



**Premier
Farm
Credit,
ACA**

**SECOND 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 (the Association) for the quarter ended June 30, 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 have been varied in our territory. Some locations received ample and timely rains, while others have experienced very dry conditions. The wheat crop will also be varied from very poor to excellent yields. Pasture land is also being impacted in part of our territory due to little rainfall. With the high cost of feed, some producers are contemplating reducing their herds.

Commodity prices have shown a great deal of volatility, but remain strong at this time. Production costs have risen as well, increasing the amount of capital needed to raise a crop. While profit margins are expected to be strong with an average crop, margins have narrowed and the capital risk factor has escalated.

The livestock sector seeks an increasing demand for beef; thus leading to increased fat prices. This will be needed to mitigate the higher cost of production and return profitable margins to this industry.

The Republican River Water Conservation District continues working toward a resolution to deliver water to Kansas to ensure compliance with the compact. While significant progress has been made, this situation will require close monitoring by this Association.

Interest rates have stabilized, but did decline another .25% in the second quarter. Concern in the financial markets and inflationary pressures continue to stress the economy. The agricultural economy remains a bright spot at this time leading to a stable credit environment with growth potential.

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.

The Association has seen strong growth in its loan volume during the first half of the year. Loans outstanding at June 30, 2008 totaled \$373,523, an increase of \$29,996, or 8.73%, 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 six months ended June 30, 2008 was \$4,850, a decrease of \$573, or 10.57%, from the same period ended one year ago. Interest income decreased as a result of the reduction in interest rates. The Association has not been able to earn the return on its loanable funds during the first half of 2008 that it did during the same time period a year ago. Loanable funds earnings are down \$794 in 2008 as compared to 2007. However, due to the increase in loan volume, some of the effect of the loss on loanable funds has been mitigated.

Net income for the six months ended June 30, 2008 was \$3,475, a decrease of \$970, or 21.82%, from the same period ended one year ago. This is primarily due to the decrease in net interest income of \$573, increase in noninterest expenses of \$553 and reduction in patronage from US AgBank of \$101. These items are partially offset by an increase in loan fees of \$99, an increase in other income of \$77, an increase in financially related services of \$43 and \$38 more in the reversal of the provision for loan losses.

Noninterest expenses have primarily increased as a result of \$349 more in salaries and employee benefits. In past years, the annual bonus was not accrued until December. This year we accrued half of the anticipated 2008 bonus in the first half of the year, thus causing an additional \$168 in expense. Increased employee benefit costs for the employee 401(k) and insurance programs resulted in an additional \$67 to employee benefits expense in the first half of 2008. Finally, the method used to book salaries changed significantly between 2008 and 2007. In past years, salaries and employee benefits were paid every two weeks, but beginning in 2008, employees are paid twice a month. This change resulted in less in payroll costs being accrued in 2007 as compared to 2008.

Occupancy and equipment increased \$101 in the first half of 2008 as compared to the first half of 2007. This primarily results from accruals for building and equipment leases, as well as real estate taxes being accrued monthly during 2008. In prior years, these expenses were only accrued in December. The accruals have caused occupancy and equipment expenses to be an additional \$75 in the first half of 2008 when compared to the same time period in 2007.

The majority of the increase in loan fee income is the result of AFG loans.

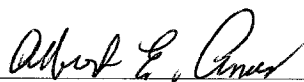
The increase in other income reflects accruals for building, equipment and vehicle leases being accrued in each month during 2008, whereas in prior years this income was only accrued in December. These accruals have been \$75 year-to-date 2008.

The increase in crop prices has increased the premiums for multi-peril insurance which has consequently increased the financially related services income. The Association has also experienced an increase in the number of policies.

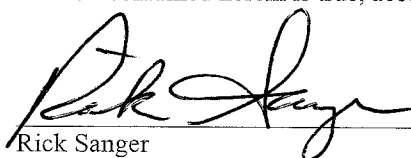
CAPITAL RESOURCES

Our shareholders' equity at June 30, 2008 was \$94,233, an increase from \$90,768 at December 31, 2007. This increase is primarily due to \$3,475 in net income and the amortization of pension gains included in net periodic benefit cost of \$8, partially offset by stock reductions of \$14 and \$4 from the effect of changing the defined benefit plan measurement date.

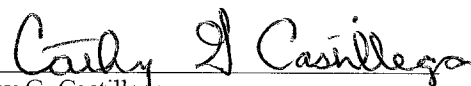
The undersigned certify that this report has been prepared in accordance with all applicable statutory or regulatory requirements and that under the review of the signatories below the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.



Albert E. Amen
Chairman of the Board
August 4, 2008



Rick Sanger
President & CEO
August 4, 2008



Cathy G. Castilleja
Chief Financial Officer
August 4, 2008

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

	June 30 2008	December 31 2007
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 373,523	\$ 343,527
Less allowance for loan losses	1,894	2,115
Net loans	371,629	341,412
Cash	828	7,860
Accrued interest receivable	8,291	6,760
Investment in U.S. AgBank, FCB	12,586	12,586
Premises and equipment, net	1,467	1,500
Prepaid benefit expense	553	585
Deferred tax asset	1,634	1,634
Other assets	322	474
Total assets	\$ 397,310	\$ 372,811
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 288,219	\$ 261,573
Advance conditional payments	8,273	5,179
Accrued interest payable	5,380	9,109
Patronage distributions payable	-	4,300
Accrued benefits liability	258	263
Other liabilities	947	1,619
Total liabilities	303,077	282,043
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	2	3
Capital stock	1,042	1,055
Unallocated retained earnings	93,231	89,760
Other comprehensive income/ (loss)	(42)	(50)
Total shareholders' equity	94,233	90,768
Total liabilities and shareholders' equity	\$ 397,310	\$ 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 June 30		For the six months ended June 30	
	2008	2007	2008	2007
INTEREST INCOME				
Loans	\$ 5,619	\$ 6,087	\$ 11,457	\$ 11,589
Total interest income	5,619	6,087	11,457	11,589
INTEREST EXPENSE				
Note payable to U.S. AgBank, FCB	3,264	3,138	6,484	6,021
Other	46	67	123	145
Total interest expense	3,310	3,205	6,607	6,166
Net interest income	2,309	2,882	4,850	5,423
Provision for loan losses/(Loan loss reversal)	98	150	(182)	(144)
Net interest income after provision for loan losses/(Loan loss reversal)	2,211	2,732	5,032	5,567
NONINTEREST INCOME				
Financially related services income	32	21	125	82
Loan fees	98	50	206	107
Patronage distribution from U.S. AgBank, FCB	502	572	1,005	1,106
Other noninterest income	75	12	114	37
Total noninterest income	707	655	1,450	1,332
NONINTEREST EXPENSE				
Salaries and employee benefits	901	686	1,744	1,395
Occupancy and equipment	103	59	224	123
Purchased services from AgVantis, Inc.	111	98	229	199
Farm Credit Insurance Fund premium	134	115	262	225
Supervisory and examination costs	32	33	64	65
Other noninterest expense	246	206	478	441
Total noninterest expense	1,527	1,197	3,001	2,448
Income before income taxes	1,391	2,190	3,481	4,451
Provision for income taxes	5	1	6	6
Net income	\$ 1,386	\$ 2,189	\$ 3,475	\$ 4,445

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

UNAUDITED	Protected Stock	Capital Stock	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
	\$ 3	\$ 1,057	\$ 86,018	\$ -	\$ 87,078
	-	57	4,445		4,445
	-	(56)			57
Balance at December 31, 2006	\$ 3	\$ 1,058	\$ 90,463	\$ -	\$ 91,524
Balance at December 31, 2007	\$ 3	\$ 1,055	\$ 89,760	\$ (50)	\$ 90,768
Comprehensive income					
Net income			3,475	8	3,483
Amortization of gains included in net periodic benefit cost					
Total comprehensive income			(4)		(4)
Effect of changing defined benefit plan measurement date					
Stock issued	-	48			48
Stock retired	(1)	(61)			(62)
Balance at June 30, 2008	\$ 2	\$ 1,042	\$ 93,231	\$ (42)	\$ 94,233

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 second 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 six months ended June 30, 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

A summary of the allowance for loan losses follows.

	June 30, 2008	June 30, 2007
Balance at beginning of year	\$2,115	\$2,071
Loan loss reversal	(182)	(144)
Charge-offs	39	14
Balance at end of quarter	\$1,894	\$1,913

Impaired loans are loans for which it is probable that all principal and interest will not be collected according to the contractual terms.

Impaired loans including accrued interest totaled \$656 as of June 30, 2008 and \$803 as of June 30, 2007. No impaired loans carried a specific allowance for loan losses on June 30, 2008 and 2007.

The average recorded investment in impaired loans including accrued interest during the six months ended June 30, 2008 was \$831 and \$1,516 for the six months ended June 30, 2007. The Association recognized interest income on impaired loans of \$114 for the six months ended June 30, 2008 and \$407 for the six months ended June 30, 2007.