



**Premier
Farm
Credit,
ACA**

**FIRST QUARTER
REPORT
2008**

The Gold Standard in Ag Lending



DISCLOSURE

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 2007 AgBank Annual Report to Shareholders, the 2007 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, 2008, 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 2007 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of the audit committee.

Moisture conditions in the area remain below desired levels. While we experienced snow cover for much of the winter, strong spring rains will be needed to enable the wheat crop to realize its potential. The snow pack is average; and the prospect for an adequate surface water supply appears to be favorable at this time.

The first quarter of 2008 saw continued high commodity prices. Production costs are also rising and the amount of capital needed to raise a crop is increasing. While profit margins will still exist with an average crop, the capital risk factor has escalated.

The livestock sector is suffering from continued high feed costs with little relief expected in the near future. Increasing demand for beef will be needed to mitigate the higher cost of production.

Water issues continue to attract the attention of operators, businesses and the communities we serve. The Republican River Water Conservation District continues working toward a resolution to deliver water to Kansas to ensure compliance with the compact. The Association is closely monitoring the situation and is optimistic for the future of irrigated agriculture in Northeast Colorado.

Interest rates have declined 2% in the first quarter as the Federal Reserve adopted an aggressive posture in response to a weakening credit market. While the outlook remains unsettled for the general economy; optimism abounds around the agricultural economy. We would anticipate a stable credit environment given this outlook.

LOAN PORTFOLIO

The Association is a party to a shared lending operation known as the Agribusiness Finance Group (AFG). The agreement includes our association, Farm Credit Services of the Mountain Plains, ACA, Farm Credit of Southern Colorado, ACA and Farm Credit of New Mexico, ACA. These associations pool their resources to coordinate and enhance the marketing, originating and servicing of large, complex commercial and mortgage loans, as well as diversify risk.

Loans outstanding at March 31, 2008 totaled \$356,990, an increase of \$13,463, or 3.92%, from loans of \$343,527 at December 31, 2007. The increase was primarily due to increased activity in the real estate market and loans purchased through the AFG.

RESULTS OF OPERATIONS

Net interest income for the three months ended March 31, 2008 was \$2,541, no change from the same period ended one year ago. However, the components of the net interest income have changed. Interest income increased \$336, or 6.11%, as a result of increased loan volume. Interest expense also increased \$336, or 11.35%.

Net income for the three months ended March 31, 2008 was \$2,089, a decrease of \$166, or 7.36%, from the same period ended one year ago. This is primarily due to a \$213 increase in noninterest expenses, \$31 less in patronage from U.S. AgBank, and \$14 less in reversal of loan losses. Partially offsetting these items were increases in loan fees of \$51, an increase in financially related services income of \$32, and \$6 in other noninterest income.



Noninterest expenses have primarily increased as a result of \$133 more in salaries and employee benefits. In past years, the annual bonus was not accrued until December. This year we accrued a quarter of the anticipated 2008 bonus in the first quarter, thus causing an additional \$84 in expense for the first quarter of 2008. Increased employee benefit costs for the employee 401(k) and insurance programs resulted in an additional \$39 to employee benefits expense in the first quarter of 2008 as compared to the same time period in 2007.

Occupancy and equipment increased \$57 in the first quarter of 2008 as compared to the first quarter of 2007. This primarily results from accruals for building leases and furniture and equipment, as well as real estate taxes being accrued in each quarter during 2008. In prior years these expenses were only accrued in December. The accruals caused occupancy and equipment expenses to be an additional \$43 in the first quarter of 2008 when compared to the same time period in 2007.

Purchased Services from AgVantis were \$17 more in the first quarter of 2008 as compared to the first quarter of 2007 as a result of both higher per transaction prices and more transactions due to the increased loan volume.

Farm Credit Insurance Fund Premiums were \$18 more in the first quarter of 2008 as compared to the first quarter of 2007 as a result of the increased loan volume.

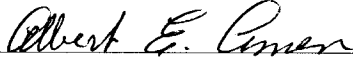
The increase in loan fees has primarily resulted from fee income from loans in the AFG portfolio and the strong increase in real estate loan volume during the first quarter.

Good crop prices have increased both the premiums and number of multi-peril crop insurance policies contributing to the increase in financially related services income.

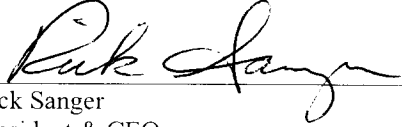
CAPITAL RESOURCES

Our shareholders' equity at March 31, 2008 was \$92,849, an increase from \$90,768 at December 31, 2007. This increase is primarily due to \$2,089 in net income, partially offset by stock reductions of \$7. In addition, the Other Comprehensive Loss decreased \$3 in the first quarter of 2008 from amortization of pension gains included in the net periodic benefit cost, offset by the effect of changing the defined benefit plan measurement date.

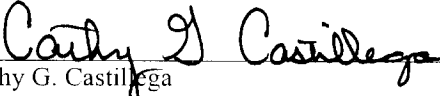
The undersigned certify that this report has been prepared in accordance with all applicable statutory or regulatory requirements and that the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.



Albert E. Amen
Chairman of the Board
April 25, 2008



Rick Sanger
President & CEO
April 25, 2008



Cathy G. Castilleja
Chief Financial Officer
April 25, 2008



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

	March 31 2008	December 31 2007
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 356,990	\$ 343,527
Less allowance for loan losses	1,804	2,115
Net loans	355,186	341,412
Cash	2,380	7,860
Accrued interest receivable	6,484	6,760
Investment in U.S. AgBank, FCB	12,586	12,586
Premises and equipment, net	1,512	1,500
Prepaid benefit expense	545	585
Deferred tax asset	1,634	1,634
Other assets	298	474
Total assets	\$ 380,625	\$ 372,811
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 270,115	\$ 261,573
Advance conditional payments	10,861	5,179
Accrued interest payable	5,105	9,109
Patronage distributions payable	-	4,300
Accrued benefits liability	260	263
Other liabilities	1,435	1,619
Total liabilities	287,776	282,043
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	3	3
Capital stock	1,048	1,055
Unallocated retained earnings	91,845	89,760
Other comprehensive income/ (loss)	(47)	(50)
Total shareholders' equity	92,849	90,768
Total liabilities and shareholders' equity	\$ 380,625	\$ 372,811

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	
	2008	2007
INTEREST INCOME		
Loans	\$ 5,838	\$ 5,502
Total interest income	5,838	5,502
INTEREST EXPENSE		
Note payable to U.S. AgBank, FCB	3,221	2,882
Other	76	79
Total interest expense	3,297	2,961
Net interest income	2,541	2,541
Loan loss reversal	(280)	(294)
Net interest income after loan loss reversal	2,821	2,835
NONINTEREST INCOME		
Financially related services income	93	61
Loan fees	108	57
Patronage distribution from U.S. AgBank, FCB	503	534
Other noninterest income	39	33
Total noninterest income	743	685
NONINTEREST EXPENSE		
Salaries and employee benefits	842	709
Occupancy and equipment	121	64
Purchased services from AgVantis, Inc.	118	101
Farm Credit Insurance Fund premium	128	110
Supervisory and examination costs	32	33
Other noninterest expense	232	243
Total noninterest expense	1,473	1,260
Income before income taxes	2,091	2,260
Provision for income taxes	2	5
Net income	\$ 2,089	\$ 2,255

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)

	Protected Stock	Capital Stock	Unallocated Retained Earnings	Accumulated		Total Shareholders' Equity
				Other Comprehensive Income/(Loss)	Shareholders' Equity	
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
Balance at December 31, 2007	\$ 3	\$ 1,055	\$ 89,760	\$ (50)	\$	\$ 90,768
Comprehensive income						
Net income			2,089			2,089
Amortization of gains included in net periodic benefit cost					3	
Total comprehensive income						2,092
Effect of changing defined benefit plan measurement date			(4)			(4)
Stock issued	-	27				27
Stock retired		(34)				(34)
Balance at March 31, 2008	\$ 3	\$ 1,048	\$ 91,845	\$ (47)	\$	\$ 92,849

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, 2007, are contained in the 2007 Annual Report to Shareholders. These unaudited first quarter 2008 financial statements should be read in conjunction with the 2007 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. Certain amounts in the 2007 financial statements have been reclassified to conform to current financial statement presentation. Services previously purchased from U.S. AgBank, FCB are now purchased from Farm Credit Foundations. These services are reflected in other noninterest expense. The results for the three months ended March 31, 2008, are not necessarily indicative of the results to be expected for the year ended December 31, 2008.

NOTE 2 – LOANS AND ALLOWANCE FOR LOAN LOSSES

	March 31, 2008	March 31, 2007
Balance at beginning of year	\$ 2,115	\$ 2,071
Loan loss reversal	(280)	(294)
Charge-offs	31	-0-
Balance at end of quarter	\$ 1,804	\$ 1,777

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, 2008	March 31, 2007
Impaired loans with related allowance	\$ -0-	\$ -0-
Impaired loans with no related allowance	687	2,261
Total impaired loans	\$ 687	\$ 2,261
Allowance on impaired loans	\$ -0-	\$ -0-

The following table summarizes impaired loan information.

	March 31, 2008	March 31, 2007
Average impaired loans	\$ 850	\$ 2,267
Interest income recognized on impaired loans	\$ 61	\$ 64

