



**Premier
Farm
Credit,
ACA**

**FIRST QUARTER
REPORT
2007**

The Gold Standard in Ag Lending

The shareholders' investment in Premier Farm Credit, ACA is materially affected by the financial condition and results of operations of U.S. AgBank, FCB, (AgBank). The 2006 AgBank Annual Report to Shareholders, the 2006 AgBank District Annual Report to Shareholders, the AgBank quarterly shareholders' reports and the AgBank District quarterly shareholders' reports are available on AgBank's web site, www.usagbank.com, or may be obtained at no charge by contacting the Administrative Office, Premier Farm Credit, ACA, 202 Poplar, Sterling, CO or by calling 970-522-5295.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in Thousands, Except as Noted)
(Unaudited)

The following commentary summarizes the principal aspects of the financial position and results of operations of Premier Farm Credit, ACA for the quarter ended March 31, 2007, with comparisons to the prior year and prior quarter. You should read these comments with the accompanying financial statements and footnotes, along with other disclosures contained in this report and the 2006 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of the audit committee.

The first quarter of 2007 witnessed great optimism among producers due to the outlook for corn prices. A record amount of acres are being committed to corn, yet prospects remain for strong prices due in large part to the buildup of the ethanol industry. Our territory will see one new ethanol plant open this summer with several others still in the planning stages.

The rise in the price of corn is causing concern for livestock producers as the resulting cost of feed hampers profitability. As always, weather will play a key role in the dynamics of the price of this commodity.

The reservoirs in the area are either full, or expecting to be there by the time irrigation season begins. Spring rains will again be crucial to enable irrigators to stretch water supplies late into the season. Some groundwater users may face pumping curtailment this year, the impact of which is unknown at this time.

Based upon the analysis of our portfolio during the first quarter, the members of Premier Farm Credit on the whole experienced profitable operations in 2006. The drought continued to hamper profitability for dry land operators. Prospects for profitable operations in 2007 do exist with higher commodity prices and the potential for average rainfall.

LOAN PORTFOLIO

Loans outstanding at March 31, 2007 totaled \$312,661, an increase of \$9,618, or 3.17%, from loans of \$303,043 December 31, 2006. The increase was primarily due to seasonal crop expenses volume as well as new loan activity.

INVESTMENT IN U.S. AGBANK, FCB (AGBANK)

During March 2007, AgBank issued preferred stock and reduced our required investment in AgBank from 6.25% to 5.00% beginning April 2007. We will not receive a cash redemption for this transaction. However, the then excess investment in AgBank will be transferred from required investment to excess investment, both of which are included in investment in AgBank on the Balance Sheet.

RESULTS OF OPERATIONS

Net interest income for the three months ended March 31, 2007 was \$2,541, an increase of \$183, or 7.76%, from the same period ended one year ago. Interest income increased as a result of increased volume and a higher interest rate environment than last year.

Net income for the three months ended March 31, 2007 was \$2,255, an increase of \$531, or 30.80%, from the same period ended one year ago. This is primarily due to a loan loss reversal in the Allowance for Loan Losses of \$294, an increase in net interest income of \$183, an increase of noninterest income of \$55, all of which was offset by an increase in noninterest expense of \$14.

CAPITAL RESOURCES

Our shareholders' equity at March 31, 2007 was \$89,336, an increase from \$87,078 at December 31 2006. This increase is due to net income.

The undersigned certify that this report has been prepared in accordance with all applicable statutory or regulatory requirements and that the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.



Albert E. Amen
Chairman of the Board
May 8, 2007



Rick Sanger
President & CEO
May 8, 2007

PREMIER FARM CREDIT, ACA
CONSOLIDATED BALANCE SHEET
(Dollars in Thousands)

	March 31 2007	December 31 2006
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 312,661	\$ 303,043
Less allowance for loan losses	1,777	2,071
Net loans	310,884	300,972
Cash	942	7,363
Accrued interest receivable	5,890	6,531
Investment in U.S. AgBank, FCB	12,586	12,586
Premises and equipment	1,483	1,516
Pension asset	756	797
Deferred tax asset	1,488	1,488
Other assets	262	305
Total assets	\$ 334,291	\$ 331,558
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 232,132	\$ 225,058
Advance conditional payments	6,410	4,820
Accrued interest payable	5,106	8,694
Patronage distributions payable	-	4,250
Postretirement benefits	448	444
Other liabilities	859	1,214
Total liabilities	244,955	244,480
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	3	3
Capital stock	1,060	1,057
Unallocated retained earnings	88,273	86,018
Total shareholders' equity	89,336	87,078
Total liabilities and shareholders' equity	\$ 334,291	\$ 331,558

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

PREMIER FARM CREDIT, ACA
CONSOLIDATED STATEMENT OF INCOME
(Dollars in Thousands)

UNAUDITED	For the three months ended March 31	
	2007	2006
INTEREST INCOME		
Loans	\$ 5,502	\$ 4,939
Total interest income	5,502	4,939
INTEREST EXPENSE		
Note payable to U.S. AgBank, FCB	2,882	2,533
Other	79	48
Total interest expense	2,961	2,581
Net interest income	2,541	2,358
(Loan loss reversal)/Provision for loan losses	(294)	15
Net interest income after (loan loss reversal)/provision for loan losses	2,835	2,343
NONINTEREST INCOME		
Financially related services income	61	37
Loan fees	57	46
Patronage distribution from U.S. AgBank, FCB	534	519
Other noninterest income	33	28
Total noninterest income	685	630
NONINTEREST EXPENSE		
Salaries and employee benefits	709	692
Occupancy and equipment	64	73
Purchased services from AgVantis, Inc.	101	97
Purchased services from U.S. AgBank, FCB	20	25
Farm Credit Insurance Fund premium	110	104
Supervisory and examination costs	33	35
Other noninterest expense	223	220
Total noninterest expense	1,260	1,246
Income before income taxes	2,260	1,727
Provision for income taxes	5	3
Net income	\$ 2,255	\$ 1,724

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

PREMIER FARM CREDIT, ACA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Dollars in Thousands)

UNAUDITED

	Protected Stock	Capital Stock	Unallocated Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2005	\$ 4	\$ 1,081	\$ 83,824	\$ 84,909
Net income			1,724	1,724
Stock issued	-	28		28
Stock retired	(1)	(38)		(39)
Balance at March 31, 2006	\$ 3	\$ 1,071	\$ 85,548	\$ 86,622
Balance at December 31, 2006	\$ 3	\$ 1,057	\$ 86,018	\$ 87,078
Net income			2,255	2,255
Stock issued	-	34		34
Stock retired		(31)		(31)
Balance at March 31, 2007	\$ 3	\$ 1,060	\$ 88,273	\$ 89,336

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

NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands, Except as Noted)
(Unaudited)

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and operations of Premier 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 financial statements should be read in conjunction with the 2006 Annual Report to Shareholders.

The accompanying financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations, and conform to generally accepted accounting principles and prevailing practices within the banking industry. The results for the three months ended March 31, 2007, are not necessarily indicative of the results to be expected for the year ended December 31, 2007.

NOTE 2 - LOANS AND ALLOWANCE FOR LOAN LOSSES

A summary of the allowance for loan losses follows.

	March 31, 2007	March 31, 2006
Balance at beginning of year	\$ 2,071	\$ 1,805
Provision for loan losses/(Loan loss reversal)	-294	15
Charge-offs		3
Balance at end of quarter	\$ 1,777	\$ 1,817

Impaired loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms. The following presents information relating to impaired loans including accrued interest.

	March 31, 2007	March 31, 2006
Impaired loans with related allowance	\$ -0-	\$ 898
Impaired loans with no related allowance	2,261	2,511
Total impaired loans	\$ 2,261	\$ 3,409
Allowance on impaired loans	\$ -0-	\$ 154

The following table summarizes impaired loan information.

	For the three months ended	
	March 31, 2007	March 31, 2006
Average impaired loans	\$ 2,267	\$ 2,716
Interest income recognized on impaired loans	\$ 64	\$ 131

NOTE 3 - INCOME TAXES

On January 1, 2007, the Association adopted Interpretation No. 48, Accounting for Uncertainty in Income Taxes released by the Financial Accounting Standards Board. No adjustments to the deferred tax assets were necessary as a result of this adoption.