



# QUARTERLY REPORT TO SHAREHOLDERS

June 30, 2020

## OFFICE LOCATIONS

Blackfoot Admin/Branch Office  
188 W Judicial St (PO Box 985)  
Blackfoot, ID 83221  
(208) 785-1510 or (800) 686-8910

Rexburg Branch Office  
1586 N 2<sup>nd</sup> E  
Rexburg, ID 83440  
(208) 356-5479 or (800) 632-8821

American Falls Branch Office  
2883 Highway 39  
American Falls, ID 83211  
(208) 226-5251 or (800) 831-5143

Twin Falls Loan Office  
Suite 100A  
1096 Eastland Drive North  
Twin Falls, ID 83301  
(208) 734-0635 or (800) 831-5143

## DIRECTORS, OFFICERS AND STAFF

### **BOARD OF DIRECTORS**

Ken Black, Chairman..... Burley  
Twain S. Hayden, Vice Chairman..... Arbon  
Scott R. Giltner..... Jerome  
Wendy Pratt..... Blackfoot  
Bruce Ricks..... Sugar City  
Dennis W. Snarr..... Idaho Falls  
Mike Virtue..... Blackfoot

### **OFFICERS**

Marc Fannesbeck..... President and CEO  
Jim Chase..... Secretary and CFO  
Adam C. Jensen..... Vice President and CCO  
Kirk Powell..... Assistant Vice President  
Katie Wallace..... Assistant Vice President  
Dana Wood..... Assistant Vice President  
Ryan Funk..... Chief Information Officer

### **HEADQUARTERS STAFF**

Jan Gamble..... Senior Operations Assistant  
Echo Wren..... Operations Assistant  
Travis Crook..... IT Technician

### **BRANCH STAFF**

Blackfoot Branch Office (208) 785-1510  
Katie Wallace..... Branch Manager  
Avery Robertson..... Loan Officer  
Carson Jacobs..... Credit Analyst  
Jenny Callison..... Credit Support Specialist  
Tenaia Giannini..... Operations Assistant

Rexburg Branch Office (208) 356-5479  
Kirk Powell..... Branch Manager  
Nick Bazil..... Assistant Branch Manager  
Doug Eck..... Evaluation Manager and  
Senior Loan Officer  
Jared Ashcraft..... Loan Officer  
Maguel Sommer..... Credit Analyst  
Carrie Mackert..... Senior Operations Assistant  
Tina Morton..... Senior Loan Processing Specialist  
Emma Huffaker..... Operations Assistant

American Falls Branch Office (208) 226-5251  
Dana Wood..... Branch Manager  
Travis Larson..... Loan Officer  
Dylan Orr..... Credit Analyst  
Meagan Reed..... Audit Coordinator  
and Loan Processing Specialist  
Kiara Anderson..... Operations Assistant

Twin Falls Loan Office (208) 734-0635  
Sean Zaugg..... Senior Loan Officer  
Tianna Fife..... Loan Officer  
Dave Scott..... Loan Officer  
Kaylie Collins..... Credit Support Specialist



### REPORT OF MANAGEMENT

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

To meet its responsibility for reliable financial information, management depends on Idaho AgCredit'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, Idaho AgCredit's staff, contract auditors, CoBank, ACB (CoBank) and an independent accounting firm perform reviews of the accounting records, review accounting systems and internal controls, and recommend improvements as appropriate.

The 2019 consolidated financial statements of Idaho AgCredit were audited by Wipfli LLP, 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 2019 Annual Report to Shareholders (Annual Report).

The activities of Idaho AgCredit are also reviewed by the Farm Credit Administration (FCA), and certain actions of Idaho AgCredit are subject to approval by CoBank. Certain actions of CoBank are also subject to FCA approval. The annual and quarterly reports of Idaho AgCredit and CoBank are available upon request at no cost at Idaho AgCredit's administrative and branch offices, or on the websites at [www.idahoagcredit.com](http://www.idahoagcredit.com) and [www.cobank.com](http://www.cobank.com), respectively.


The Board of Directors and Audit Committee have overall responsibility for Idaho AgCredit'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 and 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.

  
Ken Black  
Board Chairman

  
Marc Fannesbeck  
President and CEO

  
Mike Virtue  
Audit Committee Chairman

  
Jim Chase  
Secretary and CFO

July 22, 2020

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

### **Overview and Economic Conditions:**

The following discussion summarizes the financial position and results of operations of Idaho AgCredit for the three months ended June 30, 2020, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes and the 2019 Annual Report to Shareholders. The accompanying financial statements were prepared under the oversight of the Audit Committee.

Economic conditions for the three months ended June 30, 2020 reflected commodity prices near breakeven or slightly above for wheat, barley, alfalfa, beef cattle, milk and sugar beets. Projected prices for 2020 reflect weak prices, especially given drastic economic changes and consumption habits which have changed due to the COVID-19/Coronavirus pandemic. Due to the uncertain nature of COVID-19 changes to consumption habits and market changes, it is too soon to accurately predict whether commodity prices will recover in the near term. Most operations have sufficient diversification to weather short cycles of below breakeven prices for one or two commodities, but these operations may have to make difficult choices regarding machinery replacement and containment of operating costs. Water is projected to be adequate in most areas. Agricultural real estate prices appear to be steady. The increases in real estate values in the last several years could lead to increased loan risk on those operations which purchased higher cost land if real estate values and rental rates decrease. Idaho AgCredit's net income reflects the strong economic success of its customers.

### **Loan Portfolio:**

Gross loan volume as of June 30, 2020 increased \$27,219,086 from \$275,916,121 at the prior quarter end to \$303,135,207, and increased \$15,269,948 compared to the same quarter in the prior year. The current quarter change in loan volume reflected seasonal changes in operating loan volume and net new commercial and mortgage loan volume. The increase in gross loan volume from the prior year reflects a net decrease in commercial loans and an increase in mortgage and mortgage purchased participation loans with other lenders.

Nonaccrual loan volume at June 30, 2020 was \$2,119,405, or .70% of gross loan volume, compared to \$2,591,625, or .90% on the same date in the prior year. Idaho AgCredit's total loan portfolio is presently graded 98.6% acceptable and OAEM compared to 98.4% acceptable and OAEM in the prior year. Idaho AgCredit's long-term goal for acceptable and OAEM credit remains at 90.0% or better.

Idaho AgCredit had no net investment in other property owned (aka acquired property) at June 30, 2020, which was the same as on the same date in the prior year. Idaho AgCredit's investment in accrual sales contracts at June 30, 2020 was \$49,037 compared to \$58,678 in the prior year. Idaho AgCredit's ratio of liabilities to net worth at June 30, 2020 was 4.04:1 compared to 3.97:1 the prior year. This ratio change (which reflects that total liabilities have increased in proportion to net worth) has been caused by retained earnings growing slower in proportion to loan volume growth and the change in the corresponding debt with CoBank.

### **Results of Operations:**

Idaho AgCredit's net income of \$1,456,737 for the quarter was up \$267,846 compared to the same quarter in the prior year. The net interest income after the provision for losses of loan principal and commitment for the quarter was \$6,121 higher than the same period in the prior year due to a decrease in net interest income of \$72,440 and a decrease in the net provision for loan losses of \$78,561. Noninterest income for the quarter was \$252,464 higher than the prior year, primarily due to a decrease in patronage from CoBank of \$27,000, an increase of \$33,235 in other patronage, an increase in loan fees of \$250,661 due to new loan origination fees and interest rate conversion fees, and a net decrease of \$4,432 in financially related service income and other noninterest income. Noninterest expenses for the quarter were \$11,037 lower than the prior year due to the increase in salaries and benefits of \$33,157, a decrease of \$5,835 in director compensation, a decrease in purchased services of \$20,658, a decrease in Farm Credit Insurance Fund premiums of \$5,000, an increase in supervisory and examination costs of \$2,712 and a net decrease in all other noninterest expenses of \$15,413. The provision for income taxes was \$1,776 higher than the prior year due to a higher estimate of income taxes.

The Allowance for Loan Losses account balance at June 30, 2020 totaled \$1,580,441 or .52% of gross loan volume compared to an allowance of \$1,297,932 or .45% of gross loan volume for the same date in the prior year. This increase of \$282,509 from the prior year primarily reflects an increase in specific allowance amounts for loans and a very small amount due to normal changes in credit quality and loan volume. After assessing the relative risk based upon economic conditions, historical annual loan loss experience and potential future losses, management believes

the allowance for loan losses adequately covers the inherent risk in the loan portfolio. Ultimate losses which may be experienced by Idaho AgCredit 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 of losses previously recognized.

**Capital Resources:**

Shareholders' equity at June 30, 2020 was \$63,700,213, which increased \$2,689,368 from \$61,010,845 at December 31, 2019. This increase is due to net income plus net stock changes. Since January 1, 2005, Idaho AgCredit'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. Idaho AgCredit's capital amounts, categories and ratios at June 30, 2020 exceeded the FCA minimum regulatory requirements which became effective January 1, 2017.

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

	June 30, 2020 Unaudited	December 31, 2019 Audited	June 30, 2019 Unaudited
<b>ASSETS</b>			
Loans	<b>\$303,135,207</b>	\$286,470,251	\$287,865,259
Less allowance for loan losses	<b>1,580,441</b>	1,572,793	1,297,932
Net loans	<b>301,554,766</b>	284,897,458	286,567,327
Cash	<b>1,733,442</b>	1,453,133	1,600,020
Accrued interest receivable	<b>4,262,014</b>	4,901,371	4,557,901
Investment in CoBank	<b>10,966,466</b>	10,963,123	10,963,123
Premises and equipment, net	<b>1,310,913</b>	1,358,241	1,109,215
Other property owned	<b>0</b>	0	0
Prepaid pension expense	<b>629,332</b>	485,271	365,272
Deferred tax asset, net	<b>101,000</b>	101,000	9,000
Other assets	<b>574,108</b>	1,112,853	646,134
<b>Total assets</b>	<b>\$321,132,041</b>	\$305,272,450	\$305,817,992
<b>LIABILITIES</b>			
Note payable to CoBank	<b>\$249,251,465</b>	\$235,808,464	\$238,513,024
Advance conditional payments	<b>7,158,322</b>	4,290,453	4,657,164
Accrued interest payable	<b>499,705</b>	615,942	629,859
Patronage distributions payable	<b>0</b>	2,884,335	0
Reserve for losses on loan commitment	<b>67,476</b>	52,127	62,367
Other liabilities	<b>454,860</b>	610,284	474,781
<b>Total liabilities</b>	<b>\$257,431,828</b>	\$244,261,605	\$244,337,195
<b>Commitments and Contingencies (See Notes)</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Capital stock and participation certificates	<b>\$489,735</b>	\$433,760	\$457,170
Allocated retained earnings (Memo Nonqualified)	<b>22,380,647</b>	20,882,039	20,882,039
Unallocated retained earnings	<b>40,829,831</b>	39,695,046	40,141,588
Accumulated other comprehensive income/(loss)	<b>0</b>	0	0
<b>Total shareholders' equity</b>	<b>\$63,700,213</b>	\$61,010,845	\$61,480,797
<b>Total liabilities and shareholders' equity</b>	<b>\$321,132,041</b>	\$305,272,450	\$305,817,992

The accompanying notes are an integral part of these financial statements.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>INTEREST INCOME</b>				
Loans	\$3,363,457	\$3,777,817	\$6,802,963	\$7,473,482
<b>Total interest income</b>	<b>3,363,457</b>	<b>3,777,817</b>	<b>6,802,963</b>	<b>7,473,482</b>
<b>INTEREST EXPENSE</b>				
Notes payable to CoBank	1,395,558	1,722,860	2,906,300	3,410,501
Advance conditional payments	16,401	31,019	48,802	60,486
<b>Total interest expense</b>	<b>1,411,959</b>	<b>1,753,879</b>	<b>2,955,102</b>	<b>3,470,987</b>
Net interest income	1,951,498	2,023,938	3,847,861	4,002,495
(Provision for) or Reversal of loan losses and reserves	(35,185)	(113,746)	(22,997)	(124,886)
Net interest income after (provision)/reversal	1,916,313	1,910,192	3,824,864	3,877,609
<b>NONINTEREST INCOME</b>				
Patronage distributions from CoBank	206,000	233,000	402,299	471,285
Patronage distributions from other Farm Credit Inst.	59,846	26,611	137,313	85,484
Loan fees	304,957	54,296	409,732	91,246
Financially related services income	2,016	6,285	2,279	6,410
Other noninterest income	993	1,156	3,322	2,551
<b>Total Noninterest Income</b>	<b>573,812</b>	<b>321,348</b>	<b>954,945</b>	<b>656,976</b>
<b>NONINTEREST EXPENSE</b>				
Salaries and employee benefits	750,967	717,810	1,521,499	1,449,102
Director's Compensation	7,059	12,894	18,743	24,324
Occupancy and equipment	36,458	36,719	80,189	85,584
Farm Credit Insurance Fund premiums	38,000	43,000	15,336	29,110
Supervisory and examination costs	30,581	27,869	61,162	55,738
Purchased Services	45,739	66,397	122,336	154,508
Data processing services	2,430	2,430	4,860	4,860
Losses/(Gains) on other property owned, net	0	0	0	0
Other noninterest expense	74,154	89,306	226,291	222,042
<b>Total noninterest expense</b>	<b>985,388</b>	<b>996,425</b>	<b>2,050,416</b>	<b>2,025,268</b>
Income (loss) before income taxes	1,504,737	1,235,115	2,729,393	2,509,317
(Provision for)/Benefit from income taxes	(48,000)	(46,224)	(96,000)	(92,000)
<b>Net Income/Comprehensive income</b>	<b>\$1,456,737</b>	<b>\$1,188,891</b>	<b>\$2,633,393</b>	<b>\$2,417,317</b>

The accompanying notes are an integral part of these financial statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

	Capital Stock and Participation Certificates	Memo Allocated Retained Earnings	Unallocated Retained Earnings	Total Shareholders' Equity
<b>Balance at December 31, 2018</b>	\$427,450	\$18,435,269	\$40,171,041	\$59,033,760
Net income/Comprehensive Income		2,446,770	(29,453)	2,417,317
Stock issued	108,020			108,020
Stock retired	(78,300)			(78,300)
Other (rounding)		0	0	0
<b>Balance at June 30, 2019</b>	<b>\$457,170</b>	<b>\$20,882,039</b>	<b>\$40,141,588</b>	<b>\$61,480,797</b>
<b>Balance at December 31, 2019</b>	\$433,760	\$20,882,039	\$39,695,046	\$61,010,845
Net income/Comprehensive Income		1,498,608	1,134,785	2,633,393
Stock issued	116,830			116,830
Stock retired	(60,855)			(60,855)
Other (rounding)		0	0	0
<b>Balance at June 30, 2020</b>	<b>\$489,735</b>	<b>\$22,380,647</b>	<b>\$40,829,831</b>	<b>\$63,700,213</b>

The accompanying notes are an integral part of these financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Note 1 – Organization and Significant Accounting Policies:**

A description of the organization and operations of Idaho AgCredit, ACA (Idaho AgCredit), the significant accounting policies followed, and the financial condition and results of operations as of and for the year ended December 31, 2019, are contained in the 2019 Annual Report to Shareholders (Annual Report). The accompanying unaudited second-quarter 2020 financial statements have been prepared in accordance with the accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Accordingly, they do not include all the disclosures required by GAAP for annual financial statements and should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2019, as contained in the Annual Report.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments necessary for a fair statement of results for the interim periods. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year ending December 31, 2020. Descriptions of the significant accounting policies are included in the Annual Report. In the opinion of management, these policies and the presentation of the interim financial condition and results of operations conform with GAAP and prevailing practices within the banking industry.

In March 2020, the Financial Accounting Standards Board (FASB) issued guidance entitled “Facilitation of the Effects of Reference Rate Reform on Financial Reporting.” The guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform. The guidance simplifies the accounting evaluation of contract modifications that replace a reference rate affected by reference rate reform and contemporaneous modifications of other contracts related to the replacement of the reference rate. With respect to hedge accounting, the guidance allows amendment of formal designation and documentation of hedging relationships in certain circumstances as a result of reference rate reform and provides additional expedients for different types of hedges, if certain criteria are met. The optional amendments are effective as of March 12, 2020, through December 31, 2022. The institution is evaluating the impact of adoption on the institution’s financial condition and its results of operations.

In December 2019, the FASB issued guidance entitled “Simplifying the Accounting for Income Taxes.” This guidance eliminates certain intra period tax allocations, foreign deferred tax recognition and interim period tax calculations. In addition, the guidance simplifies disclosure regarding capital and franchise taxes, the allocation of goodwill in business combinations, subsidiary financial statements and other disclosures. The new guidance is intended to eliminate and/or simplify certain aspects of income tax accounting that are complex or that require significant judgment in application or presentation. The guidance becomes effective for fiscal years beginning after December 15, 2021. Early adoption of this guidance is permitted and the institution adopted this guidance on January 1, 2020. The adoption did not materially impact the institution’s financial condition or results of operations.

In August 2018, the FASB issued guidance entitled “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Cost.” The guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by this guidance. This guidance became effective for interim and annual periods beginning after December 15, 2019. The guidance also requires an entity (customer) to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement. It further specifies where to present expense and payments in the financial statements. The guidance is to be applied on a retrospective or prospective basis to all implementation costs incurred after the date of adoption. The adoption of this guidance did not materially impact the institution’s financial condition and its results of operations.

In August 2018, the FASB issued guidance entitled “Disclosure Framework — Changes to the Disclosure Requirements for Defined Benefit Plans.” The guidance modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. This guidance becomes effective for fiscal years ending after December 15, 2020. Early adoption is permitted. The guidance is to be applied on a retrospective basis for all periods. The adoption of this guidance will not impact the institution’s financial condition or its results of operations, but will impact the employee benefit plan disclosures.



In August 2018, the FASB issued guidance entitled "Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement." The guidance modifies the requirements on fair value measurements by removing, modifying or adding to the disclosures. This guidance became effective for interim and annual periods beginning after December 15, 2019. Early adoption was permitted and an entity was permitted to early adopt any removal or modified disclosures and delay adoption of the additional disclosures until their effective date. The institution early adopted the removal and modified disclosures during the fourth quarter of 2018. The adoption of this guidance did not impact the Association's financial condition or its results of operations, but did impact the fair value measurements disclosures.

In June 2016, FASB issued guidance entitled "Measurement of Credit Losses on Financial Instruments." The guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Credit losses relating to available-for-sale securities would also be recorded through an allowance for credit losses. For public business entities that are not U.S. Securities and Exchange Commission filers this guidance was to become effective for interim and annual periods beginning after December 15, 2020, with early application permitted. In November 2019, the FASB issued an update that amends the mandatory effective date for this guidance for certain institutions. The change resulted from a change in the effective date philosophy that extends and simplifies the adoption by staggering the dates between large public entities and other entities. As a result of the change, the new credit loss standard, for those institutions qualifying for the delay, becomes effective for interim and annual reporting periods beginning after December 15, 2022, with early adoption permitted. The institution qualifies for the delay in the adoption date. The institution continues to evaluate the impact of adoption on its financial condition and its results of operations.

Certain amounts in the prior period's financial statements have been reclassified to conform to the current period's financial statement presentation. The reclassified amounts include splitting allocated retained earnings (memo nonqualified) from unallocated retained earnings. The amounts shown as allocated retained earnings are considered to be permanently invested in the Association.

Idaho AgCredit may have loans in the categories of real estate mortgage, production and intermediate term, agribusiness (which may be further broken down into loans to cooperatives, processing and marketing and farm related business), rural infrastructure, rural residential real estate, energy and other. Only those categories for which Idaho AgCredit had loans are shown in these schedules.

**Note 2 – Loans and Allowance for Loan Losses:**

A summary of loans (excluding related accrued interest) follows:

Loans	June 30, 2020	December 31, 2019
Real estate mortgage	\$192,886,681	\$172,849,056
Production and intermediate term	96,967,087	105,286,151
Agribusiness	11,281,439	8,335,044
Energy	2,000,000	0
Total loans	\$303,135,207	\$286,470,251

Idaho AgCredit purchases or sells participation interests with other parties in order to diversify risk, manage loan volume and comply with Farm Credit Administration regulations. All of Idaho AgCredit's participations purchased and participations sold are with other Farm Credit Institutions. The following table presents information regarding participations purchased and sold (excluding related accrued interest) as of June 30, 2020:

Participation Loans	Other Farm Credit Institutions	
	Purchased	Sold
Real estate mortgage	\$42,035,737	\$11,534,931
Production and intermediate term	101,143	2,114,012
Agribusiness	3,204,161	45
Energy	2,000,000	0
Total	\$47,341,041	\$13,648,988

Nonperforming assets (including related accrued interest) and related credit quality statistics are as follows:

	June 30, 2020	December 31, 2019
<u>Nonaccrual loans:</u>		
Real estate mortgage	\$599,715	\$576,175
Production and Intermediate term	1,519,690	1,603,387
Agribusiness	0	0
Total nonaccrual loans	<u>\$2,119,405</u>	<u>\$2,179,562</u>
<u>Accruing restructured loans:</u>		
Total accruing restructured loans	\$0	\$0
<u>Accruing loans 90 days or more past due:</u>		
Real estate mortgage	\$0	\$0
Production and Intermediate term	85,250	0
Total accruing loans 90 days or more past due	<u>\$85,250</u>	<u>\$0</u>
Total nonperforming loans	<u>\$2,204,655</u>	<u>\$2,179,562</u>
Other property owned	0	0
Total nonperforming assets	<u>\$2,204,655</u>	<u>\$2,179,562</u>

The following table shows loans and related accrued interest classified under the Farm Credit Administration Uniform Loan Classification System as a percentage of total loans and related accrued interest receivable by loan type as of:

	June 30, 2020	December 31, 2019
<u>Real estate mortgage</u>		
Acceptable	96.9%	97.1%
OAEM	1.9%	1.4%
Substandard	1.2%	1.5%
Doubtful	0.0%	0.0%
	<u>100.0%</u>	<u>100.0%</u>
<u>Production and intermediate term</u>		
Acceptable	94.7%	96.8%
OAEM	3.2%	2.0%
Substandard	1.8%	0.9%
Doubtful	0.3%	0.3%
	<u>100.0%</u>	<u>100.0%</u>
<u>Agribusiness</u>		
Acceptable	92.2%	100.0%
OAEM	7.8%	0.0%
Substandard	0.0%	0.0%
Doubtful	0.0%	0.0%
	<u>100.0%</u>	<u>100.0%</u>
<u>Energy</u>		
Acceptable	100.0%	100.0%
OAEM	0.0%	0.0%
Substandard	0.0%	0.0%
Doubtful	0.0%	0.0%
	<u>100.0%</u>	<u>100.0%</u>
<u>Total loans</u>		
Acceptable	96.0%	97.1%
OAEM	2.6%	1.6%
Substandard	1.3%	1.2%
Doubtful	0.1%	0.1%
	<u>100.0%</u>	<u>100.0%</u>

The recorded investment in loan receivables is the face amount increased or decreased by applicable accrued interest and unamortized premium, discount, finance charges, or acquisition costs and may also reflect a previous

direct write-down of the investment. The following tables provide an age analysis of past due loans (including accrued interest) as of:

(Dollars in Thousands)	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Not Past Due or <30 Days Past Due	Total Loans	90 Days or More Past Due and Accruing
<b>June 30, 2020</b>						
Real estate mortgage	\$375	\$550	\$925	\$195,159	\$196,084	\$0
Production and intermediate term	738	765	1,503	96,385	97,888	85
Agribusiness	0	0	0	11,422	11,422	0
Energy	0	0	0	2,003	2,003	0
Total	\$1,113	\$1,315	\$2,428	\$304,969	\$307,397	\$85

December 31, 2019						
Real estate mortgage	\$0	\$468	\$468	\$175,753	\$176,221	\$0
Production and intermediate term	462	1,043	1,505	105,256	106,761	0
Agribusiness	61	0	61	8,329	8,390	0
Energy	0	0	0	0	0	0
Total	\$523	\$1,511	\$2,034	\$289,338	\$291,372	\$0

Additional impaired loan information is as follows:

Impaired Loans	At June 30, 2020			At December 31, 2019		
	Recorded Investment	Contractual Principal Balance	Related Allowance	Recorded Investment	Contractual Principal Balance	Related Specific Allowance
<u>With a related allowance:</u>						
Real estate mortgage	\$0	\$0	\$0	\$0	\$0	\$0
Production and intermediate term	305,253	312,378	279,254	309,184	312,378	292,585
Agribusiness	0	0	0	0	0	0
Energy	0	0	0	0	0	0
Total	\$305,253	\$312,378	\$279,254	\$309,184	\$312,378	\$292,585
<u>With no related allowance:</u>						
Real estate mortgage	\$599,715	\$671,871	\$0	\$496,846	\$558,934	\$0
Production and intermediate term	1,299,687	1,509,862	0	2,107,651	2,242,007	0
Agribusiness	0	0	0	0	0	0
Energy	0	0	0	0	0	0
Total	\$1,899,402	\$2,181,733	\$0	\$2,604,497	\$2,800,941	\$0
<u>Total impaired loans:</u>						
Real estate mortgage	\$599,715	\$671,871	\$0	\$496,846	\$558,934	\$0
Production and intermediate term	1,604,940	1,822,240	279,254	2,416,835	2,554,385	292,585
Agribusiness	0	0	0	0	0	0
Energy	0	0	0	0	0	0
Total	\$2,204,655	\$2,494,111	\$279,254	\$2,913,681	\$3,113,319	\$292,585

(Dollars in Thousands) Impaired Loans	For the Quarter Ended				For the Six Months Ended			
	June 30, 2020		June 30, 2019		June 30, 2020		June 30, 2019	
	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized	Average Impaired Loans	Interest Income Recognized
<u>With a related allowance:</u>								
Real estate mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prod. and intermediate term	306	0	608	0	306	0	699	\$11
Agribusiness	0	0	0	0	0	0	0	0
Energy	0	0	0	0	0	0	0	0
Total	<b>\$306</b>	<b>\$0</b>	<b>\$608</b>	<b>\$0</b>	<b>\$306</b>	<b>\$0</b>	<b>\$699</b>	<b>\$11</b>
<u>With no related allowance:</u>								
Real estate mortgage	\$598	\$0	\$502	\$0	\$596	\$0	\$499	\$0
Prod. and intermediate term	1,315	1	3,013	17	1,293	2	2,462	17
Agribusiness	0	0	0	0	0	0	0	0
Energy	0	0	0	0	0	0	0	0
Total	<b>\$1,913</b>	<b>\$1</b>	<b>\$3,515</b>	<b>\$17</b>	<b>\$1,889</b>	<b>\$2</b>	<b>\$2,961</b>	<b>\$17</b>
<u>Total impaired loans:</u>								
Real estate mortgage	\$598	\$0	\$502	\$0	\$596	\$0	\$499	\$0
Prod. and intermediate term	1,621	1	3,621	17	1,599	2	3,161	28
Agribusiness	0	0	0	0	0	0	0	0
Energy	0	0	0	0	0	0	0	0
Total	<b>\$2,219</b>	<b>\$1</b>	<b>\$4,123</b>	<b>\$17</b>	<b>\$2,195</b>	<b>\$2</b>	<b>\$3,660</b>	<b>\$28</b>

A summary of changes in the allowance for loan losses and period end recorded investment in loans is as follows:

	Beginning Balance	Charge-offs	Recoveries	Provision for Loan Losses/ (Loan Loss Reversals)	Ending Balance
<b>March 31, 2020 to June 30, 2020</b>					
Real estate mortgage	\$594,902	\$0	\$0	\$9,427	\$604,329
Production and intermediate term	913,957	0	0	31,257	945,214
Agribusiness	33,311	0	0	(4,813)	28,498
Energy	0	0	0	2,400	2,400
Total	\$1,542,170	\$0	\$0	\$38,271	\$1,580,441
<b>March 31, 2019 to June 30, 2019</b>					
Real estate mortgage	\$553,159	\$0	\$0	\$11,792	\$564,951
Production and intermediate term	617,171	0	0	90,323	707,494
Agribusiness	22,831	0	0	2,656	25,487
Energy	0	0	0	0	0
Total	\$1,193,161	\$0	\$0	\$104,771	\$1,297,932
<b>December 31, 2019 to June 30, 2020</b>					
Real estate mortgage	\$554,147	\$0	\$0	\$50,182	\$604,329
Production and intermediate term	997,319	0	0	(52,105)	945,214
Agribusiness	21,327	0	0	7,171	28,498
Energy	0	0	0	2,400	2,400
Total	\$1,572,793	\$0	\$0	\$7,648	\$1,580,441
<b>December 31, 2018 to June 30, 2019</b>					
Real estate mortgage	\$545,968	\$0	\$0	\$18,983	\$564,951
Production and intermediate term	623,434	0	0	84,060	707,494
Agribusiness	24,072	0	0	1,415	25,487
Energy	0	0	0	0	0
Total	\$1,193,474	\$0	\$0	\$104,458	\$1,297,932

A summary of recorded investment (including accrued interest) for allowance evaluations is as follows:

	Allowance for Loan Losses		Recorded Investments in Loans Outstanding	
	Individually evaluated for impairment	Collectively evaluated for impairment	Individually evaluated for impairment	Collectively evaluated for impairment
<b>June 30, 2020</b>				
Real estate mortgage	\$0	\$604,329	\$599,715	\$195,483,865
Production and intermediate term	279,254	665,960	1,519,690	96,368,220
Agribusiness	0	28,498	0	11,422,319
Energy	0	2,400	0	2,003,412
Total	\$279,254	\$1,301,187	\$2,119,405	\$305,277,816
<b>December 31, 2019</b>				
Real estate mortgage	\$0	\$554,147	\$576,175	\$175,644,709
Production and intermediate term	292,585	704,734	1,603,387	105,157,267
Agribusiness	0	21,327	0	8,390,084
Energy	0	0	0	0
Total	\$292,585	\$1,280,208	\$2,179,562	\$289,192,060
<b>June 30, 2019</b>				
Real estate mortgage	\$0	\$564,951	\$516,230	\$168,583,107
Production and intermediate term	13,380	694,114	2,075,395	104,573,957
Agribusiness	0	25,487	0	12,116,570
Energy	0	0	0	0
Total	\$13,380	\$1,284,552	\$2,591,625	\$285,273,634

There were no loans acquired which had credit quality that had deteriorated since origination for the periods shown.

A restructuring of debt constitutes troubled debt restructuring if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. Idaho AgCredit had no troubled debt restructurings that occurred during the years represented in these statements.

**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 Idaho AgCredit 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 since the date of the Annual Report.

**Note 5 – Contingent Liabilities and Litigation:**

Idaho AgCredit 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 Idaho AgCredit.

**Note 6 – Whistleblower Notices:**

Idaho AgCredit has established a whistleblower program to encourage reporting by any employee, customer or member of the public about any improper accounting or other activity to the Association's Audit Committee. Details about the whistleblower program and contact information for making whistleblower complaints are listed on the Association website at [www.idahoagcredit.com](http://www.idahoagcredit.com).

**Note 7 – Subsequent Events:**

Idaho AgCredit has evaluated subsequent events through June 22, 2020, which is the date the financial statements were available to be issued.