



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following commentary reviews the consolidated financial position and consolidated results of operations of GreenStone Farm Credit Services, ACA and its subsidiaries. The accompanying consolidated financial statements and notes also contain important information about our financial position and results of operations. Our 2009 annual report should also be read for a description of our organization, operations and significant accounting policies.

AgriBank, FCB's (AgriBank) financial condition and results of operations materially affect shareholders' investment in GreenStone Farm Credit Services, 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 P.O. Box 22067, Lansing, Michigan 48909, (800) 968-0061, or by e-mail to Travis.Jones@greenstonefcs.com, or through our website at www.greenstonefcs.com. You may also contact AgriBank at 375 Jackson Street, St. Paul, Minnesota 55101-1810, (651) 282-8800, or via electronic mail to AGRIBANKMN@agribank.com. The AgriBank and combined AgriBank, FCB and Affiliated Associations' financial reports are also available through AgriBank's website at www.agribank.com.

Loan Portfolio

Owned loan volume totaled \$4.6 billion at March 31, 2010, a \$19.8 million decrease from December 31, 2009.

Total owned and managed loan volume, including servicing volume on the real estate loans sold to AgriBank, FCB was \$5.1 billion at March 31, 2010, a \$31.3 million decrease from December 31, 2009. Our mortgage portfolio increased \$27.3 million, or 0.8% from December 31, 2009. Our short-term commercial loan portfolio decreased \$58.6 million or 3.3% from December 31, 2009. This reduction is primarily due to the normal seasonality of our traditional farm operating loans and the effect of short-term tax planning loans being extended prior to year-end and then being repaid in the first quarter. The traditional farm and Agri-Consumer segments experienced modest growth compared with a slight decline in volume in our commercial farm and capital markets segments.

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

	March 31	December 31
As of:	2010	2009
Loans:		
Accruing restructured	\$231	\$232
Past due 90 days or more still accruing	2,549	4,360
Nonaccrual	<u>158,694</u>	<u>155,976</u>
Total risk loans	<u>161,474</u>	160,568
Other property owned	<u>18,586</u>	<u>23,257</u>
Total risk assets	<u>\$180,060</u>	<u>\$183,825</u>
Risk loans as a % of total loans	3.5%	3.5%
Total delinquencies as a % of total loans	2.6%	2.3%

Our risk assets have not changed significantly from December 31, 2009. Based on our analysis, loans 90 days or more past due and still accruing interest were adequately secured and in the process of collection and, as such, were eligible to remain in accruing status.

Nonaccrual loans increased from \$156.0 million as of December 31, 2009 to \$158.7 million as of March 31, 2010. This \$2.7 million increase was primarily due to Agri-Consumer and small part-time farm loans moving to nonaccrual status during the first quarter. As of March 31, 2010, approximately 32% of the nonaccrual loan portfolio was comprised of dairy loans, 26% of timber loans, 10% of hog loans, 8% of greenhouse and nursery loans, while another 11% was comprised of part-time farmers. The volume of nonaccrual loans at March 31, 2010 represented 3.5% of our total portfolio. At March 31, 2010, 44.6% of our nonaccrual loans were current.

Credit quality has remained stable during the first quarter of 2010. Adversely classified assets increased slightly from 6.8% of the portfolio at December 31, 2009, to 7.1% of the portfolio at 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.

Loan and lease credit quality as measured under the Uniform Classification System declined 0.3% and finished the quarter at 92.9% Acceptable/OAEM after beginning the quarter at 93.2% Acceptable/OAEM. At March 31, 2010, the percentage classified Acceptable was 89.1%. The level of loan quality has fallen 0.9% below our strategic objective of at least 90.0% of the portfolio rated Acceptable. Portfolio assets criticized as being less than Acceptable were 3.8% Other Assets Especially Mentioned and 7.1% Adversely Classified at March 31, 2010. Loans adversely classified represent greater than normal risk to the association. The resulting level of credit quality, when combined with our earnings and addition to capital surplus, results in an adverse loan to risk funds ratio of 49.1%. This ratio has improved since the end of 2009 when it was 50.4%. This ratio is a good measure of the association's risk bearing ability. Management believes the level of adverse assets continues to be manageable.

In some circumstances, we use various governmental guarantee programs to reduce the risk of loss. At March 31, 2010, \$283.9 million of our loans were, to some level, guaranteed under these governmental programs.

The outlook for 2010 is mixed. We will see continuing stress in selected industries and improvements in others. There will be a narrowing of margins for cash grain producers resulting from reduced commodity prices. This will result in lower net earnings for our typical customer. Profit opportunities for the dairy industry will be limited as the industry continues to be challenged with a milk supply that is exceeding the soft domestic demand. The poultry and hog industry outlook is positive. Favorable profit margins are being realized as feed prices drop and market prices have increased to a profitable level due to improved exports that have tightened protein inventory levels. After a year of profitable crush margins, the bio-fuels industry is looking at very narrow crush margins as idled plant capacity goes back on line increasing supply levels of ethanol in relation to blending needs. General economic conditions of the U.S., and in particular the state of Michigan, continue to challenge industries tied to the housing sector (timber, nursery, green house) and our Agri-Consumer portfolio. As a result, the quality of the loan and lease portfolio will continue to be under pressure.

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:

	March 31	December 31
Allowance as a percentage of:	2010	2009
Loans	0.9%	0.8%
Nonaccrual loans	24.6%	22.6%
Total risk loans	24.2%	22.0%

The allowance for loan losses increased \$3.7 million from December 31, 2009 to March 31, 2010. During the first quarter of 2010, \$5.2 million of additional provision was recorded, which was off-set by \$1.5 million of net charge-offs. The provision was primarily due to an increase in specific reserves necessary in our dairy portfolio. In our opinion, the allowance for loan losses was reasonable in relation to the risk in our loan portfolio at March 31, 2010.

Results of Operations

Net income for the three months ended March 31, 2010, totaled \$28.5 million compared to \$15.3 million for the same period last year. The following table illustrates profitability information:

As of March 31	2010	2009
Return on average assets	2.4%	1.3%
Return on average members' equity	14.4%	8.3%

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

Increase (decrease) in net income	2010 vs 2009
Net interest income	\$2,179
Provision for loan losses	4,092
Patronage income	1,577
Financially related services and miscellaneous income, net	6,068
Operating expenses	1,037
Provision for income taxes	(1,730)
Total change in net income	\$13,223

Net interest income was \$33.1 million for the three months ended March 31, 2010. The following table quantifies changes in net interest income for the three months ended March 31, 2010, compared to the three months ended March 31, 2009 (in thousands):

Change in net interest income	2010 vs 2009
Changes in volume	(\$600)
Changes in rates	2,196
Changes in nonaccrual income and other	583
Net change	\$2,179

The reduction in the provision for loan losses is primarily due to the amount of provision expense taken in the first quarter of 2009 related to our ethanol portfolio. The change in patronage income is related to increased patronage received from AgriBank. Additionally, patronage income increased due to our share of distributions from Allocated Insurance Reserve Accounts (AIRA)

totaling \$504 thousand related to the participations sold to AgriBank. These reserve accounts were established in previous years by the Farm Credit System Insurance Corporation when premiums collected increased the level of the Insurance Fund beyond the required 2% of insured debt.

The increase in financially related services and miscellaneous income, net is primarily due to our share of distributions from AIRA of \$4.8 million and a \$1.8 million gain on acquired property, which were partially offset by a decrease in multi-peril crop insurance of \$1.1 million related to timing differences in the receipt of commissions. The gain on acquired property was primarily due to the sale of two ethanol plants in the first quarter. The operating expense decrease was primarily related to lower premiums charged by the Farm Credit System Insurance Corporation. The change in provision for income taxes is related to increased taxable income.

Changes in our return on average assets and return on average members' equity are 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 that follows.

Funding, Liquidity and Capital

We borrow from AgriBank in the form of a line of credit. 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.

Total members' equity increased \$25.2 million from December 31, 2009, due to net income for the period partially offset by patronage distribution accruals.

Farm Credit Administration regulations require us to maintain a permanent capital ratio of at least 7%, a total surplus ratio of at least 7% and a core surplus ratio of at least 3.5%. The ratios, as of March 31, 2010, according to Farm Credit Administration regulations are as follows:

- The permanent capital ratio was 13.3%.
- The total surplus ratio was 13.0%.
- The core surplus ratio was 13.0%.

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 Portfolio section.

The undersigned certify they have reviewed GreenStone Farm Credit Services, ACA'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.

W.M. Lyndon Uphaus

William Lyndon Uphaus
Chairperson of the Board
GreenStone Farm Credit Services, ACA

David B. Armstrong

David B. Armstrong
Chief Executive Officer
GreenStone Farm Credit Services, ACA

Travis D. Jones

Travis D. Jones
Chief Financial Officer
GreenStone Farm Credit Services

May 6, 2010

CONSOLIDATED STATEMENT OF CONDITION

GreenStone Farm Credit Services, ACA

(Dollars in thousands)

(Unaudited)

	March 31 2010	December 31 2009
ASSETS		
Loans	\$4,553,731	\$4,573,522
Allowance for loan losses	39,000	35,326
Net loans	4,514,731	4,538,196
Investment in AgriBank, FCB	141,960	142,336
Investment securities	4,843	--
Accrued interest receivable	35,643	37,818
Premises and equipment, net	26,512	23,981
Other property owned	18,586	23,257
Other assets	30,838	31,433
Total assets	\$4,773,113	\$4,797,021
LIABILITIES		
Note payable to AgriBank, FCB	\$3,918,983	\$3,952,950
Accrued interest payable	22,774	23,492
Net deferred income tax liability	2,158	2,947
Patronage distribution payable	3,627	12,000
Other liabilities	23,151	28,383
Total liabilities	3,970,693	4,019,772
MEMBERS' EQUITY		
Protected members' equity	6	6
Capital stock and participation certificates	16,550	16,305
Unallocated surplus	785,864	760,938
Total members' equity	802,420	777,249
Total liabilities and members' equity	\$4,773,113	\$4,797,021

CONSOLIDATED STATEMENT OF INCOME

GreenStone Farm Credit Services, ACA

(Dollars in thousands)

(Unaudited)

	Period ended March 31 2010	2009
Interest income	\$55,868	\$58,339
Interest expense	22,775	27,425
Net interest income	33,093	30,914
Provision for loan losses	5,156	9,248
Net interest income after provision for loan losses	27,937	21,666
Other income		
Patronage income	5,591	4,014
Financially related services and miscellaneous income, net	11,375	5,307
Total other income	16,966	9,321
Operating expense		
Salaries and employee benefits	8,504	8,519
Other operating	5,740	6,762
Total operating expenses	14,244	15,281
Income before income taxes	30,659	15,706
Provision for income taxes	2,112	382
Net income	\$28,547	\$15,324

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

GreenStone Farm Credit Services, ACA

(Dollars in thousands)

(Unaudited)

	Protected Members' Equity	Capital Stock and Participation Certificates	Unallocated Surplus	Total Members' Equity
Balance at December 31, 2008	\$8	\$15,295	\$711,971	\$727,274
Net income	--	--	15,324	15,324
Unallocated surplus designated for patronage distributions	--	--	(3,498)	(3,498)
Capital stock/participation certificates issued	--	374	--	374
Capital stock/participation certificates retired	(1)	(298)	--	(299)
Balance at March 31, 2009	\$7	\$15,371	\$723,797	\$739,175
Balance at December 31, 2009	\$6	\$16,305	\$760,938	\$777,249
Net income	--	--	28,547	28,547
Unallocated surplus designated for patronage distributions	--	--	(3,621)	(3,621)
Capital stock/participation certificates issued	--	518	--	518
Capital stock/participation certificates retired	--	(273)	--	(273)
Balance at March 31, 2010	\$6	\$16,550	\$785,864	\$802,420

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. These unaudited first quarter 2010 consolidated financial statements should be read 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 GreenStone Farm Credit Services, ACA (the parent) and GreenStone Farm Credit Services, FLCA and GreenStone Farm Credit Services, 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 provides 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 was 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: Investment Securities

In March, 2010, we purchased \$4.5 million of investment securities made up of a portion of loans guaranteed by the Small Business Administration (SBA) at a negotiated premium of 8.25%. The securities have been classified as held-to-maturity. The investment portfolio is evaluated for other-than-temporary impairment. To date, we have not recognized any impairment on our investment portfolio. The following table presents the amortized cost, unrealized gains and losses, and fair value of the investment securities (in thousands):

	March 31
As of:	2010
Amortized cost	\$4,843
Unrealized gains	--
Unrealized losses	(62)
Fair value	<u>\$4,781</u>
Weighted average yield	<u>4.4%</u>

Investment income is recorded in "Interest income" on the Consolidated Statement of Income and totaled \$4 thousand for the period ended March 31, 2010.

NOTE 3: 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	\$35,326	\$28,624
Provision for loan losses	5,156	9,248
Loan recoveries	871	19
Loan chargeoffs	(2,353)	(12,349)
Balance at end of period	<u>\$39,000</u>	<u>\$25,542</u>

The allowance for loan losses increased \$3.7 million from December 31, 2009 to March 31, 2010. During the first quarter of 2010, \$5.2 million of additional provision was recorded, which was off-set by \$1.5 million of net charge-offs. The provision was primarily due to an increase in specific reserves necessary in our dairy portfolio.

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

As of:	March 31	December 31
	2010	2009
Volume with specific reserves	\$104,362	\$83,904
Volume without specific reserves	57,112	76,664
Total risk loans	<u>\$161,474</u>	<u>\$160,568</u>
Total specific reserves	\$24,034	\$20,100
Three months ended March 31	2010	2009
Income on accrual risk loans	\$58	\$66
Income on nonaccrual loans	411	310
Total income on risk loans	<u>\$469</u>	<u>\$376</u>
Average recorded investment	<u>\$161,021</u>	<u>\$102,737</u>

NOTE 4: Contingencies

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

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 5: 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 to Stockholders for a more complete description.

We do not have any assets or liabilities measured at fair value on a recurring basis. We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis. The following table provides information on assets measured at fair value on a non-recurring basis and

the gains (losses) recognized on these assets during the periods ended March 31, 2010 and December 31, 2009 (in thousands):

	Fair Value Measurement Using			Total Fair Value	Total Gain (Loss)
	Level 1	Level 2	Level 3		
March 31, 2010					
Loans	\$ --	\$80,082	\$4,276	\$84,358	(\$3,934)
Other property owned	--	21,121	--	21,121	723
December 31, 2009					
Loans	\$ --	\$63,907	\$3,087	\$66,994	(\$4,070)
Other property owned	--	24,005	4,313	28,318	(1,503)

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.

Other Property Owned: Represents the fair value and related gains (losses) of foreclosed assets that were measured at fair value subsequent to their initial classification as other property owned.

NOTE 6: Subsequent Events

We have evaluated subsequent events through May 6, 2010, which is the date the financial statements were issued.