



**Idaho
AgCredit**

When you grow, we grow.

**March 31, 2010
QUARTERLY REPORT
TO SHAREHOLDERS**



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 2009 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 2009 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.

Mark R. Ricks,
Board Chairman and
Audit Committee Chairman

Dan Allred,
President and CEO

Jim Chase
Secretary and CFO

April 21, 2010

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Branch Offices:

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American Falls	(208) 226-5251 or (800) 831-5143
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:

Seasonal commercial loan activity and moderate mortgage growth activity decreased gross loan volume from \$193,422 at the end of the fourth quarter of 2009 to \$183,786 as of March 31, 2010. The 2010 seasonal commercial loan repayments and advances were typical of that experienced in a normal year. March 31, 2010 loan volume of \$183,786 was \$31,479 higher than the loan volume of \$152,307 on the same date in the prior year. The increase in loan volume from the same date last year reflects strong mortgage and commercial loan growth.

Nonaccrual loan volume at March 31, 2010, was \$83, or 0.05% of gross loan volume, compared to \$0, or 0.00% on the same date in the prior year. The Association's total loan portfolio is presently graded 99.22% acceptable compared to 99.66% acceptable in the prior 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 March 31, 2010, was \$0, the same as on the same date in the prior year. The Association's investment in accrual sales contracts at March 31, 2010, was \$245 compared to \$273 in the prior year. The Association's ratio of liabilities to net worth at March 31, 2010, was 4.22:1 compared to 3.58:1 the prior year. 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 \$917 for the first quarter and year to date were up \$652 for the quarter and year to date compared to the same period in the prior year. Net interest income after the provision for loan losses was up \$302 compared to the prior year, primarily due to strong loan growth and efforts to improve net interest rate spreads. Noninterest income was up \$118 year to date compared to the prior year, including \$115 more in patronage received from AgBank due to AgBank's decision a year ago to postpone payment of 2009 regular patronage until first quarter 2010, and its decision to postpone 2010 excess patronage until first quarter 2011 in order to align payment of patronage in the first quarter of the year following when AgBank earned the income. Noninterest expenses including the provision for income taxes year to date decreased by \$232 compared to the same period in the prior year, and include \$16 in lower benefit expenses, \$186 in lower Farm Credit Insurance Corporation (FCSIC) premiums (of which \$22 is due to decreased premium rates year to date and \$164 is due to rebates on premiums paid in prior years), \$50 less expense for other losses and \$20 increases in net other expenses.

Allowance for Loan Losses:

The Allowance for Loan Losses account balance at March 31, 2010 totaled \$153, or .08% of gross loan volume compared to an allowance of \$111, or .07% of gross loan volume for the same date in the prior year. The increase reflects adjustments based on volume and risk. 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, operating decisions 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 March 31, 2010 were \$33,785 compared to \$33,117 at the same date in the prior year.

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
(Whole Dollars)

	March 31, 2010 Unaudited	December 31, 2009 Audited	March 31, 2009 Unaudited
ASSETS			
Loans	\$ 183,786,317	\$ 193,421,870	\$ 152,307,288
Less allowance for loan losses	153,283	148,275	110,840
Net loans	183,633,034	193,273,595	152,196,448
Cash	438,713	955,183	(59,250)
Accrued interest receivable	4,094,390	3,473,519	3,075,345
Investment in U.S. AgBank, FCB	9,483,280	9,483,280	9,483,280
Premises and equipment, net	189,935	133,548	159,822
Other property owned	0	0	0
Deferred tax asset	254,800	254,800	293,100
Other assets	253,771	124,461	174,342
Total assets	\$ 198,347,923	\$ 207,698,386	\$ 165,323,087
LIABILITIES			
Note payable to U.S. AgBank, FCB	\$ 155,975,041	\$ 166,298,383	\$ 123,730,533
Advance conditional payments	3,385,054	2,390,904	4,580,201
Accrued interest payable	425,298	355,440	342,570
Patronage distributions payable	0	745,786	0
Pension liability	300,395	253,654	252,862
Other liabilities	253,550	558,611	289,101
Total liabilities	160,339,338	170,602,778	129,195,267
Commitments and Contingencies (See Notes)			
SHAREHOLDERS' EQUITY			
Capital stock and participation certificates	298,825	303,100	261,625
Allocated retained earnings	0	0	0
Unallocated retained earnings	37,709,760	36,792,508	35,866,195
Accumulated other comprehensive income/(loss)	0	0	0
Total shareholders' equity	38,008,585	37,095,608	36,127,820
Total liabilities and shareholders' equity	\$ 198,347,923	\$ 207,698,386	\$ 165,323,087

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF INCOME

(Whole Dollars)

Three Months Ended

March 31,

2010 2009**INTEREST INCOME**

Loans	\$ 2,522,830	\$ 2,144,868
Investment securities and other	303	385
Total interest income	2,523,133	2,145,253

INTEREST EXPENSE

Notes payable to U.S. AgBank, FCB	1,182,730	1,042,714
Advance conditional payments	4,899	5,445
Total interest expense	1,187,629	1,048,159
Net interest income	1,335,504	1,097,094
(Provision for) or reversal of loan losses	(4,758)	(68,406)
Net interest income after (provision)/reversal	1,330,746	1,028,688

NONINTEREST INCOME

Patronage distributions from U.S. AgBank, FCB	133,719	19,190
Patronage distributions from PCA/FLCA Associations	0	1,381
Loan fees	22,258	12,550
Financially related services income	665	859
Other noninterest income	9,056	13,441
Total Noninterest Income	165,698	47,421

NONINTEREST EXPENSE

Salaries and employee benefits	521,008	527,501
Director's Compensation	8,786	10,056
Occupancy and equipment	19,150	25,112
Farm Credit Insurance Fund premiums	(121,246)	64,805
Supervisory and examination costs	15,336	13,521
Data processing services	3,150	3,060
Purchased services	52,254	53,627
Losses/(Gains) on other property owned, net	0	50,000
Other noninterest expense	80,754	63,845
Total noninterest expense	579,192	811,527
Income (loss) before income taxes	917,252	264,582
(Provision for)/Benefit from income taxes	0	0
Net Income (loss)	\$ 917,252	\$ 264,582

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, 2008	\$ 275,200	\$ 35,601,613	\$ 0	\$ 35,876,813
Net income		264,582		264,582
Stock issued	27,140			27,140
Stock retired	(40,715)			(40,715)
Balance at March 31, 2009	\$ 261,625	\$ 35,866,195	\$ 0	\$ 36,127,820
Balance at December 31, 2009	\$ 303,100	\$ 36,792,508	\$ 0	\$ 37,095,608
Net Income		917,252		917,252
Stock issued	26,370			26,370
Stock retired	(30,645)			(30,645)
Balance at March 31, 2010	\$ 298,825	\$ 37,709,760	\$ 0	\$ 38,008,585

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, 2009, are contained in the 2009 Annual Report to Stockholders (Annual Report). These unaudited first-quarter 2010 financial statements should be read in conjunction with the Annual Report.

Effective January 1, 2010, the Association adopted Financial Accounting Standards Board (FASB) guidance on "Fair Value Measurements and Disclosures," which is to improve disclosures about fair value measurements by increasing transparency in financial reporting. The guidance will provide for a greater level of disaggregated information and more robust disclosures of valuation techniques and inputs to fair value measurements. The adoption of this guidance had no impact on the Association's financial condition and results of operations but resulted in additional disclosures.

In June 2009, the FASB issued guidance on "Accounting for Transfers of Financial Assets," which amends previous guidance by improving the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement, if any, in transferred financial assets.

This guidance is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. This Statement must be applied to transfers occurring on or after the effective date. Additionally, on and after the effective date, the concept of a qualifying special purpose entity is no longer relevant for accounting purposes. Therefore, formerly qualifying special-purpose entities (as defined under previous accounting standards) should be evaluated for consolidation by reporting entities on and after the effective date in accordance with the applicable consolidation guidance. If the evaluation on the effective date results in consolidation, the reporting entity should apply the transition guidance provided in the pronouncement that requires consolidation. The Association reviewed its loan participation agreements to ensure that participations would meet the requirements for sales treatment and not be required to be consolidated. The impact of adoption on January 1, 2010 was immaterial to the Association's financial condition and results of operations.

In June 2009, the FASB also issued guidance to improve financial reporting for those enterprises involved with variable interest entities, which amends previous guidance by requiring an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance.

This guidance is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. The Association does not have any variable interest or controlling interest in a variable entity, thus there is no impact of adoption of the guidance.

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. Certain amounts in the prior period's financial statements have been reclassified to conform to the current period's financial statement presentation.

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:

	<u>Year to Date Ending:</u>	
	<u>March 31, 2010</u>	<u>March 31, 2009</u>
<u>Allowance for loan loss</u>		
Balance at beginning of year	148,275	427,777
Provision for (reversals of) loan losses	4,758	68,406
Charge-offs on loans	0	(385,343)
Recoveries on loans previously charged off	250	0
Balance at end of quarter	153,283	110,840
<u>Impaired Loan Balances</u>	<u>March 31, 2010</u>	<u>March 31, 2009</u>
Impaired loans with related allowance	0	0
Impaired loans with no related allowance	83,313	0
Total impaired loans	83,313	0
<u>Additional information</u>	<u>March 31, 2010</u>	<u>March 31, 2009</u>
Average impaired loans YTD	83,233	189,202
Interest income recognized on impaired loans	15,559	4,055
Allowance on impaired loans	0	0

There are no specific allowances on impaired loans at March 31, 2010, and there were also no specific allowances for the same date 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 2010.

Note 5 - Fair Value Measurements:

FASB 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 Annual Report 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 have not been any 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. There are no legal actions pending against the Association.

Note 7 - Subsequent Events:

The Association has evaluated subsequent events through April 21, 2010, which is the date the financial statements were available to be issued.

SCHEDULE OF DIRECTORS, OFFICERS, AND STAFF

BOARD OF DIRECTORS

Mark R. Ricks, Chairman..... Felt	Scott R. Giltner Jerome
Kenneth S. Black, Vice Chairman Burley	Twain S. Hayden Arbon
W. Brock Driscoll..... Aberdeen	Mike VirtueBlackfoot

OFFICERS

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

STAFF

Headquarters

Nelson C. Cooper, Jr. Internal Auditor
 Ryan Funk.....IT Administrator and Programmer
 Leslie Stephens Fiscal Operations Supervisor
 Ingrid Denning..... Operations Assistant

American Falls Branch

Adam C. Jensen Branch Manager
 Dana Wood Loan Officer
 Craig Hepworth Loan Officer
 Maxine Olson Operations Assistant

Twin Falls Contact Point

Sean Zaugg Senior Loan Officer

Blackfoot Branch

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

Rexburg Branch

Marc Fannesbeck Branch Manager
 Doug Eck Senior Loan Officer
 Kirk Powell Senior Loan Officer
 Heathe Weston Loan Officer
 Nick Bazil Credit Analyst
 Carrie Mackert Senior Operations Assistant
 Tina Morton..... Senior Loan Processing Specialist