

**Premier
Farm
Credit,
ACA**

**THIRD 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 visiting the Administrative Office, Premier Farm Credit, ACA, 202 Poplar Street, 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 September 30, 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.

General economic conditions in the United States appear to be stabilizing; however, unemployment remains high and consumer confidence remains low. Even though the economic conditions appear to have found some footing, the lingering affects to the business world continue. Housing starts are slow, which translates to lower timber prices affecting timber companies, fuel prices have declined affecting ethanol companies and consumer spending is down affecting food and the value-added segments.

Agricultural producers are now beginning to experience some of the economic pressures that the general economy has been suffering from. As consumer spending and export business have declined, the demand for raw commodities has declined. We have experienced commodity price declines in nearly every area including copper, energy, electricity, proteins, fertilizers and crops. The decline in local commodities from September 2008 has been material. Corn prices have declined 48%, wheat prices have declined 43%, and live cattle prices have declined 23% over the previous 12 months. Based on information available at this time, nearly all commodities are trading at prices that stress breakeven analyses.

The Association's local economy is greatly influenced by area agriculture. Currently, the general slowdown in the economy has begun to spread into Northeast Colorado, although the impact has not been significant to date. Unemployment rates remain low, but with a notable decline in available employment opportunities. At this time, we have not experienced any loss of major employers in the territory; however, there have been some Reduction in Force (RIF) associated with the oil and manufacturing segments in the local economy. It should be noted that area home prices remain stable; however, there are a growing number of homes on the market and the length of sale time appears to be growing, as well as an increase in pending foreclosures. Association management remains diligent in monitoring the stress factors in the economy in general and in our portfolio in specific. Management believes that the portfolio is well positioned to withstand a moderate level of adversity should it arise.

The Republican River Water Conservation District continues their work towards an agreement to deliver water to Kansas to ensure compliance with the compact. The Association continues to monitor the situation and remains optimistic regarding the future of irrigated agriculture in Northeast Colorado.

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 September 30, 2009 totaled \$396,500, an increase of \$18,231, or 4.82%, from loans of \$378,269 at December 31, 2008. The increase was primarily the result of growth in the real estate mortgage loan portfolio and an increase in the operating revolving line of credit usage.

RESULTS OF OPERATIONS

Net interest income for the nine months ended September 30, 2009 was \$6,852, down \$405 from the same period ended one year ago. The Association has seen the interest rate it earns on its loanable funds decline 4.51% since January 2008. As a result, the Association's return on loanable funds has declined \$1,553 when comparing the first nine months 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 \$1,145 and interest expense decreased \$740 when comparing the first nine months of 2009 to that of 2008. When comparing the third quarter interest income and interest expense for 2009 to that for 2008, net interest income has actually increased \$48. Interest income for the quarter is down \$290, but interest expense has decreased \$338.

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 \$26,300 invested in that program as of September 30, 2009.

Net income for the nine months ended September 30, 2009 was \$1,476, a decrease of \$3,583, or 70.82%, from the same period ended one year ago. This is primarily due to \$1,982 more in provision for loan losses, \$1,206 less in patronage from the Bank, and \$405 less in net interest income. Partially offsetting these items were increases in financially related services of \$75. 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 specific reserves necessary in the communications and construction materials sectors. In addition, the Association has made significant charge offs this year related to a communications loan and the write off of stock value on other property owned.

During the first quarter of 2009, we were 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 patronage earnings compared to the previous period will be reduced during 2009.

CAPITAL RESOURCES

Our shareholders' equity at September 30, 2009 was \$95,455, an increase from \$93,961 at December 31, 2008. This increase is due to \$1,476 in net income and a \$9 increase in stock. In addition, the Other Comprehensive Loss decreased \$9 in the first nine months of 2009 from the amortization of pension gains included in the net periodic benefit cost.

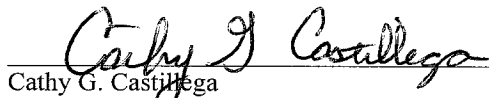
The undersigned certify that they have reviewed this report, this report has been prepared in accordance with all applicable statutory or regulatory requirements and that the information contained herein is true, accurate, and complete to the best of his or her knowledge and belief.



Gary K. Lancaster
Chairman of Audit Committee
November 5, 2009



Rick Sanger
President & CEO
November 5, 2009



Cathy G. Castilleja
Chief Financial Officer
November 5, 2009

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

	September 30	December 31
	2009	2008
	UNAUDITED	AUDITED
ASSETS		
Loans	\$ 396,500	\$ 378,269
Less allowance for loan losses	3,224	2,171
Net loans	393,276	376,098
Cash	984	6,586
Accrued interest receivable	10,773	6,340
Investment in U.S. AgBank, FCB	12,586	12,586
Premises and equipment, net	1,297	1,399
Other property owned	-	110
Prepaid benefit expense	646	685
Deferred tax asset	1,491	1,492
Other assets	412	1,231
Total assets	\$ 421,465	\$ 406,527
LIABILITIES		
Note payable to U.S. AgBank, FCB	\$ 309,937	\$ 290,927
Advance conditional payments	7,684	8,480
Accrued interest payable	6,191	8,186
Patronage distributions payable	-	3,000
Accrued benefits liability	201	213
Other liabilities	1,997	1,760
Total liabilities	326,010	312,566
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Protected borrower stock	1	2
Capital stock	1,042	1,032
Unallocated retained earnings	94,462	92,986
Accumulated other comprehensive income/(loss)	(50)	(59)
Total shareholders' equity	95,455	93,961
Total liabilities and shareholders' equity	\$ 421,465	\$ 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 September 30		For the nine months ended September 30	
	2009	2008	2009	2008
INTEREST INCOME				
Loans	\$ 5,537	\$ 5,827	\$ 16,139	\$ 17,284
Total interest income	5,537	5,827	16,139	17,284
INTEREST EXPENSE				
Note payable to U.S. AgBank, FCB	3,078	3,377	9,259	9,860
Other	5	44	28	167
Total interest expense	3,083	3,421	9,287	10,027
Net interest income	2,454	2,406	6,852	7,257
Provision for loan losses/(Loan loss reversal)	1,133	51	1,852	(130)
Net interest income after provision for loan losses/(loan loss reversal)	1,321	2,355	5,000	7,387
NONINTEREST INCOME				
Financially related services income	247	224	424	349
Loan fees	142	93	310	299
Patronage distribution from U.S. AgBank, FCB	23	462	261	1,467
Other noninterest income	28	40	130	154
Total noninterest income	440	819	1,125	2,269
NONINTEREST EXPENSE				
Salaries and employee benefits	945	907	2,683	2,651
Occupancy and equipment	99	107	295	331
Purchased services from AgVantis, Inc.	119	104	377	334
Farm Credit Insurance Fund premium	159	136	467	397
Supervisory and examination costs	34	32	103	96
Other noninterest expense	328	298	729	775
Total noninterest expense	1,684	1,584	4,654	4,584
Income before income taxes	77	1,590	1,471	5,072
Provision for/(Benefit from) income taxes	3	6	(5)	13
Net income	\$ 74	\$ 1,584	\$ 1,476	\$ 5,059

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
Adjustment to beginning balance due to pension accounting change			\$ (4)		\$ (4)
Balance at January 1, 2008	\$ 3	\$ 1,055	\$ 89,756	\$ (50)	\$ 90,764
Comprehensive income					
Net income			5,059		
Change in retirement obligation				11	
Total comprehensive income					5,070
Stock issued	-	68			68
Stock retired	(1)	(78)			(79)
Balance at September 30, 2008	\$ 2	\$ 1,045	\$ 94,815	\$ (39)	\$ 95,823
Balance at December 31, 2008	\$ 2	\$ 1,032	\$ 92,986	\$ (59)	\$ 93,961
Comprehensive income					
Net income			1,476		
Change in retirement obligation				9	
Total comprehensive income					1,485
Stock issued	-	70			70
Stock retired	(1)	(60)			(61)
Balance at September 30, 2009	\$ 1	\$ 1,042	\$ 94,462	\$ (50)	\$ 95,455

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 third quarter 2009 financial statements should be read in conjunction with the 2008 Annual Report to Shareholders.

In May 2009, the FASB issued guidance, "Subsequent Events," which sets forth general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. There are two types of subsequent events: the first type consists of events or transactions that provide additional evidence about conditions that existed at the balance sheet date (recognized subsequent events) and the second type consists of events that provide evidence about conditions that did not exist at the balance sheet date but arose after that date (nonrecognized subsequent events). Recognized subsequent events should be recognized in the financial statements since the conditions existed at the date of the balance sheet. Nonrecognized subsequent events are not recognized in the financial statements since the conditions arose after the balance sheet date but before the financial statements are issued or are available to be issued. This guidance, which includes a required disclosure of the date through which an entity has evaluated subsequent events, was effective for interim or annual periods ending after June 15, 2009.

The accompanying financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations, and conform with generally accepted accounting principles and prevailing practices within the banking industry. The results for the nine months ended September 30, 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

A summary of the allowance for loan losses follows.

	September 30, 2009	September 30 2008
Balance at beginning of year	\$2,171	\$2,115
Provision for loan losses/(Loan loss reversal)	1,852	(130)
Charge-offs	801	45
Recoveries	2	-0-
Balance at end of period	\$3,224	\$1,940

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.

	September 30, 2009	September 30, 2008
Impaired loans with related allowance	\$1,502	\$ -0-
Impaired loans with no related allowance	2,004	645
Total impaired loans	\$3,506	\$ 645

Allowance on impaired loans	\$ 864	\$ -0-
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The following table summarizes impaired loan information.

	For the nine months ended	
	September 30, 2009	September 30, 2008
Average impaired loans	\$2,411	\$771
Interest income recognized on impaired loans	\$ 10	\$165

NOTE 3 - FAIR VALUE MEASUREMENTS

Authoritative guidance 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.

	Fair Value Measurement Using			Total Fair Value
	Level 1	Level 2	Level 3	
Assets:				
Assets held in nonqualified benefits trusts	\$114	\$ -0-	\$ -0-	\$114
Total assets	\$114	\$ -0-	\$ -0-	\$114

Assets and liabilities measured at fair value on a non-recurring basis at September 30, 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-	\$1,550	\$1,550	\$(1,554)
Other property owned	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (110)

As more fully discussed in Note 2 to the 2008 Annual Report to Shareholders, authoritative guidance 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 FASB guidance, the fair value is based upon the underlying collateral since the loans were collateral dependent loans for which real estate is the collateral. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, these fair value measurements fall within Level 3 of the hierarchy. When the value of the real estate, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

Other Property Owned

Other property owned is generally classified as Level 3. The fair value is based upon the collateral value. Costs to sell represent transaction costs and are not included as a component of the asset's fair value.

NOTE 4 - SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 5, 2009, which is the date the financial statements were issued