Idaho AgCredit

When you grow, we grow.

September 30, 2009 QUARTERLY REPORT TO SHAREHOLDERS

Idaho AgCredit

When you grow, we grow.

REPORT OF MANAGEMENT

The financial statements of the Idaho Agricultural Credit Association and its wholly owned subsidiaries Idaho AgCredit, FLCA and Idaho AgCredit, PCA (collectively Association) are prepared by management, which is responsible for their integrity and objectivity, including amounts that must necessarily be based on judgments and estimates. The financial statements have been prepared in conformity with generally accepted accounting principles and under the oversight of the Audit Committee (comprised of all board members), and in the opinion of management, fairly present the financial condition of the Association.

To meet its responsibility for reliable financial information, management depends on the Association's accounting and internal control systems, which have been designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are properly authorized and recorded. The systems have been designed to provide the information to facilitate the recognition of costs in relation to benefits derived. To monitor compliance, the Association's Internal Auditor, the U.S. AgBank, Farm Credit Bank of Wichita, Kansas (AgBank) and an independent accounting firm perform reviews of the accounting records, review accounting systems and internal controls, and recommend improvements as appropriate.

The 2008 financial statements of Idaho Agricultural Credit Association were audited by Galusha, Higgins & Galusha, certified public accountants (CPAs), who also conducted a review of the accounting records and such other auditing procedures as they considered necessary to comply with generally accepted auditing standards. A copy of their report was presented in the 2008 Annual Report to Stockholders.

The activities of the Association are also reviewed by the Farm Credit Administration (FCA), and certain actions of the Association are subject to approval by AgBank. Certain actions of AgBank are also subject to FCA approval. The Annual Report of AgBank is available upon request.

The Board of Directors and Audit Committee have overall responsibility for the Association's systems of internal control and financial reporting. In connection with this obligation, each consults regularly with management and periodically reviews the scope and results of work performed by the CPAs. The CPAs also have direct access to the Board of Directors and Audit Committee.

The undersigned hereby certify that this report has been reviewed by the undersigned, 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 the undersigned's knowledge and belief.

Raymond G. Parks, Board Chairman and Audit Committee Chairman	Dan Allred, President and CEO	Jim Chase Secretary and CFO

October 21, 2009

Administrative Office:	Branch Offices:	
188 W Judicial	Blackfoot	(208) 785-1510 or (800) 686-8910
PO Box 985	Rexburg	(208) 356-5479 or (800) 632-8821
Blackfoot, ID 83221	American Falls	(208) 226-5251 or (800) 831-5143
(208) 785-1510	Twin Falls (Contact Point)	(208) 358-0931 or (800) 831-5143

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

(Dollars in thousands)

Overview of Financial Condition and Loan Portfolio:

During the third quarter of 2009, seasonal commercial loan activity and normal mortgage activity increased gross loan volume from $170,256 in the second quarter of 2009 to $182,259. The 2009 seasonal commercial loan advances were typical of that experienced in a normal year. September 30, 2009 loan volume of $182,259 was $21,282 higher than September 30, 2008 loan volume of $160,977. The increase in loan volume from the same period last year reflects strong mortgage and commercial loan growth.

Nonaccrual loan volume at September 30, 2009 was $81, or 0.04% of gross loan volume, compared to $289, or 0.18% of gross loan volume at September 30, 2008. The Association's total loan portfolio is presently graded 99.05% acceptable compared to 99.5% acceptable the same date last year. The Association's long-term goal for acceptable credit remains at 90% or better.

The Association's net investment in other property owned (or acquired property) at September 30, 2009 was $0, the same as last year. The Association's investment in accrual sales contracts at September 30, 2009 was $271 compared to $297 at September 30, 2008. The Association's ratio of liabilities to net worth at September 30, 2009 was 4.27:1 compared to 3.82:1 at September 30, 2008. This ratio change (which reflects that total liabilities have increased faster than net worth) has been offset by quality loan growth and an overall strong capital position.

Results of Operations:

The Association's net earnings of $579 for the third quarter and $1,308 year to date in 2009 were up $46 for the quarter and down $137 for the year compared to the prior year. Net interest income after the provision for loan losses was up $556 compared to the prior year, primarily due to strong loan growth and despite lower earnings on the Association's substantial retained capital because of declining interest rates from a year ago, when the Prime Rate was 1.75% higher. Noninterest income was down $383 year to date compared to the prior year, including $386 less in patronage received from AgBank as a result of AgBank's decision to reduce and postpone most patronage payments until after year end 2009 in order to strengthen its own earnings and capital positions. Noninterest expenses including the provision for income taxes year to date increased by $309 over the same period in the prior year, and include $193 in higher benefit expenses, primarily due to lower projected earnings on pension investments, $66 in higher Farm Credit Insurance Corporation (FCSIC) premiums due to higher volume and increased FCSIC premium rates, and $50 in net other expenses.

Allowance for Loan Losses:

The Allowance for Loan Losses account balance at September 30, 2009 totaled $137, or .08% of gross loan volume compared to an allowance of $425, or .26% of gross loan volume at September 30, 2008. The reduction reflects the elimination of a specific allowance matching the book value of a nonaccrual loan which was charged off in the first quarter of 2009, together with normal adjustments based on volume and risk. This account balance is within the tolerance level required both in anticipated mortgage volume growth and to support the moderate risk pertaining to the present loan portfolio. After assessing the relative risk, based upon economic conditions, historical annual loan loss experience and potential future losses, management believes the present allowance for loan losses adequately covers the inherent risk in the loan portfolio.

Ultimate losses, which may be experienced by the Association, depend upon the impact of future commodity prices, real estate values, government subsidy and disaster programs, weather-related occurrences and public policy. These same factors may also generate recoveries to the Association of losses previously recognized.

Risk Funds:

Risk funds are comprised of permanent capital plus the allowance for loan losses. Permanent capital is comprised of borrower stock, participation certificates and earned surplus, less the required investment in AgBank. Since January 1, 2005, the Association's stock requirement has been the minimum allowed by regulation, which is the lesser of 2% of the outstanding principal balance or $1,000 per customer (actual amount not rounded to thousands). The Association's risk funds at September 30, 2009 were $34,415 compared to $35,290 at September 30, 2008.

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
(Whole Dollars)

	September 30, 2009 Unaudited	December 31, 2008 Audited	September 30, 2008 Unaudited
ASSETS			
Loans	**$ 182,259,384**	$ 162,775,376	$ 160,976,760
Less allowance for loan losses	**137,354**	427,777	424,543
Net loans	**182,122,030**	162,347,599	160,552,217
Cash	**103,302**	996,946	305,564
Accrued interest receivable	**3,929,158**	3,422,224	3,500,448
Investment in U.S. AgBank, FCB	**9,483,280**	9,483,280	9,483,280
Premises and equipment, net	**140,726**	169,890	179,255
Other property owned	**0**	0	0
Deferred tax asset	**293,100**	293,100	327,100
Other assets	**181,470**	162,748	132,105
Total assets	**$ 196,253,066**	$ 176,875,787	$ 174,479,969
LIABILITIES			
Note payable to U.S. AgBank, FCB	**$ 154,963,984**	$ 136,195,681	$ 134,310,049
Advance conditional payments	**2,872,789**	2,777,999	2,533,619
Accrued interest payable	**384,128**	396,804	437,329
Patronage distributions payable	**0**	929,658	0
Pension liability	**307,870**	184,494	467,631
Other liabilities	**502,856**	514,338	494,670
Total liabilities	**159,031,627**	140,998,974	138,243,298
Commitments and Contingencies (See Notes)			
SHAREHOLDERS' EQUITY			
Capital stock and participation certificates	**312,065**	275,200	279,375
Allocated retained earnings	**0**	0	0
Unallocated retained earnings	**36,909,374**	35,601,613	35,957,296
Accumulated other comprehensive income/(loss)	**0**	0	0
Total shareholders' equity	**37,221,439**	35,876,813	36,236,671
Total liabilities and shareholders' equity	**$ 196,253,066**	$ 176,875,787	$ 174,479,969

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF INCOME

(Whole Dollars)

	Three Months Ended September 30,		Year-to-Date Ended September 30,	
	2009	2008	**2009**	2008
INTEREST INCOME				
Loans	**$ 2,422,991**	$ 2,273,134	**$ 6,733,239**	$ 6,301,780
Investment securities and other	**50**	0	**485**	613
Total interest income	**2,423,041**	2,273,134	**6,733,724**	6,302,393
INTEREST EXPENSE				
Notes payable to U.S. AgBank, FCB	**1,151,857**	1,223,068	**3,254,452**	3,348,461
Advance conditional payments	**5,812**	19,932	**17,759**	111,698
Total interest expense	**1,157,669**	1,243,000	**3,272,211**	3,460,159
Net interest income	**1,265,372**	1,030,134	**3,461,513**	2,842,234
(Provision for) or reversal of loan losses	**(13,274)**	870	**(94,995)**	(31,531)
Net interest income after (provision)/reversal	**1,252,098**	1,031,004	**3,366,518**	2,810,703
NONINTEREST INCOME				
Patronage distributions from U.S. AgBank, FCB	**18,800**	120,919	**57,240**	442,670
Loan fees	**10,700**	14,575	**63,826**	43,365
Financially related services income	**19,205**	16,880	**24,117**	22,061
Other noninterest income	**0**	321	**50,890**	71,298
Total Noninterest Income	**48,705**	152,695	**196,073**	579,394
NONINTEREST EXPENSE				
Salaries and employee benefits	**509,038**	424,073	**1,554,330**	1,327,336
Director's Compensation	**8,079**	8,092	**30,511**	24,650
Occupancy and equipment	**21,446**	21,310	**67,046**	69,519
Farm Credit Insurance Fund premiums	**73,787**	49,372	**200,241**	133,571
Supervisory and examination costs	**13,521**	12,797	**40,557**	38,387
Data processing services	**3,075**	3,603	**9,205**	9,723
Purchased services	**34,518**	39,372	**120,753**	105,718
Other Losses/(Gains)	**0**	0	**49,817**	0
Other noninterest expense	**58,396**	82,904	**182,370**	206,570
Total noninterest expense	**721,860**	641,523	**2,254,830**	1,915,474
Income (loss) before income taxes	**578,943**	542,176	**1,307,761**	1,474,623
(Provision for)/Benefit from income taxes	**0**	(9,028)	**0**	(30,120)
Net Income (loss)	**$ 578,943**	$ 533,148	**$ 1,307,761**	$ 1,444,503

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Whole Dollars)

	Capital Stock and Participation Certificates	Unallocated Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total Shareholders' Equity
Balance at December 31, 2007	$ 254,780	$ 34,512,767	$ 0	$ 34,767,547
Comprehensive income				
Net income		1,444,503		1,444,503
Minimum pension liability adjustment			0	0
Total comprehensive income		1,444,503	0	1,444,503
Stock issued	105,790			105,790
Stock retired	(81,195)			(81,195)
Cash Patronage Distribution Adjustment		26		26
Balance at September 30, 2008	**$ 279,375**	**$ 35,957,296**	**$ 0**	**$ 36,236,671**
Balance at December 31, 2008	$ 275,200	$ 35,601,613	$ 0	$ 35,876,813
Comprehensive Income				
Net Income		1,307,761		1,307,761
Minimum pension liability adjustment			0	0
Total comprehensive income		1,307,761	0	1,307,761
Stock issued	120,870			120,870
Stock retired	(84,005)			(84,005)
Balance at September 30, 2009	**$ 312,065**	**$ 36,909,374**	**$ 0**	**$ 37,221,439**

The accompanying notes are an integral part of these financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Whole Dollars)

Note 1 - Organization and Significant Accounting Policies:

A description of the organization and operations of the Idaho Agricultural Credit Association (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 Stockholders (2008 Annual Report). These unaudited third-quarter 2009 financial statements should be read in conjunction with the 2008 Annual Report to Shareholders.

Effective January 1, 2009, the Association adopted accounting guidance for fair value measurements of nonfinancial assets and nonfinancial liabilities. The impact of adoption resulted in additional fair value disclosures but does not have an impact on our financial condition or results of operations.

In May 2009, the Financial Accounting Standards Board (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 Standard, 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.

Note 2 - Allowance for Loan Losses:

The allowance for loan losses is established by a charge to expense in an amount sufficient to maintain the balance in the allowance account at a level considered adequate to provide for estimated losses inherent in the loan portfolio. The allowance is based on a periodic evaluation of the loan portfolio in which numerous factors are considered, including economic conditions, loan portfolio composition, prior loss experience and management's estimation of future, potential losses. As loan volume increases, the current loan loss reserves may require an additional provision for loan loss to support the increased loan volume. An analysis of the changes in the Association's allowance for loan losses and related information included within the accompanying financial statements is as follows:

	Year to Date Ending:	
Allowance for loan loss	Sept. 30, 2009	Sept. 30, 2008
Balance at beginning of year	427,777	393,012
Provision for (reversals of) loan losses	94,995	31,531
Charge-offs on loans	(385,418)	0
Recoveries on loans previously charged off	0	0
Balance at end of quarter	137,354	424,543

Impaired Loan Balances	Sept. 30, 2009	Sept. 30, 2008
Impaired loans with related allowance	0	278,309
Impaired loans with no related allowance	81,270	10,297
Total impaired loans	81,270	288,606

Additional information	Sept. 30, 2009	Sept. 30, 2008
Average impaired loans YTD	90,347	292,790
Interest income recognized on impaired loans	17,910	27,283
Allowance on impaired loans	0	278,309

There are no specific allowances on impaired loans at September 30, 2009, compared to one specific allowance totaling $278,309 for the same period in the prior year.

Note 3 - Capital:
There have not been any significant capitalization bylaw changes or significant other capitalization plan or status changes since the date of the Annual Report and the Association is in compliance with FCA capital regulations.

Note 4 - Income Taxes:
There have not been any significant changes in the composition or valuation of tax assets or liabilities year to date in 2009.

Note 5 - 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 the principal or most advantageous market for the asset or liability. See Note 15 "Disclosures about Fair Value of Financial Instruments" of the 2008 Annual Report to Stockholders for a more complete description.

Note 6 - Contingent Liabilities and Litigation:
The Association has various commitments outstanding and contingent liabilities, as described in Note 14 "Commitments and Contingencies" of the Annual Report. There are no longer any legal actions which are pending against the Association. There have not been any other significant changes related to this subject area since that report, other than normal seasonal and operational variations in the amounts of outstanding commitments and deposit balances.

Note 7 - Subsequent Events:
The Association has evaluated subsequent events through October 21, 2009, which is the date the financial statements were available to be issued.

SCHEDULE OF DIRECTORS, OFFICERS, AND STAFF

BOARD OF DIRECTORS

Raymond G. Parks, Chairman .... Blackfoot
Mark R. Ricks, Vice Chairman.................................. Felt
Kenneth S. Black ....Burley
W. Brock Driscoll.. Aberdeen
Scott R. Giltner .... Jerome
Twain S. Hayden ....Arbon
Mike Virtue ....Blackfoot

OFFICERS

Dan Allred .... President, CEO and CCO
Jim Chase ....Secretary and CFO
Greg Rose ....Vice President
Marc Fonnesbeck ....Vice President
Adam C. Jensen .... Assistant Vice President

STAFF

Headquarters
Nelson C. Cooper, Jr. .... Internal Auditor
Ryan Funk.................................Computer Programmer
Leslie Stephens ....Operations Support Specialist
Ingrid Denning.............................. Operations Assistant

Blackfoot Branch
Greg Rose .... Branch Manager
Katie Wallace..Loan Officer
Leisa Cushman.............................Operations Assistant

American Falls Branch
Adam C. Jensen .... Branch Manager
Stan Taysom... Loan Officer
Dana Wood .... Loan Officer
Craig Hepworth.. Loan Officer
Maxine Olson .... Operations Assistant
Kim Dean .... Operations Assistant

Rexburg Branch
Marc Fonnesbeck .... Branch Manager
Doug Eck ....Loan Officer
Kirk Powell ....Loan Officer
Heathe Weston...Loan Officer
Carrie Mackert ....Operations Assistant
Tina Morton..................................Operations Assistant

Twin Falls Contact Point
Sean Zaugg .... Loan Officer