



**Premier
Farm
Credit,
ACA**

**FIRST QUARTER
REPORT
2009**

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 2008 AgBank Annual Report to Shareholders, the 2008 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 March 31, 2009, 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 2008 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of the audit committee.

As spring arrived, so did the prospect for moisture. While we still remain below desired subsoil moisture levels for the servicing territory, we are experiencing a widespread rain at the time of this writing that will offer relief for our producers. The snow pack is below average at 87% of normal. Our reservoirs are at their storage hold levels for this time of year and we are optimistic that we will have an adequate surface water supply for the coming season.

Grain prices are well below last year's levels and have moderated at this time. On a positive note, some of the key costs of production have also declined. With normal production, operations should attain some level of profitability. Loan volume has declined from year end as profits from the 2008 crop resulted in strong pay down in member operating loans. This reduction in volume is indicative of a healthy portfolio. With some input costs having declined, borrowing needs will be reduced from last year.

The livestock sector continues to see stress. While high feed costs have abated, fed cattle prices are well below year ago levels, resulting in negative feeding margins. Demand for proteins will be challenged as the global recession will impact beef sales.

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 remains optimistic regarding the future of irrigated agriculture in Northeast Colorado.

While the general economy is expected to remain in a state of flux in the near term, the agricultural economy has a somewhat brighter outlook. While we anticipate some credit stress, overall, we see a fairly stable credit environment for our Association.

LOAN PORTFOLIO

The Association is a party to a shared lending operation known as the Agribusiness Finance Group (AFG). The agreement includes the 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, 2009 totaled \$371,376, a decrease of \$6,893, or 1.82%, from loans of \$378,269 at December 31, 2008. The decrease was primarily the result of a decline in production agricultural revolving line of credit loans, due to seasonal borrowing being down.

RESULTS OF OPERATIONS

Net interest income for the three months ended March 31, 2009 was \$2,118, down \$423 from the same period ended one year ago. The Association has seen the interest rate it earns on its loanable funds decline over 4% since January 2008. As a result, the Association's return on loanable funds has declined \$765 when comparing the first quarter of 2009 to that of 2008. The lower interest rate environment has permitted the Association to offer reduced interest

rates to its customers, but has caused the Association's net interest income to also be reduced. Interest income decreased \$565 and interest expense decreased \$142 when comparing the first quarter of 2009 to that of 2008.

In an effort to strengthen the return on loanable funds, the Association is participating in the Earnings Stabilization Management Program (ESMP) offered by U.S. AgBank (the Bank). This program permits the Association to fix some of its loanable funds at an interest rate guaranteed to be paid on those fixed funds for a given time period. The Association has \$16.3 million invested in that program as of March 31, 2009.

Net income for the three months ended March 31, 2009 was \$811, a decrease of \$1,278, or 61.2%, from the same period ended one year ago. This is primarily due to \$670 more in provision for loan losses, \$423 less in net interest income, and \$289 less in patronage from the Bank. Partially offsetting these items were increases in financially related services of \$55. The strong crop prices experienced during much of 2008 continue to increase both the premiums and number of multi-peril crop insurance policies being written.

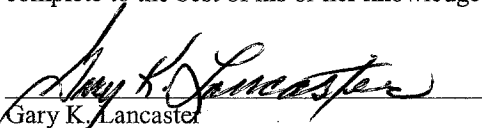
The provision for loan losses was increased due to the need to establish a specific reserve on a construction materials loan and the write off on stock taken as partial settlement of a cattle loan.

We have been notified by the Bank that they have changed their patronage program whereby patronage will be paid annually, after the end of the year, to its members. Previously, the Bank paid patronage quarterly. As a result, our quarterly earnings compared to the previous period will be negatively impacted during 2009.


CAPITAL RESOURCES

Our shareholders' equity at March 31, 2009 was \$94,777, an increase from \$93,961 at December 31, 2008. This increase is due to \$811 in net income and a \$2 increase in stock. In addition, the Other Comprehensive Loss decreased \$3 in the first quarter of 2009 from the amortization of pension gains included in the net periodic benefit cost.

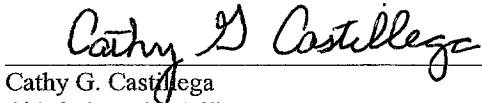
The undersigned certify that they have reviewed this report, this report has been prepared in accordance with all applicable statutory or regulatory requirements and that the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.



Gary K. Lancaster
Chairman of Audit Committee
May 7, 2009



Rick Sanger
President & CEO
May 7, 2009



Cathy G. Castilleja
Chief Financial Officer
May 7, 2009

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

	March 31 2009	December 31 2008
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 371,376	\$ 378,269
Less allowance for loan losses	2,441	2,171
Net loans	368,935	376,098
Cash	2,029	6,586
Accrued interest receivable	5,809	6,340
Investment in U.S. AgBank, FCB	12,586	12,586
Premises and equipment, net	1,357	1,399
Other property owned	7	110
Prepaid benefit expense	637	685
Deferred tax asset	1,492	1,492
Other assets	331	1,231
Total assets	\$ 393,183	\$ 406,527
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 282,097	\$ 290,927
Advance conditional payments	10,870	8,480
Accrued interest payable	4,146	8,186
Patronage distributions payable	-	3,000
Accrued benefits liability	211	213
Other liabilities	1,082	1,760
Total liabilities	298,406	312,566
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	1	2
Capital stock	1,035	1,032
Unallocated retained earnings	93,797	92,986
Other comprehensive income/(loss)	(56)	(59)
Total shareholders' equity	94,777	93,961
Total liabilities and shareholders' equity	\$ 393,183	\$ 406,527

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	
	2009	2008
INTEREST INCOME		
Loans	\$ 5,273	\$ 5,838
Total interest income	5,273	5,838
INTEREST EXPENSE		
Note payable to U.S. AgBank, FCB	3,142	3,221
Other	13	76
Total interest expense	3,155	3,297
Net interest income	2,118	2,541
Provision for loan losses/(Loan loss reversal)	390	(280)
Net interest income after provision for loan losses/(loan loss reversal)	1,728	2,821
NONINTEREST INCOME		
Financially related services income	148	93
Loan fees	125	108
Patronage distribution from U.S. AgBank, FCB	214	503
Other noninterest income	57	39
Total noninterest income	544	743
NONINTEREST EXPENSE		
Salaries and employee benefits	810	842
Occupancy and equipment	104	121
Purchased services from AgVantis, Inc.	134	118
Farm Credit Insurance Fund premium	158	128
Supervisory and examination costs	35	32
Other noninterest expense	218	232
Total noninterest expense	1,459	1,473
Income before income taxes	813	2,091
Provision for income taxes	2	2
Net income	\$ 811	\$ 2,089

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
Balance at December 31, 2007	\$ 3	\$ 1,055	\$ 89,760	\$ (50)	\$ 90,768
Comprehensive income					
Net income			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
Balance at December 31, 2008	\$ 2	\$ 1,032	\$ 92,986	\$ (59)	\$ 93,961
Comprehensive income					
Net income			811		
Change in retirement obligation				3	
Total comprehensive income					814
Stock issued		26			26
Stock retired	(1)	(23)			(24)
Balance at March 31, 2009	\$ 1	\$ 1,035	\$ 93,797	\$ (56)	\$ 94,777

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, 2008, are contained in the 2008 Annual Report to Shareholders. These unaudited first quarter 2009 financial statements should be read in conjunction with the 2008 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, 2009, are not necessarily indicative of the results to be expected for the year ended December 31, 2009.

NOTE 2 – LOANS AND ALLOWANCE FOR LOAN LOSSES

	March 31, 2009	March 31, 2008
Balance at beginning of year	\$ 2,171	\$ 2,115
Provision for loan losses/(Loan loss reversal)	390	(280)
Charge-offs	120	31
Balance at end of quarter	\$ 2,441	\$ 1,804

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, 2009	March 31, 2008
Impaired loans with related allowance	\$ 315	\$ -0-
Impaired loans with no related allowance	2,062	687
Total impaired loans	\$ 2,377	\$ 687
Allowance on impaired loans	\$ 290	\$ -0-

The following table summarizes impaired loan information.

	March 31, 2009	March 31, 2008
Average impaired loans	\$ 2,189	\$ 850
Interest income recognized on impaired loans	\$ 7	\$ 61

NOTE 3 – FAIR VALUE MEASUREMENTS

SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. See Note 2 to the 2008 Annual Report to Shareholders for a more complete description.

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Assets held in nonqualified benefits trusts	\$ 88	\$ 0	\$ 0	\$ 88
Total assets	\$ 88	\$ 0	\$ 0	\$ 88

Assets and liabilities measured at fair value on a non-recurring basis at March 31, 2009 for each of the fair value hierarchy values are summarized below:

	Fair Value Measurement Using			Total Fair Value	Total Gains/(Losses)
	Level 1	Level 2	Level 3		
Assets:					
Loans	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other property owned	\$ 0	\$ 0	\$ 7	\$ 7	\$(103)

Valuation Techniques

As more fully discussed in Note 2 to the 2008 Annual Report to Shareholders, SFAS No. 157 establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following presents a brief summary of the valuation techniques used for the Association's assets and liabilities.

Assets Held in Non-Qualified Benefits Trusts

Assets held in trust funds related to deferred compensation and supplemental retirement plans are classified within Level 1. The trust funds include investments that are actively traded and have quoted net asset values that are observable in the marketplace.

Loans

For certain loans evaluated for impairment under SFAS No. 114, the fair value is based upon the underlying collateral since the loans were collateral dependent loans for which real estate is the collateral. These loans are generally classified as Level 3.

Other Property Owned

Other property owned is generally classified as Level 3. The fair value is based upon the collateral less estimated costs to sell.

