31, 2008. The increase during the period of \$1,089 is primarily attributed to the increase in the loan portfolio and fluctuations in the usage of borrower SmartCash accounts. SmartCash accounts, a voluntary additional conditional payment fund, which are offset against the related loan outstanding in the portfolio, can influence fluctuations in volume and notes payable with the Bank. SmartCash balances at March 31, 2009 were \$6,463 as compared to \$7,645 at December 31, 2008. Additional SmartCash funds, held in Other Liabilities against commitment balances totaled \$6,308 as of March 31, 2009 as compared to \$7,367 at year-end.

CAPITAL RESOURCES

Total members' equity at March 31, 2009, increased to \$109,431 from the December 31, 2008 total of \$105,127. The increase is primarily attributed to an increase in retained earnings during the period.

Total capital stock and participation certificates were \$3,176 on March 31, 2009, compared to \$3,235 on December 31, 2008. This decrease is attributed to the retirement of

protected stock and participation certificates on loans liquidated in the normal course of business and new loans being capitalized at new lower regulatory levels.

Farm Credit Administration (FCA) 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 March 31, 2009, the Association's total surplus ratio and core surplus ratio were 15.35 percent and 15.35 percent, respectively, and the permanent capital ratio was 15.42 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 (561)-965-9001, or writing Linda Rusciano, CFO, Farm Credit of South Florida, ACA, P. O. Box 213069, Royal Palm Beach, FL 33421, or accessing the website, www.farmcreditsfl.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 South Florida, ACA

Consolidated Balance Sheets

<i>(dollars in thousands)</i>	March 31, 2009 <i>(unaudited)</i>	December 31, 2008 <i>(audited)</i>
Assets		
Cash	\$ 772	\$ 408
Investment securities:		
Held to maturity (fair value of \$2,963 and \$3,215 respectively)	2,958	3,221
Total investment securities	2,958	3,221
Loans	593,090	589,244
Less: allowance for loan losses	6,994	8,051
Net loans	586,096	581,193
Accrued interest receivable	3,356	3,112
Investment in other Farm Credit institutions	7,945	7,857
Premises and equipment, net	5,718	5,793
Other property owned	711	—
Due from AgFirst Farm Credit Bank	942	3,614
Other assets	3,905	3,893
Total assets	\$ 612,403	\$ 609,091
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 485,759	\$ 484,670
Accrued interest payable	1,340	1,579
Patronage refund payable	327	5,349
Advanced conditional payments	6,308	7,387
Other liabilities	9,238	4,979
Total liabilities	502,972	503,964
Commitments and contingencies		
Members' Equity		
Protected borrower equity	2,522	2,538
Capital stock and participation certificates	654	697
Retained earnings		
Allocated	22,399	22,550
Unallocated	83,856	79,342
Total members' equity	109,431	105,127
Total liabilities and members' equity	\$ 612,403	\$ 609,091

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

Farm Credit of South Florida, ACA

Consolidated Statements of Income

(unaudited)

**For the three months
ended March 31,**

(dollars in thousands)

	2009	2008
Interest Income		
Investment securities	\$ 5	\$ 45
Loans	8,136	10,090
Total interest income	8,141	10,135
Interest Expense		
Notes payable to AgFirst Farm Credit Bank	4,164	5,972
Net interest income	3,977	4,163
Provision for (reversal of allowance for) loan losses	—	—
Net interest income after provision for (reversal of allowance for) loan losses	3,977	4,163
Noninterest Income		
Loan fees	656	829
Fees for financially related services	327	681
Equity in earnings of other Farm Credit institutions	1,219	1,030
Gains (losses) on other property owned, net	(4)	7
Other noninterest income	(17)	19
Total noninterest income	2,181	2,566
Noninterest Expense		
Salaries and employee benefits	1,286	1,235
Occupancy and equipment	133	148
Insurance Fund premium	225	186
Other operating expenses	320	330
Total noninterest expense	1,964	1,899
Income before income taxes	4,194	4,830
Provision (benefit) for income taxes	—	—
Net income	\$ 4,194	\$ 4,830

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

Farm Credit of South Florida, ACA

Consolidated Statements of Changes in Members' Equity

(unaudited)

(dollars in thousands)

	Protected Borrower Capital	Capital Stock and Participation Certificates	Retained Earnings		Total Members' Equity
			Allocated	Unallocated	
Balance at December 31, 2007	\$ 2,682	\$ 725	\$ 22,483	\$ 73,302	\$ 99,192
Net income				4,830	4,830
Protected borrower equity retired	(126)				(126)
Capital stock/participation certificates issued/(retired), net		12			12
Retained earnings retired			(3,237)		(3,237)
Patronage distribution adjustment			(166)	344	178
Balance at March 31, 2008	\$ 2,556	\$ 737	\$ 19,080	\$ 78,476	\$ 100,849
Balance at December 31, 2008	\$ 2,538	\$ 697	\$ 22,550	\$ 79,342	\$ 105,127
Net income				4,194	4,194
Protected borrower equity retired	(16)				(16)
Capital stock/participation certificates issued/(retired), net		(43)			(43)
Patronage distribution adjustment			(151)	320	169
Balance at March 31, 2009	\$ 2,522	\$ 654	\$ 22,399	\$ 83,856	\$ 109,431

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

Farm Credit of South Florida, ACA

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 South 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, 2008, are contained in the 2008 Annual Report to Shareholders. These unaudited first quarter 2009 consolidated financial statements should be read in conjunction with the 2008 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 three months ended March 31, 2009, are not necessarily indicative of the results to be expected for the year ending December 31, 2009.

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 March 31, 2009, 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 2008 Annual Report to Shareholders, effective January 1, 2009, the Association adopted Financial Accounting Standards Board (FASB) Statement of Position (FSP) No. 157-2, "Effective Date of FASB Statement No. 157." This FSP delayed the effective date of Statement No. 157 for nonfinancial assets and nonfinancial liabilities until fiscal years beginning after November 15, 2008. The impact of adoption requires additional fair value disclosures, if applicable, but does not have an impact on the Association's financial condition or results of operations.

NOTE 2 – ALLOWANCE FOR LOAN LOSSES AND IMPAIRED LOANS

An analysis of the allowance for loan losses follows:

	For the three months ended March 31,	
	2009	2008
Balance at beginning of period	\$ 8,051	\$ 4,978
Provision for (reversal of) loan losses	-	-
Charge-offs	(1,077)	(281)
Recoveries	20	1
Balance at end of period	<u>\$ 6,994</u>	<u>\$ 4,698</u>

The following table presents information concerning impaired loans as of March 31,

	2009	2008
Impaired loans with related allowance	\$ 2,752	\$ 599
Impaired loans with no related allowance	13,597	703
Total impaired loans	<u>\$ 16,349</u>	<u>\$ 1,302</u>
Allowance on impaired loans	<u>\$ 780</u>	<u>\$ 138</u>

The following table summarizes impaired loan information for the three months ended March 31,

	2009	2008
Average impaired loans	\$ 13,961	\$ 702
Interest income recognized on impaired loans	24	8

NOTE 3 – EMPLOYEE BENEFIT PLANS

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

	For the three months ended March 31,	
	2009	2008
Pension	\$ 266	\$ 54
401(k)	51	47
Other postretirement benefits	22	20
Total	<u>\$ 339</u>	<u>\$ 121</u>

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

	Actual YTD Through 3/31/09	Projected Contributions For Remainder of 2009	Projected Total Contributions 2009
Pension	\$ -	\$ -	\$ -
Other postretirement benefits	11	41	52
Total	\$ 11	\$ 41	\$ 52

Actuarial calculations as of the last plan measurement date (December 31, 2008) projected no contributions to the pension plan for 2009. However, market conditions could impact discount rates and return on plan assets which could make additional contributions necessary before the next plan measurement date of December 31, 2009.

Further details regarding employee benefit plans are contained in the 2008 Annual Report to Shareholders.

NOTE 4 – FAIR VALUE MEASUREMENT

Effective January 1, 2008, the Association adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (SFAS No. 157). This Statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements for certain assets and liabilities measured at fair value on a recurring and non-recurring basis. These assets and liabilities primarily consist of assets held in trust funds, standby letters of credit, impaired loans, and other property owned.

SFAS No. 157 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.

SFAS No. 157 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 March 31, 2009 consist of assets held in trust funds related to deferred compensation plans. 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 and liabilities measured at fair value on a recurring basis at March 31, 2009.

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 also 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 March 31, 2009 include impaired loans which represent the fair value of certain loans that were evaluated for impairment under SFAS No. 114. 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 March 31, 2009. The fair value for other property owned is based upon the collateral less estimated costs to sell. Level 3 liabilities at March 31, 2009 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 table presents the assets and liabilities that are measured at fair value on a recurring basis at March 31, 2009 for each of the fair value hierarchy levels:

	March 31, 2009			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Assets held in trust funds	\$ 1,070	\$ -	\$ -	\$ 1,070
Total Assets	\$ 1,070	\$ -	\$ -	\$ 1,070
Liabilities:				
Standby letters of credit	\$ -	\$ -	\$ 259	\$ 259
Total Liabilities	\$ -	\$ -	\$ 259	\$ 259

The following table presents the changes in Level 3 assets and liabilities measured at fair value on a recurring basis:

	Standby Letters Of Credit
Balance at January 1, 2009	\$ 191
Total gains or (losses) realized/unrealized:	
Included in earnings	-
Included in other comprehensive loss	-
Purchases, sales, issuances and settlements, net	68
Transfers in and/or out of level 3	-
Balance at March 31, 2009	\$ 259

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 March 31, 2009 for each of the fair value hierarchy values are summarized below:

	March 31, 2009			Total Fair Value	YTD Total Gains (Losses)
	Level 1	Level 2	Level 3		
Assets:					
Impaired loans	\$ -	\$ -	\$ 1,972	\$ 1,972	\$ -
Other property owned	\$ -	\$ -	\$ 711	\$ 711	\$ -