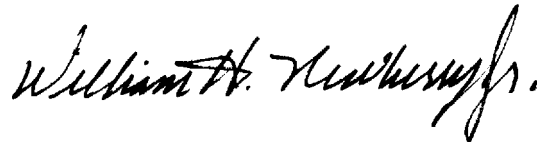
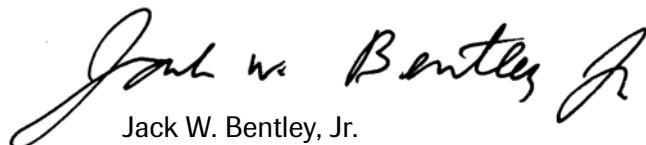


FIRST QUARTER 2005

| | |
|--|---|
| Management's Discussion and Analysis of | |
| Financial Condition and Results of Operations..... | 2 |
| Consolidated Financial Statements | |
| Consolidated Balance Sheets..... | 4 |
| Consolidated Statements of Income..... | 5 |
| Consolidated Statements of Changes in Members' Equity..... | 6 |
| Notes to the Consolidated Financial Statements..... | 7 |



William H. Newberry, Jr.
Chief Executive Officer



Jack W. Bentley, Jr.
Chairman of the Board

April 29, 2005

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 AgGeorgia Farm Credit ACA, (Association or AgGeorgia) for the period ended March 31, 2005. These comments should be read in conjunction with the accompanying financial statements, notes to the financial statements and the 2004 Annual Report of the Association.

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 including poultry, cotton, timber, peanuts and livestock. 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, somewhat reduces the level of dependency on any single commodity.

The gross loan volume of the Association as of March 31, 2005, was \$799,109, an increase of \$10,280 as compared to \$788,829 at December 31, 2004. Net loans outstanding at March 31, 2005, were \$787,007 as compared to \$776,515 at December 31, 2004. Net loans accounted for 95.40 percent of total assets at March 31, 2005, as compared to 94.42 percent of total assets at December 31, 2004. The increase in gross and net loan volume during the reporting period is partly attributable to operating loans for row crop operations, which were drawn on primarily during March in preparation for planting.

There is an inherent risk in the extension of any type of credit. Portfolio credit quality continues to be maintained at an acceptable level, however, and credit administration remains satisfactory. Nonaccrual loans decreased from \$17,889 at December 31, 2004, to

\$17,571 at March 31, 2005. This decrease is primarily the result of transfers of loan volume to nonaccrual being less than regular payments made on nonaccrual loans, along with nonaccrual loans liquidated or reinstated to accrual status.

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, 2005, was \$12,102 compared to \$12,314 at December 31, 2004, and was considered by management to be adequate to cover probable losses.

RESULTS OF OPERATIONS

For the three months ended March 31, 2005

Net income for the three months ended March 31, 2005, totaled \$4,758, as compared to \$3,679 for the same period in 2004. Net interest income increased \$720 for the three months ended March 31, 2005, as compared to the same period in 2004. Improving interest margins on loans and higher loan volume are the primary reasons for this increase in net interest income. The Association recorded a loan loss reversal of \$214 for the three months ended March 31, 2005, as compared to \$0 for the same period in 2004. As discussed in the 2004 Annual Report, the Association recorded a loan loss reversal of \$9,028 in the fourth quarter of 2004 that resulted in a significant decrease in the allowance for loan losses. Please refer to the 2004 Annual Report of AgGeorgia for a more detailed explanation of this change in accounting estimate.

Non-interest income for the three months ended March 31, 2005, totaled \$1,942, as compared to \$1,678 for the same period of 2004, an increase of \$264. Non-interest expense for the three months ended March 31, 2005, increased \$185 compared to the same period of 2004. The primary areas of increase in non-interest expense are salaries and employee benefits.

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. The Bank advances funds 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, 2005, was \$667,989 as compared to \$668,125 at December 31, 2004.

CAPITAL RESOURCES

Total members' equity at March 31, 2005, increased to \$139,320 from the December 31, 2004, total of \$134,626. The increase is primarily attributed to the retained earnings accumulated being less than the retirement of stock.

Total capital stock and participation certificates were \$4,622 on March 31, 2005, compared to \$4,722 on December 31, 2004. This decrease is attributed to the retirement of protected stock and participation certificates on loans liquidated in the normal course of business.

Farm Credit Administration (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, 2005, the Association's total surplus ratio and core surplus ratio were 15.84 percent and 11.34 percent, respectively, and the permanent capital ratio was 16.35 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.

Ag Georgia Farm Credit, ACA
Consolidated Balance Sheets

| <i>(dollars in thousands)</i> | March 31, 2005 | December 31, 2004 |
|--|---------------------------|------------------------------|
| | <i>(unaudited)</i> | |
| Assets | | |
| Cash | \$ 1,878 | \$ 3,806 |
| Loans | 799,109 | 788,829 |
| Less: allowance for loan losses | 12,102 | 12,314 |
| Net loans | 787,007 | 776,515 |
| Accrued interest receivable | 9,838 | 9,602 |
| Investment in other Farm Credit institutions | 9,620 | 9,555 |
| Premises and equipment, net | 5,158 | 5,195 |
| Other assets | 11,413 | 17,758 |
| Total assets | \$ 824,914 | \$ 822,431 |
| Liabilities | | |
| Notes payable to AgFirst Farm Credit Bank | \$ 667,989 | \$ 668,125 |
| Accrued interest payable | 2,428 | 2,310 |
| Patronage refund payable | 354 | 4,425 |
| Postretirement benefits other than pensions | 5,727 | 5,550 |
| Other liabilities | 9,096 | 7,395 |
| Total liabilities | 685,594 | 687,805 |
| Commitments and contingencies | | |
| Members' Equity | | |
| Protected borrower equity | 691 | 840 |
| Capital stock and participation certificates | 3,931 | 3,882 |
| Retained earnings | | |
| Allocated | 81,339 | 81,438 |
| Unallocated | 53,359 | 48,466 |
| Total members' equity | 139,320 | 134,626 |
| Total liabilities and members' equity | \$ 824,914 | \$ 822,431 |

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

Ag Georgia Farm Credit, ACA
Consolidated Statements of Income

(unaudited)

| <i>(dollars in thousands)</i> | For the three months ended March 31, | |
|--|---|-------------|
| | 2005 | 2004 |
| Interest Income | | |
| Loans | \$ 13,256 | \$ 11,315 |
| Interest Expense | | |
| Notes payable to AgFirst Farm Credit Bank | 6,960 | 5,739 |
| Net interest income | 6,296 | 5,576 |
| Provision for (reversal of) loan losses | (214) | — |
| Net interest income after provision for (reversal of) loan losses | 6,510 | 5,576 |
| Noninterest Income | | |
| Loan fees | 420 | 360 |
| Fees for financially related services | 63 | 24 |
| Equity in earnings of other Farm Credit institutions | 1,362 | 1,209 |
| Gains (losses) on other property owned, net | — | 1 |
| Other noninterest income | 97 | 84 |
| Total noninterest income | 1,942 | 1,678 |
| Noninterest Expense | | |
| Salaries and employee benefits | 2,655 | 2,454 |
| Occupancy and equipment | 265 | 234 |
| Insurance Fund premium | 82 | 187 |
| Other operating expenses | 687 | 629 |
| Total noninterest expense | 3,689 | 3,504 |
| Income before income taxes | 4,763 | 3,750 |
| Provision (benefit) for income taxes | 5 | 71 |
| Net income | \$ 4,758 | \$ 3,679 |

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

Ag Georgia Farm Credit, ACA
**Consolidated Statements of Changes in
Members' Equity**

(unaudited)

(dollars in thousands)

| | Protected Borrower Capital | Capital Stock and Participation Certificates | Retained Earnings | | Accumulated Other Comprehensive Income | Total Members' Equity |
|--|---|---|--------------------------|--------------------|---|--------------------------------------|
| | | | Allocated | Unallocated | | |
| Balance at December 31, 2003 | \$ 1,097 | \$ 3,762 | \$ 81,420 | \$ 34,410 | \$ (7,412) | \$ 113,277 |
| Net income | | | | 3,679 | | 3,679 |
| Protected borrower equity retired | (163) | | | | | (163) |
| Capital stock/participation certificates issued | | 101 | | | | 101 |
| Capital stock/participation certificates retired | | (69) | | | | (69) |
| Distribution adjustment | | | (473) | 670 | | 197 |
| Balance at March 31, 2004 | \$ 934 | \$ 3,794 | \$ 80,947 | \$ 38,759 | \$ (7,412) | \$ 117,022 |
| Balance at December 31, 2004 | \$ 840 | \$ 3,882 | \$ 81,438 | \$ 48,466 | \$ — | \$ 134,626 |
| Net income | | | | 4,758 | | 4,758 |
| Protected borrower equity retired | (149) | | | | | (149) |
| Capital stock/participation certificates issued | | 118 | | | | 118 |
| Capital stock/participation certificates retired | | (69) | | | | (69) |
| Distribution adjustment | | | (99) | 135 | | 36 |
| Balance at March 31, 2005 | \$ 691 | \$ 3,931 | \$ 81,339 | \$ 53,359 | \$ — | \$ 139,320 |

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 AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of AgGeorgia Farm Credit, ACA (the Association), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2004, are contained in the 2004 Annual Report to Stockholders. These unaudited first quarter 2005 consolidated financial statements should be read in conjunction with the 2004 Annual Report to Stockholders.

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. The results for the three months ended March 31, 2005, are not necessarily indicative of the results to be expected for the year ending December 31, 2005.

Certain amounts in prior period consolidated financial statements have been reclassified to conform to current 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 generally accepted accounting principles. The loan portfolio is reviewed quarterly to determine the adequacy of the allowance for losses. As of March 31, 2005, the allowance for losses is adequate in management's opinion to provide for possible losses on existing loans.

NOTE 2 – ALLOWANCE FOR LOAN LOSSES

An analysis of the allowance for loan losses follows:

| | |
|---|------------------|
| Balance at 12-31-03 | \$ 21,216 |
| (Reversal of) provision for loan losses | — |
| Recoveries, net of loans charged off | <u>40</u> |
| Balance at 3-31-04 | <u>\$ 21,256</u> |
| Balance at 12-31-04 | \$ 12,314 |
| (Reversal of) provision for loan losses | (214) |
| Recoveries, net of loans charged off | <u>2</u> |
| Balance at 3-31-05 | <u>\$ 12,102</u> |

As discussed in the 2004 Annual Report, the Association recorded a loan loss reversal of \$9,028 in the fourth quarter of 2004 that resulted in a decrease in the allowance for loan losses.

NOTE 3 – EMPLOYEE BENEFIT PLANS

The Association participates in a Districtwide defined benefit retirement plan. The costs of the plan are not segregated by participating entities but are allocated among the participating entities. Pension costs are allocated by multiplying the District's net pension expense times each institution's salary expense as a percentage of the District's salary expense. The Association also participates in Districtwide Thrift and other postretirement benefit plans.

The following is a table of retirement and postretirement benefit expense for the three months ended March 31, 2005:

| | For the three months ended March 31, | |
|-------------------------------|---|---------------|
| | 2005 | 2004 |
| Pension | \$ 288 | \$ 324 |
| Thrift/deferred compensation | 53 | 53 |
| Other postretirement benefits | <u>281</u> | <u>317</u> |
| Total | <u>\$ 622</u> | <u>\$ 694</u> |

As of March 31, 2005, no contributions have been made to the pension plan for 2005. Actuarial projections as of the last plan measurement date (September 30, 2004) did not anticipate any contributions for 2005; however, market conditions could impact discount rates and return on plan assets which could change this expectation, making contributions necessary before the next plan measurement date.