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June 27, 2022

TO: All Cape Fear Farm Credit Stockholders

RE: Board Approval of Proposed AgCarolina Farm Credit Merger

Dear Member,

On Friday, June 24, 2022, the Boards of Directors of Cape Fear Farm Credit and AgCarolina Farm Credit marked another key milestone in our proposed merger. After completing months of due diligence, both Boards met to thoroughly review the advantages and disadvantages of a combined organization. Together, the Boards of both Associations voted to approve the merger.

Over the next few months, we will work to seek regulatory approval while we finalize a merger disclosure packet to be mailed to all stockholders this fall. This disclosure packet will include a range of detailed materials to help you better understand what a combined Association would look like as well as instructions on how eligible stockholders can vote later this fall on the proposed merger.

On behalf of the Board, here are some of the key reasons we decided to move forward with this merger.

We believe in the power of staying local while growing big. Though both Associations have enjoyed long, successful, financially strong histories as individual operations in separate geographic territories, both Association Boards recognize that blending our common member-focused cultures, similar operating models, and complementary service areas could better position us for the future.

By merging, we hope to achieve growth targets with greater risk bearing capacity, cost synergies, improved operational capacity and enhanced profitability. Operating as AgCarolina Farm Credit (ACA), the merged entity would be the largest ag lending cooperative operating solely in North Carolina with a local presence throughout the territory. The Association would begin with approximately \$3.1 billion in gross loan volume, serving more than 6,000 members.

Leadership teams of both Associations are proactively working on integration plans should the merger gain regulatory and stockholder approval to become effective on January 1, 2023.

As always, if you have any questions, please do not hesitate to reach out to your local Cape Fear Farm Credit loan officer, a director, Evan Kleinhans, or myself. Thank you for continuing to trust us with your agriculture and rural lending needs. We look forward to bringing you the opportunity to vote on this proposed merger later this year.

Sincerely,

A handwritten signature in black ink that reads "Nash Johnson".

Nash Johnson  
Board Chairman  
Cape Fear Farm Credit