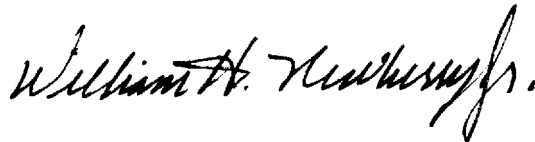
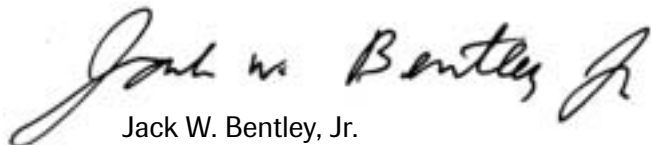


SECOND QUARTER 2005

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

July 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) for the period ended June 30, 2005. These comments should be read in conjunction with the accompanying consolidated financial statements, notes to the consolidated 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 June 30, 2005, was \$858,755, an increase of \$69,926, as compared to \$788,829 at December 31, 2004. Net loans outstanding at June 30, 2005, were \$846,360 as compared to \$776,515 at December 31, 2004. Net loans accounted for 95.40 percent of total assets at June 30, 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 and new poultry house construction.

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 increased slightly from \$17,889 at December 31, 2004, to \$18,286 at June 30, 2005.

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 June 30, 2005, was \$12,395 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 June 30, 2005

Net income for the three months ended June 30, 2005, totaled \$4,901, as compared to \$3,471 for the same period in 2004. Net interest income increased \$1,306 for the three months ended June 30, 2005, as compared to the same period in 2004. Increased interest margins and higher loan volume are the primary reasons for this increase in net interest income.

Noninterest income for the three months ended June 30, 2005, totaled \$1,913, as compared to \$1,639 for the same period of 2004, an increase of \$274. The increase is primarily in the area of estimated patronage income from other Farm Credit institutions. Noninterest expense for the three months ended June 30, 2005, decreased \$118 compared to the same period of 2004. The primary reason for the decrease in noninterest expense is a reduction in the amount of premium owed to the Farm Credit System Insurance Corporation.

For the six months ended June 30, 2005

Net income for the six months ended June 30, 2005, totaled \$9,659, as compared to \$7,150 for the same period in 2004. At June 30, 2005, net interest income increased by \$2,026 or 18.01 percent compared to June 30, 2004. Interest income on loans increased by \$5,053 and interest expense increased by \$3,027. This change in net interest income is the result of increased interest margins and higher loan volume.

Nonaccrual income was \$818 for the six months ended June 30, 2005, as compared to \$721 for the same period in 2004. The Association recorded a provision for loan loss of \$78 for the six months ended June 30, 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 the Association for a more detailed explanation of this change in accounting estimate.

Noninterest income for the six months ended June 30, 2005, totaled \$3,855, as compared to \$3,317 for the same period of 2004, an increase of \$538. The increase is primarily in the area of estimated patronage income from other Farm Credit institutions. Noninterest expense for the six months ended June 30, 2005, increased \$67 compared to the same period of 2004.

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 June 30, 2005, was \$729,646 as compared to \$668,125 at December 31, 2004.

CAPITAL RESOURCES

Total members' equity at June 30, 2005, increased to \$135,459 from the December 31, 2004, total of \$134,626. The increase is primarily attributed to the retained earnings accumulated being more than the combined (1) revolvment of surplus and (2) retirement of stock.

Total capital stock and participation certificates were \$4,630 on June 30, 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 June 30, 2005, the Association's total surplus ratio and core surplus ratio were 15.61 percent and 11.45 percent, respectively, and the permanent capital ratio was 16.10 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 Jay Wise, 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 770-536-3660, writing Chris Scott, Chief Financial Officer, AgGeorgia Farm Credit, ACA, P.O. Box 2536, Gainesville GA 30503, 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>	June 30, 2005 <i>(unaudited)</i>	December 31, 2004 <i>(audited)</i>
Assets		
Cash	\$ 1,229	\$ 3,806
Loans	858,755	788,829
Less: allowance for loan losses	12,395	12,314
Net loans	846,360	776,515
Accrued interest receivable	12,249	9,602
Investment in other Farm Credit institutions	9,666	9,555
Premises and equipment, net	5,052	5,195
Other assets	12,574	17,758
Total assets	<u>\$ 887,130</u>	<u>\$ 822,431</u>
Liabilities		
Notes payable to AgFirst Farm Credit Bank	\$ 729,646	\$ 668,125
Accrued interest payable	2,660	2,310
Patronage refund payable	479	4,425
Postretirement benefits other than pensions	5,903	5,550
Other liabilities	12,983	7,395
Total liabilities	<u>751,671</u>	<u>687,805</u>
Commitments and contingencies		
Members' Equity		
Protected borrower equity	672	840
Capital stock and participation certificates	3,958	3,882
Retained earnings		
Allocated	72,569	81,438
Unallocated	58,260	48,466
Total members' equity	<u>135,459</u>	<u>134,626</u>
Total liabilities and members' equity	<u>\$ 887,130</u>	<u>\$ 822,431</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 June 30,		For the six months ended June 30,	
	2005	2004	2005	2004
Interest Income				
Loans	\$ 14,714	\$ 11,602	\$ 27,970	\$ 22,917
Interest Expense				
Notes payable to AgFirst Farm Credit Bank	7,732	5,926	14,692	11,665
Net interest income	6,982	5,676	13,278	11,252
Provision for (reversal of) loan losses	292	—	78	—
Net interest income after provision for (reversal of) loan losses	6,690	5,676	13,200	11,252
Noninterest Income				
Loan fees	393	371	813	731
Fees for financially related services	22	28	85	52
Equity in earnings of other Farm Credit institutions	1,496	1,228	2,858	2,437
Gains (losses) on other property owned, net	1	1	1	2
Other noninterest income	1	11	98	95
Total noninterest income	1,913	1,639	3,855	3,317
Noninterest Expense				
Salaries and employee benefits	2,690	2,747	5,345	5,201
Occupancy and equipment	256	259	521	493
Insurance Fund premium	88	189	170	376
Other operating expenses	621	578	1,308	1,207
Total noninterest expense	3,655	3,773	7,344	7,277
Income before income taxes	4,948	3,542	9,711	7,292
Provision (benefit) for income taxes	47	71	52	142
Net income	\$ 4,901	\$ 3,471	\$ 9,659	\$ 7,150

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				7,150		7,150
Protected borrower equity retired	(213)					(213)
Capital stock/participation certificates issued		204				204
Capital stock/participation certificates retired		(139)				(139)
Retained earnings retired			(9,457)			(9,457)
Distribution adjustment			(475)	669		194
Balance at June 30, 2004	\$ 884	\$ 3,827	\$ 71,488	\$ 42,229	\$ (7,412)	\$ 111,016
Balance at December 31, 2004	\$ 840	\$ 3,882	\$ 81,438	\$ 48,466	\$ —	\$ 134,626
Net income				9,659		9,659
Protected borrower equity retired	(168)					(168)
Capital stock/participation certificates issued		226				226
Capital stock/participation certificates retired		(150)				(150)
Retained earnings retired			(8,770)			(8,770)
Distribution adjustment			(99)	135		36
Balance at June 30, 2005	\$ 672	\$ 3,958	\$ 72,569	\$ 58,260	\$ —	\$ 135,459

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 Shareholders. These unaudited second quarter 2005 consolidated financial statements should be read in conjunction with the 2004 Annual Report to Shareholders.

As disclosed in the 2004 Annual report, pursuant to a plan of restructuring approved by the Farm Credit Administration and Association shareholders, the Association reorganized its existing organizational structure effective January 1, 2005. Pursuant to this restructuring, a Federal Land Credit Association (FLCA) and a Production Credit Association (PCA) were formed as wholly owned subsidiaries of the Association. The formation of these subsidiaries enables the Association to take advantage of the tax-exempt status of net income from long-term mortgage operations of the FLCA. This restructuring was accounted for as a reorganization of entities under common control similar to a pooling of interests.

Prior to the restructuring, the Association was subject to federal and state income tax. As a result of the restructuring, long-term lending activity was separated into a wholly owned FLCA subsidiary, which is exempt from federal and state income tax. The ACA, which is the holding company, along with the wholly owned PCA subsidiary, will continue to be subject to income tax.

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 six months ended June 30, 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 June 30, 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>95</u>
Balance at 6-30-04	<u>\$ 21,311</u>
Balance at 12-31-04	\$ 12,314
(Reversal of) provision for loan losses	78
Recoveries, net of loans charged off	<u>3</u>
Balance at 6-30-05	<u>\$ 12,395</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 six months ended June 30, 2005:

	For the six months ended June 30,	
	2005	2004
Pension	\$ 577	\$ 671
Thrift/deferred compensation	98	96
Other postretirement benefits	<u>563</u>	<u>633</u>
Total	<u>\$1,238</u>	<u>\$1,400</u>

As of June 30, 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.