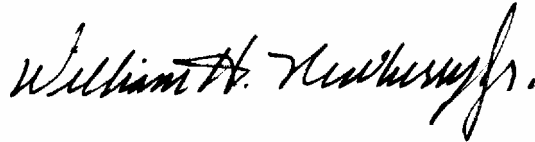
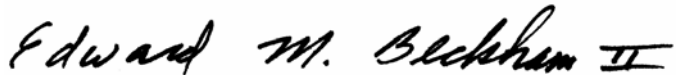


FIRST QUARTER 2007

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William H. Newberry, Jr.
Chief Executive Officer



Edward M. Beckham, II
Chairman of the Board

April 27, 2007

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, 2007. These comments should be read in conjunction with the accompanying financial statements, notes to the financial statements and the 2006 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, 2007, was \$997,612, an increase of \$17,719 as compared to \$979,893 at December 31, 2006. Net loans outstanding at March 31, 2006, were \$989,850 as compared to \$972,337 at December 31, 2006. Net loans accounted for 95.19 percent of total assets at March 31, 2007, as compared to 93.59 percent of total assets at December 31, 2006. 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 \$10,847 at December 31, 2006, to \$10,600 at March 31, 2007. This decrease is primarily the result of regular payments made on nonaccrual loans exceeding transfers of loan volume to nonaccrual, and more 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, 2007, was \$7,762 compared to \$7,645 at December 31, 2006, and was considered by management to be adequate to cover probable losses.

RESULTS OF OPERATIONS

For the three months ended March 31, 2007

Net income for the three months ended March 31, 2007, totaled \$7,160 as compared to \$5,609 for the same period in 2006. Net interest income increased \$1,715 for the three months ended March 31, 2007, as compared to the same period in 2006. Higher loan volume is the primary reasons for this increase in net interest income. The Association recorded a loan loss provision of \$72 for the three months ended March 31, 2006, as compared to \$460 for the same period in 2006.

Non-interest income for the three months ended March 31, 2007, totaled \$2,238, as compared to \$2,122 for the same period of 2006, an increase of \$116. Non-interest expense for the three months ended March 31, 2007, increased \$292 compared to the same period of 2006. The primary area of increase in non-interest expense is other operating expenses, specifically in the areas of training and advertising.

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, 2007, was \$852,125 as compared to \$851,538 at December 31, 2006.

CAPITAL RESOURCES

Total members' equity at March 31, 2007, increased to \$165,481 from the December 31, 2006, total of \$158,288. The increase is primarily attributed to the retained earnings accumulated being more than the retirement of stock.

Total capital stock and participation certificates were \$3,721 on March 31, 2007, compared to \$3,693 on December 31, 2006. This increase is attributed to the issuance of stock on new loans being greater than the retirement of stock 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, 2007, the Association's total surplus ratio and core surplus ratio were 14.52 percent and 10.47 percent, respectively, and the permanent capital ratio was 15.04 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.

FUTURE ACCOUNTING TREATMENT

On September 29, 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 158 - Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. The Standard requires an employer to recognize the over funded or under funded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and recognize changes in that funded status in the year in which the changes occur through comprehensive income. The Standard is effective for employers with publicly traded securities for the fiscal year ending after December 15, 2006 and for employers without publicly traded securities for the fiscal year ending after June 15, 2007. The Association will be required to implement the Standard for the year ended December 31, 2007. In addition, this Standard requires that the funded status of a plan be measured as of the date of the year-end financial statements. Currently, the Association uses a measurement date of September 30th. The requirement to measure the funded status as of the fiscal year-end is effective for fiscal years ending after December 15, 2008. The Association is currently evaluating the impact of implementing this Standard. It is anticipated that the impact from the implementation of this Standard will have no impact on the income statement and, based on the current funded status of the defined benefit plans, it is not expected to have a material or significant impact on the balance sheet.

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. 316, or writing Wanda Martin, 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 478-272-4306, writing Carrie McCall, Chief Financial Officer, AgGeorgia Farm Credit, ACA, P.O. Box 1548, Dublin, GA 31040, or accessing the website, www.aggeorgia.com. The Association prepares a quarterly report within 45 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.

Ag Georgia Farm Credit, ACA

Consolidated Balance Sheets

<i>(dollars in thousands)</i>	March 31, 2007	December 31, 2006
	<i>(unaudited)</i>	<i>(audited)</i>
Assets		
Cash	\$ 1,191	\$ 10,100
Loans	997,612	979,983
Less: allowance for loan losses	7,762	7,645
Net loans	989,850	972,338
Accrued interest receivable	17,860	19,403
Investment in other Farm Credit institutions	14,475	14,434
Premises and equipment, net	5,148	4,943
Other property owned	85	85
Prepaid retirement expense	8,380	8,605
Due from AgFirst Farm Credit Bank	1,651	7,724
Other assets	1,227	1,317
Total assets	<u>\$ 1,039,867</u>	<u>\$ 1,038,949</u>
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 852,125	\$ 851,538
Accrued interest payable	4,164	4,104
Patronage refund payable	396	6,837
Postretirement benefits other than pensions	6,843	6,747
Other liabilities	10,858	11,435
Total liabilities	<u>874,386</u>	<u>880,661</u>
Commitments and contingencies		
Members' Equity		
Protected borrower equity	387	482
Capital stock and participation certificates	3,721	3,693
Retained earnings		
Allocated	87,939	88,186
Unallocated	73,434	65,927
Total members' equity	<u>165,481</u>	<u>158,288</u>
Total liabilities and members' equity	<u>\$ 1,039,867</u>	<u>\$ 1,038,949</u>

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,	
	2007	2006
Interest Income		
Loans	\$ 21,368	\$ 17,632
Interest Expense		
Notes payable to AgFirst Farm Credit Bank	12,057	9,648
Net interest income	9,311	7,984
Provision for (reversal of allowance for) loan losses	72	460
Net interest income after provision for (reversal of allowance for) loan losses	9,239	7,524
Noninterest Income		
Loan fees	406	421
Fees for financially related services	27	34
Equity in earnings of other Farm Credit institutions	1,693	1,566
Gains (losses) on other property owned, net	7	4
Other noninterest income	105	97
Total noninterest income	2,238	2,122
Noninterest Expense		
Salaries and employee benefits	2,731	2,651
Occupancy and equipment	281	273
Insurance Fund premium	357	324
Other operating expenses	947	776
Total noninterest expense	4,316	4,024
Income before income taxes	7,161	5,622
Provision (benefit) for income taxes	1	13
Net income	\$ 7,160	\$ 5,609

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		Total Members' Equity
			Allocated	Unallocated	
Balance at December 31, 2005	\$ 644	\$ 4,005	\$ 83,529	\$ 56,992	\$ 145,170
Net income				5,609	5,609
Protected borrower equity retired	(134)				(134)
Capital stock/participation certificates issued		96			96
Capital stock/participation certificates retired		(464)			(464)
Distribution adjustment			557	(802)	(245)
Balance at March 31, 2006	\$ 510	\$ 3,637	\$ 84,086	\$ 61,799	\$ 150,032
Balance at December 31, 2006	\$ 482	\$ 3,693	\$ 88,186	\$ 65,927	\$ 158,288
Net income				7,160	7,160
Protected borrower equity retired	(95)				(95)
Capital stock/participation certificates issued		106			106
Capital stock/participation certificates retired		(78)			(78)
Distribution adjustment			(247)	347	100
Balance at March 31, 2007	\$ 387	\$ 3,721	\$ 87,939	\$ 73,434	\$ 165,481

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, 2006, are contained in the 2006 Annual Report to Shareholders. These unaudited first quarter 2007 consolidated financial statements should be read in conjunction with the 2006 Annual Report to Shareholders.

On September 29, 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 158 – Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans. The Standard requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and recognize changes in that funded status in the year in which the changes occur through comprehensive income. The Standard is effective for employers with publicly traded securities for the fiscal year ending after December 15, 2006 and for employers without publicly traded securities for the fiscal year ending after June 15, 2007. The Association will be required to implement the Standard for the year ended December 31, 2007. In addition, this Standard requires that the funded status of a plan be measured as of the date of the year-end financial statements. Currently, the Association uses a measurement date of September 30th. The requirement to measure the funded status as of the fiscal year-end is effective for fiscal years ending after December 15, 2008. The Association is currently evaluating the impact of implementing this Standard. It is anticipated that the impact from the implementation of this Standard will have no impact on the consolidated income statement and, based on the current funded status of the defined benefit plans, it is not expected to have a material or significant impact on the consolidated balance sheet.

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, 2007, are not necessarily indicative of the results to be expected for the year ending December 31, 2007.

Certain amounts in prior period consolidated financial statements may 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, 2007, 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:

	For the three months ended March 31,	
	2007	2006
Balance at beginning of period	\$ 7,645	\$11,959
Provision for (reversal of) loan losses	72	460
Recoveries, net of loans charged off	45	–
Balance at end of period	<u>\$ 7,762</u>	<u>\$12,419</u>

NOTE 3 – COMMITMENTS AND CONTINGENT LIABILITIES

Derivative action is pending against the Association, certain unnamed employees, officers, and the board of directors, along with an additional third-party defendant in the Superior Court of Hall County, Georgia, seeking injunctive relief and attorney fees. Matter was filed on October 11, 2006, by an Association stockholder who has alleged that the Association improperly disposed of property acquired through foreclosure. Plaintiff is claiming that the actions of the Association resulted in a breach of fiduciary duty and a waste of corporate assets based on the assertion that he would have paid a higher price for the property. Action seeks to set aside the prior sale.

NOTE 4 – 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, 2007:

	For the three months ended March 31,	
	2007	2006
Pension	\$ 230	\$ 289
Thrift/deferred compensation	58	54
Other postretirement benefits	181	181
Total	<u>\$ 469</u>	<u>\$ 524</u>

As of March 31, 2007, no contributions have been made to the pension plan for 2007. Actuarial projections as of the last plan measurement date (September 30, 2006) did not anticipate any contributions for 2007; 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.

The Association also sponsors a supplemental retirement plan for certain key employees. The expenses of this plan are included in the pension costs above. The Association contributed \$8 to this plan during the first three months of 2007. The Association anticipates making additional contributions of \$23 to the supplemental retirement plan during the remainder of 2007.