Delta Agricultural Credit Association

Quarterly Report
March 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Dollars in thousands)

The following commentary reviews the consolidated financial position and consolidated results of operations of the Delta Agricultural Credit Association and its subsidiaries (the Association). The accompanying consolidated financial statements and notes also contain important information about our financial position and results of operations. You should also read our 2009 annual report for a description of our organization, operations and significant accounting policies.

AgriBank, FCB's financial condition and results of operations materially affect shareholders' investment in Delta ACA. To request a free copy of the combined AgriBank, FCB and Affiliated Associations' financial reports or additional copies of our report contact us at 538-3258 or P.O. Box 750, Dermott, AR 71638. You may also contact AgriBank, FCB at 375 Jackson Street, St. Paul, Minnesota 55101-1810, (651) 282-8800, or via electronic mail to AGRIBANKMN@agribank.com. The combined AgriBank, FCB and Affiliated Associations' financial reports are also available through AgriBank, FCB's website at www.agribank.com. Our financial report is available through our website at www.deltaaca.com.

LOAN PORTFOLIOS

The Association's loan volume totaled $21.8 million at March 31, 2010, compared to $22.4 million and $26.5 million at March 31, and December 31, 2009, respectively. The decrease of $4.7 million from December 31, 2009 is due to seasonal repayments of loans. Mortgage loan volume remained the same at $14.1 million since December 31, 2009 while commercial loan volume has decreased from $12.2 million to $7.7 million for the same period.

New business for the three months ended March 31, 2010 totaled $1.3 million compared to $2.1 million for the same period in 2009.

For the first quarter ended March 31, 2010, the Association's loan portfolio was made up of 100 percent of short, intermediate and long term loans. The portfolio was comprised of 100 percent Agricultural related loans.

The Association services loans in a five county area, which is concentrated in cash crops with some livestock. The major products are cotton, rice, soybeans, wheat and corn.

The following table summarizes risk assets (accruing volume includes accrued interest receivable) and delinquency information:
(in thousands)

As of	**March 31 2010**	December 31 2009
Loans:		
Accruing restructured	**$ --**	$ --
Past due 90 days or more still accruing	**469**	--
Nonaccrual	**--**	--
Total risk loans	**$469**	$ --
Other property owned		
Total risk assets	**$469**	$--
Risk loans as a % of total loans	**2.1%**	--
Total delinquencies as a % of total loans	**2.7%**	0.5%

The Association's risk assets have increased since December 31, 2009, but remain at acceptable levels. We have 1 risk loan that is FSA guaranteed and in the process of FSA restructure.

Total risk loans as a percentage of total loans remains well within our established risk management guidelines. Based on our analysis, loans 90 days or more past due and still accruing interest were adequately secured and in the process of FSA restructure and, as such, were eligible to remain in accruing status. We had no nonaccrual loans March 31, 2010.

The credit quality of our portfolio has remained about the same from December 31, 2009. We had no adversely classified assets at December 31, 2009, or March 31, 2010. Adversely classified assets are assets we have identified as showing some credit weakness outside our credit standards. We have considered portfolio credit quality in assessing the reasonableness of our allowance for loan losses.

In some circumstances, we use various governmental guarantee programs to reduce the risk of loss. At March 31, 2010, $4.6 million of our loans were, to some level, guaranteed under these governmental programs.

Local Economic Conditions

Delta ACA's lending territory is mostly rural and consists of agriculture, aquaculture and forestry production enterprises. The parent entity, Delta ACA, was formed to provide for the FLCA statuses granted by FCA in 2001. This expanded Delta's lending authority which has enabled it to be more competitive and provide a broader range of services to the eligible borrowers in our territory. This also provided an over charter of our PCA territory with AgHeritage FCS. This over charter situation set the stage for Farm Credit competition in all of our territory and only a small portion of AgHeritage's territory. The benefits of the competition are recognized and enjoyed by all area borrowers not just Farm Credit members through stronger farm credit market penetration and an array of positive influences in the local credit market. Delta ACA offers commercial and mortgage loan products at a very competitive level.

The mortgage portfolio grew faster than expectations in the past several years. The growth in loan volume was due primarily to a reorganization of the lending staff to better market our services and increased advertisement. Land values have held strong with an undersupply of properties for the market due to economic conditions. The growth in mortgage loans has moderated due to higher agricultural land values. By leveraging our relatively new FLCA Charter, earnings should improve as we grow the portfolio at a careful pace.

In the commercial portfolio, primarily crop producers, loan volume is anticipated to increase over 2009. The volatility has subsided on both the income and expense sides of the producer's cash flow, making plans more reliable. Persistent cyclic adversity from external economic factors such as hurricanes and energy cost have reduced the numbers of crop producers and increased the size of operations significantly. This event has prompted Delta PCA to participate many commercial loans due to our lending limit size. Although this does reduce earnings potential, we have remained profitable. The PCA portfolio risk is mitigated by a knowledgeable staff, crop insurance, FSA guarantees and a government farm bill with financial safety nets.

The greatest threat to our economic stability is volatility in income and expenses as occurred in the past couple of years. This was highlighted by a spike in energy cost started by the hurricane damage in late 2005 and speculative investing in 2008. This adversity has subsided and provided economic opportunity for local producers to capitalize on higher grain prices. With fertile soils, long growing seasons and availability of water, there should be a good opportunity for most producers to improve their earnings position.

The allowance for loan losses is an estimate of losses on loans in our portfolio as of the financial statement date. We determine the appropriate level of allowance for loan losses based on periodic evaluation of factors such as loan loss history, portfolio quality and current economic and environmental conditions.

Comparative allowance coverage of various loan categories follows:

Allowance as a Percentage of:	**March 31 2010**	December 31 2009
Loans	**0.9%**	0.7%
Nonaccrual loans	**--%**	--%
Total risk loans	**41.4%**	--%

In our opinion, the allowance for loan losses was reasonable in relation to the risk in the loan portfolio at March 31, 2010.

RESULTS OF OPERATIONS

Net income for the three months ended March 31, 2010, totaled $52 compared to $18 for the same period of 2009. The following table illustrates profitability information:

As of March 31	**2010**	2009
Return on average assets	**.82**	**.29**
Return on average members' equity	**3.39**	**1.18**

The following table summarizes the changes in components of net income (loss) for the three months ended March 31, 2010 compared to March 30, 2009: (in thousands)

Increase (decrease) in net income	**2010 vs. 2009**
Net interest income	**$40**
Provision for loan losses	**(33)**
Patronage income	**--**
Financially related services and misc. income, net	**24**
Operating expenses	**5**
Provision for income taxes	**(2)**
Total change in net income (loss)	**$34**

Net interest income was $213 and $173, respectively, for the three months ended March 31, 2010 and 2009. The following table quantifies changes in net interest income for the three months ended March 31, 2010 compared to March 31, 2009:

Change in net interest income	**2010 vs. 2009**
Changes in volume	**$11**
Changes in rates	**29**
Changes in nonaccrual income and other	**--**
Net change	**$40**

The change in the provision for loan losses is related to a reversal to loan losses the first quarter of 2009. The increase in financially related services and misc. income, net is due to income received from the FCSIC AIRA refund. The decrease in operating expenses is due primarily to salaries and FCS insurance.

Changes in our return on average assets and return on average members' equity is directly related to the changes in income discussed above, changes in assets discussed in the Loan Portfolio section and changes in capital discussed in the Funding, Liquidity and Capital section below.

FUNDING, LIQUIDITY AND CAPITAL

We borrow from AgriBank, FCB in the form of a line of credit. Our promissory note matured on March 31, 2010, and was renewed for $35 million with a maturity date of September 30, 2010. The note will be renegotiated at that time. The repricing attributes of our line of credit generally correspond to the repricing attributes of our loan portfolio which significantly reduces our market interest rate risk. Effective January 1, 2010, we are subject to a 1 basis point risk premium. If we meet certain financial measures by the end of 2010, we are able to earn back all or a portion of the 2010 risk premium amount.

Total members' equity decreased $47 from December 31, 2009 reflecting a decrease in capital stock of $99 offset by a net income of $52.

Farm Credit Administration Regulations require us to maintain a permanent capital ratio of at least 7%, total surplus ratio of at least 7% and core surplus ratio of at least 3.5%. These ratios are calculated in accordance with FCA regulations and are discussed below.

- The permanent capital ratio is average at-risk capital divided by average risk-adjusted assets. At March 31, 2010, the Association's ratio was 21.9%.

- The total surplus ratio is average unallocated surplus less any deductions made in the computation of permanent capital divided by average risk-adjusted assets. At March 31, 2010, the Association's ratio was 16.6%.

- The core surplus ratio is average unallocated surplus less any deductions made in the computation of total surplus and less any preferred stock investment in AgriBank,FCB divided by average risk-adjusted assets. At March 31, 2010, the Association's ratio was 14.5%.

The capital adequacy ratios are directly impacted by the changes in capital as more fully explained above and the changes in assets as further discussed in the Loan Portfolios section.

The undersigned certify they have reviewed Delta Agricultural Credit Association's March 31, 2010 quarterly report. It has been prepared under the oversight of the audit committee and in accordance with all applicable statutory or regulatory requirements. The information contained herein is true, accurate, and complete to the best of our knowledge and belief

S/ S

Mike Norris
Chairman of the Board
Delta ACA

S/S

Mark Kaufman
Chief Executive Officer
Delta ACA

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Mary Ann Johnson
Chief Financial Officer
Delta ACA

May 7, 2010

CONSOLIDATED STATEMENT OF CONDITION

Delta Agricultural Credit Association

(Dollars in thousands)

(Unaudited)

	March 31 2010	December 31 2009
ASSETS		
Loans	**$21,765**	$26,538
Allowance for loan losses	**194**	194
Net loans	**21,571**	**26,344**
Investment in AgriBank	**1,230**	1,212
Accrued interest receivable	**492**	693
Premises and equipment, net	**46**	44
Net deferred income tax asset	**--**	--
Other assets	**241**	255
Total assets	**23,580**	28,548
LIABILITIES		
Note payable to AgriBank	**$17,149**	$22,017
Accrued interest payable	**154**	182
Patronage distribution payable	**--**	--
Other liabilities	**147**	172
Total liabilities	**17,450**	22,371
MEMBERS' EQUITY		
Protected members' equity	**17**	17
At –risk capital stock	**1,267**	1,366
Unallocated surplus	**4,846**	4,794
Total members' equity	**6,130**	6,177
Total liabilities and Members' equity	**23,580**	$28,548

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF INCOME

Delta Agricultural Credit Association

(Dollars in thousands)

(Unaudited)

Period ended March 31	2010	2009
Interest income	**$367**	**$346**
Interest expense	**154**	**173**
Net interest income	**213**	**173**
Provision for loan losses	**--**	**(33)**
Net interest income after Provision for loan losses	**213**	**206**
Other income		
Patronage income	**14**	**14**
Financially related services And miscellaneous income, net	**28**	**4**
Total other income	**42**	**18**
Operating expense		
Salaries and employee benefits	**119**	**121**
Occupancy and equipment	**12**	**10**
Other operating	**70**	**75**
Total operating expense	**201**	**206**
Income before income taxes	**54**	**18**
Provision for income taxes	**2**	**--**
Net income (loss)	**$52**	**$18**

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Delta Agricultural Credit Association

(Dollars in thousands)

(Unaudited)

	Protected Members' Equity	At-risk Capital Stock	Unallocated Surplus	Total Members' Equity
Balance at December 31, 2008	$17	$1,367	$4,624	$6,008
Net income (loss)	--	--	18	18
Capital stock, issued	--	158	--	158
Capital stock, retired	--	(238)	--	(238)
Balance at March 31, 2009	**$17**	**$1,287**	**$4,642**	**$5,946**
Balance at December 31, 2009	$17	$1,366	$4,794	$6,177
Net income (loss)	--	--	52	52
Capital stock, issued	--	112	--	112
Capital stock, retired	--	(211)	--	(211)
Balance at March 31, 2010	**$17**	**$1,267**	**$4,846**	**$6,130**

The accompanying notes are an integral part of these financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands)

NOTE 1:
ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Our 2009 annual report contains a description of our organization and operations, significant accounting policies followed, and financial condition and results of operations as of and for the year ended December 31, 2009. You should read these unaudited first quarter 2010 consolidated financial statements in conjunction with the 2009 Annual Report.

The accompanying consolidated financial statements contain all information necessary for a fair presentation of the interim consolidated financial condition and consolidated results of operations. Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America and the prevailing practices within the financial services industry. The results of the three months ended March 31, 2010 are not necessarily indicative of the results to be expected for the year ended December 31, 2010.

The consolidated financial statements present the consolidated financial results of Delta ACA (the parent) and Delta FLCA and Delta PCA (the subsidiaries). All material intercompany transactions and balances have been eliminated in consolidation.

Recent Accounting Developments

Effective January 1, 2010, we adopted Financial Accounting Standards Board (FASB) guidance on “Fair Value Measurements and Disclosures,” which is to improve disclosures about fair value measurements by increasing transparency in financial reporting. The guidance will provide for a greater level of disaggregated information for assets and liabilities measured on a recurring basis and more robust disclosures of valuation techniques and inputs to fair value measurements. The adoption of this guidance had no impact on our financial condition and results of operations but may have resulted in additional disclosures.

In June 2009, the FASB issued guidance on “Accounting for Transfers of Financial Assets,” which amends previous guidance by providing clarification of the requirements for isolation and limitations on portions of financial assets that are eligible for sale accounting. The guidance also requires additional disclosure about transfers of financial assets and a transferor’s continuing involvement with transferred assets. This guidance is effective as of January 1, 2010. This guidance must be applied to transfers occurring on or after the effective date. Adoption of this guidance did not have a material impact on our financial statements.

NOTE 2:
ALLOWANCE FOR LOAN LOSSES

A summary of changes in the allowance for loan losses follows (in thousands):

Three months ended March 31	**2010**	2009
Balance at beginning of year	**$194**	**$123**
Provision for loan losses	**--**	**(33)**
Loan recoveries	**--**	**--**
Loan chargeoffs	**--**	**--**
Balance at end of period	**$194**	**$90**

The increase in allowance for loan losses from 2009 is due to an environmental factor adjustment added for first quarter 2010 as opposed to one not added for first quarter 2009, which resulted in a reversal of allowance.

The following table presents information concerning risk loans (in thousands):

As of:	**March 2010**	December 2009
Volume with specific reserves	**$---**	**$---**
Volume without specific reserves	**469**	**--**
Total risk loans	**$469**	**$---**
Total specific reserves	**$---**	**$---**

For the three months ended March 31	**2010**	2009
Income on accrual risk loans	**$--**	**$---**
Income on nonaccrual loans	**--**	**--**
Total income on risk loans	**$--**	**$--**
Average recorded investment	**$235**	**$389**

Our risk loans have increased since December 31, 2009 due to 1 past due FSA guaranteed loan that is in the process of FSA guarantee restructure.

NOTE 3:
CONTINGENCIES

In the normal course of business, we have various contingent liabilities and commitments outstanding, primarily commitments to extend credit, which are not reflected in the accompanying consolidated financial statements. We do not anticipate any material losses because of these commitments or contingencies.

From time to time, we may be named as a defendant in certain lawsuits or legal actions in the normal course of business. At the date of these consolidated financial statements, we were not aware of any such actions that would have a material impact on our financial condition. However, such actions could arise in the future.

NOTE 4:
CAPITAL

In accordance with the Farm Credit Act, each Association borrower is required to invest in capital stock (in the case of agricultural loans) or participation certificates (in the case of rural home and farm related business loans) as a condition of borrowing. The PCA’s bylaws and capitalization plan require an initial investment ranging from 2 percent to a maximum of 10 percent of the loan amount. The current requirement is 5 percent of the loan amount or fraction thereof. On October 24, 2009 the Board approved a plan for all new intermediate term loans to have a stock purchase requirement of 2% of the customer’s total loan or $1,000 whichever is less. The FLCA’s bylaws and capitalization plan require an initial investment of 2 percent to a maximum of $1,000. The Association’s board may increase the amount of investment, if necessary, to meet capital needs.

NOTE 5:
TAXES

At March 31, 2010, deferred income taxes have not been provided by the Association on approximately $1,196 of patronage allocations received from AgriBank. Such allocations, distributed in the form of stock, are subject to tax only upon conversion to cash. Management’s intent with respect to the portion of stock distributed prior to 1993 is to permanently maintain this investment in AgriBank. With respect to the AgriBank stock distributed in 2002, the Board of Directors has passed a resolution that, should this stock ever be converted to cash, creating a tax liability, an equal amount will be distributed to patrons at that time under the Association's patronage program.

NOTE 6:
FAIR VALUE MEASUREMENTS

The FASB guidance on "Fair Value Measurements and Disclosures" defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. The guidance also establishes a fair value hierarchy, with three levels of inputs that may be used to measure fair value. See Notes 2 and 13 in our 2009 Annual Report for a more complete description.

We do not have any assets or liabilities measured at fair value on a recurring basis at March 31, 2010, or December 31, 2009. We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis. Information on assets measured at fair value on a non-recurring basis is as follows (in thousands):

	Fair Value Measurement Using				
	Level 1	Level 2	Level 3	Total Fair Value	Total Gains (Losses)
March 31, 2010					
Loans	$0	$469	$0	$469	$0

We did not have any assets measured at fair value on a non-recurring basis at December 31, 2009.

Loans: Represents the carrying amount and related write-downs of loans which were evaluated for individual impairment based on the appraised value of the underlying collateral. The fair value measurement would fall under level 2 of the hierarchy if the process uses independent appraisals and other market-based information. The fair value measurement would fall under level 3 of the hierarchy if the process requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral, and other matters. 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.

NOTE 7:
SUBSEQUENT EVENTS

We have evaluated subsequent events through May 7th, 2010, which is the date the financial statements were issued.

Delta Agricultural Credit Association

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