Idaho AgCredit
*Helping you grow*

# QUARTERLY REPORT TO SHAREHOLDERS

## September 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 2nd 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 Fonnesbeck.......... 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

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
Cyndi Campbell.......... Operations Assistant
Maxine Olson.......... 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

Idaho AgCredit
*Helping you grow*

## 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 and 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 Fonnesbeck
President and CEO

Mike Virtue
Audit Committee Chairman

Jim Chase
Secretary and CFO

October 21, 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 September 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 September 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 was 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 September 30, 2020 increased $6,857,933 from $303,135,207 at the prior quarter end to $309,993,140, and increased $22,378,812 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 September 30, 2020 was $1,506,988, or .49% of gross loan volume, compared to $2,846,202, or .99% on the same date in the prior year. Idaho AgCredit's total loan portfolio is presently graded 98.7% acceptable and OAEM compared to 98.6% 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 September 30, 2020, which was the same as on the same date in the prior year. Idaho AgCredit's investment in accrual sales contracts at September 30, 2020 was $46,543 compared to $56,332 in the prior year. Idaho AgCredit's ratio of liabilities to net worth at September 30, 2020 was 4.08:1 compared to 3.91:1 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 $1,348,083 for the quarter was up $172,503 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 $229,403 higher than the same period in the prior year due to a decrease in net interest income of $7,522 and a decrease in the net provision for loan losses of $236,925. Noninterest income for the quarter was $37,607 higher than the prior year, primarily due to a decrease in patronage from CoBank of $4,000, an increase of $51,829 in other patronage, an increase in loan fees of $42,508 due to new loan origination fees and interest rate conversion fees, and a net decrease of $901 in financially related service income and other noninterest income. Noninterest expenses for the quarter were $93,007 higher than the prior year due to the increase in salaries and benefits of $81,225, a decrease of $693 in director compensation, an increase in purchased services of $30,666, an increase in Farm Credit Insurance Fund premiums of $13,000, a decrease in supervisory and examination costs of $2,360 and a net decrease in all other noninterest expenses of $28,831. The provision for income taxes was $1,500 higher than the prior year due to a higher estimate of income taxes.

The Allowance for Loan Losses account balance at September 30, 2020 totaled $1,596,990 or .52% of gross loan volume compared to an allowance of $1,560,821 or .54% of gross loan volume for the same date in the prior year. This increase of $36,169 from the prior year primarily reflects 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 September 30, 2020 was $65,064,346, which increased $4,053,501 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 September 30, 2020 exceeded the FCA minimum regulatory requirements which became effective January 1, 2017.

## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

| | **September 30, 2020 Unaudited** | December 31, 2019 Audited | September 30, 2019 Unaudited |
|---|---|---|---|
| **ASSETS** | | | |
| Loans | **$309,993,140** | $286,470,251 | $287,614,328 |
| Less allowance for loan losses | **1,596,990** | 1,572,793 | 1,560,821 |
| Net loans | **308,396,150** | 284,897,458 | 286,053,507 |
| Cash | **2,484,723** | 1,453,133 | 2,401,867 |
| Accrued interest receivable | **5,591,780** | 4,901,371 | 5,676,825 |
| Investment in CoBank | **10,966,466** | 10,963,123 | 10,963,123 |
| Premises and equipment, net | **1,287,850** | 1,358,241 | 1,085,007 |
| Other property owned | **0** | 0 | 0 |
| Prepaid pension expense | **770,378** | 485,271 | 424,196 |
| Deferred tax asset, net | **101,000** | 101,000 | 9,000 |
| Other assets | **803,610** | 1,112,853 | 889,384 |
| **Total assets** | **$330,401,957** | $305,272,450 | $307,502,909 |
| | | | |
| **LIABILITIES** | | | |
| Note payable to CoBank | **$257,152,051** | $235,808,464 | $237,823,124 |
| Advance conditional payments | **7,051,392** | 4,290,453 | 5,750,081 |
| Accrued interest payable | **474,287** | 615,942 | 624,917 |
| Patronage distributions payable | **0** | 2,884,335 | 0 |
| Reserve for losses on loan commitment | **65,784** | 52,127 | 51,259 |
| Other liabilities | **594,097** | 610,284 | 597,596 |
| **Total liabilities** | **$265,337,611** | $244,261,605 | $244,846,977 |
| | | | |
| **Commitments and Contingencies (See Notes)** | | | |
| | | | |
| **SHAREHOLDERS' EQUITY** | | | |
| Capital stock and participation certificates | **$505,785** | $433,760 | $456,725 |
| Allocated retained earnings (Memo Nonqualified) | **22,380,647** | 20,882,039 | 20,882,039 |
| Unallocated retained earnings | **42,177,914** | 39,695,046 | 41,317,168 |
| Accumulated other comprehensive income/(loss) | **0** | 0 | 0 |
| **Total shareholders' equity** | **$65,064,346** | $61,010,845 | $62,655,932 |
| **Total liabilities and shareholders' equity** | **$330,401,957** | $305,272,450 | $307,502,909 |

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Three Months Ended September 30, **2020** | Three Months Ended September 30, 2019 | Nine Months Ended September 30, **2020** | Nine Months Ended September 30, 2019 |
|---|---|---|---|---|
| **INTEREST INCOME** | | | | |
| Loans | **$3,475,528** | $3,933,475 | **$10,278,491** | $11,406,957 |
| **Total interest income** | **3,475,528** | 3,933,475 | **10,278,491** | 11,406,957 |
| **INTEREST EXPENSE** | | | | |
| Notes payable to CoBank | **1,335,363** | 1,763,050 | **4,241,663** | 5,173,550 |
| Advance conditional payments | **9,059** | 31,797 | **57,861** | 92,284 |
| **Total interest expense** | **1,344,422** | 1,794,847 | **4,299,524** | 5,265,834 |
| Net interest income | **2,131,106** | 2,138,628 | **5,978,967** | 6,141,123 |
| (Provision for) or Reversal of loan losses and reserves | **(14,857)** | (251,782) | **(37,854)** | (376,668) |
| Net interest income after (provision)/reversal | **2,116,249** | 1,886,846 | **5,941,113** | 5,764,455 |
| **NONINTEREST INCOME** | | | | |
| Patronage distributions from CoBank | **234,000** | 238,000 | **636,299** | 709,285 |
| Patronage distributions from other Farm Credit Inst. | **0** | 0 | **137,313** | 85,484 |
| Loan fees | **111,546** | 69,038 | **521,279** | 160,284 |
| Financially related services income | **550** | 466 | **2,828** | 6,876 |
| Other noninterest income | **988** | 1,973 | **4,310** | 4,524 |
| **Total Noninterest Income** | **347,084** | 309,477 | **1,302,029** | 966,453 |
| **NONINTEREST EXPENSE** | | | | |
| Salaries and employee benefits | **768,284** | 687,059 | **2,289,782** | 2,136,162 |
| Director's Compensation | **7,032** | 7,725 | **25,775** | 32,049 |
| Occupancy and equipment | **36,096** | 38,106 | **116,285** | 123,690 |
| Farm Credit Insurance Fund premiums | **60,000** | 47,000 | **75,336** | 76,110 |
| Supervisory and examination costs | **25,507** | 27,867 | **86,669** | 83,605 |
| Purchased Services | **86,863** | 56,197 | **209,199** | 210,705 |
| Data processing services | **2,430** | 2,430 | **7,290** | 7,290 |
| Losses/(Gains) on other property owned, net | **0** | 0 | **0** | 0 |
| Other noninterest expense | **81,038** | 107,859 | **307,330** | 329,900 |
| **Total noninterest expense** | **1,067,250** | 974,243 | **3,117,666** | 2,999,511 |
| Income (loss) before income taxes | **1,396,083** | 1,222,080 | **4,125,476** | 3,731,397 |
| (Provision for)/Benefit from income taxes | **(48,000)** | (46,500) | **(144,000)** | (138,500) |
| **Net Income/Comprehensive income** | **$1,348,083** | $1,175,580 | **$3,981,476** | $3,592,897 |

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 |
|---|---|---|---|---|
| **Balance at December 31, 2018** | $427,450 | $18,435,269 | $40,171,041 | $59,033,760 |
| Net income/Comprehensive Income | | 2,446,770 | 1,146,127 | 3,592,897 |
| Stock issued | 135,520 | | | 135,520 |
| Stock retired | (106,245) | | | (106,245) |
| Other (rounding) | | 0 | 0 | 0 |
| **Balance at September 30, 2019** | **$456,725** | **$20,882,039** | **$41,317,168** | **$62,655,932** |
| | | | | |
| **Balance at December 31, 2019** | $433,760 | $20,882,039 | $39,695,046 | $61,010,845 |
| Net income/Comprehensive Income | | 1,498,608 | 2,482,868 | 3,981,476 |
| Stock issued | 156,510 | | | 156,510 |
| Stock retired | (84,485) | | | (84,485) |
| Other (rounding) | | 0 | 0 | 0 |
| **Balance at September 30, 2020** | **$505,785** | **$22,380,647** | **$42,177,914** | **$65,064,346** |

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 third-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 Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), which provides relief from certain requirements under GAAP, was signed into law. Section 4013 of the CARES Act gives entities temporary relief from the accounting and disclosure requirements for troubled debt restructurings (TDRs) and if certain criteria are met these loan modifications may not need to be classified as TDRs. System entities have adopted this relief for qualifying loan modifications.

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, nor will the guidance impact the presentation of taxes for prior periods in the 2020 interim or year-end financial statements.

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 | **September 30, 2020** | December 31, 2019 |
|---|---|---|
| Real estate mortgage | **$198,526,908** | $172,849,056 |
| Production and intermediate term | **95,611,971** | 105,286,151 |
| Agribusiness | **12,209,381** | 8,335,044 |
| Communication | **1,644,879** | 0 |
| Energy | **2,000,000** | 0 |
| Total loans | **$309,993,139** | $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 September 30, 2020:

| | Other Farm Credit Institutions | |
|---|---|---|
| Participation Loans | Purchased | Sold |
| Real estate mortgage | $39,431,716 | $11,264,851 |
| Production and intermediate term | 581,143 | 2,570,394 |
| Agribusiness | 3,327,862 | 45 |
| Communication | 1,644,879 | 0 |
| Energy | 2,000,000 | 0 |
| Total | $46,985,600 | $13,835,290 |

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

| | **September 30, 2020** | December 31, 2019 |
|---|---|---|
| Nonaccrual loans: | | |
| Real estate mortgage | **$88,602** | $576,175 |
| Production and Intermediate term | **1,418,386** | 1,603,387 |
| Agribusiness | **0** | 0 |
| Communication | **0** | 0 |
| Energy | **0** | 0 |
| Total nonaccrual loans | **$1,506,988** | $2,179,562 |
| Accruing restructured loans: | | |
| Total accruing restructured loans | **$0** | $0 |
| Accruing loans 90 days or more past due: | | |
| Real estate mortgage | **$0** | $0 |
| Production and Intermediate term | **0** | 0 |
| Agribusiness | **0** | 0 |
| Communication | **0** | 0 |
| Energy | **0** | 0 |
| Total accruing loans 90 days or more past due | **$0** | $0 |
| Total nonperforming loans | **$1,506,988** | $2,179,562 |
| Other property owned | **0** | 0 |
| Total nonperforming assets | **$1,506,988** | $2,179,562 |

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:

| | **September 30, 2020** | December 31, 2019 |
|---|---|---|
| Real estate mortgage | | |
| Acceptable | **97.0%** | 97.1% |
| OAEM | **2.0%** | 1.4% |
| Substandard | **1.0%** | 1.5% |
| Doubtful | **0.0%** | 0.0% |
| | **100.0%** | 100.0% |
| Production and intermediate term | | |
| Acceptable | **94.2%** | 96.8% |
| OAEM | **3.9%** | 2.0% |
| Substandard | **1.6%** | 0.9% |
| Doubtful | **0.3%** | 0.3% |
| | **100.0%** | 100.0% |
| Agribusiness | | |
| Acceptable | **92.7%** | 100.0% |
| OAEM | **7.3%** | 0.0% |
| Substandard | **0.0%** | 0.0% |
| Doubtful | **0.0%** | 0.0% |
| | **100.0%** | 100.0% |
| Communication | | |
| Acceptable | **100.0%** | 100.0% |
| OAEM | **0.0%** | 0.0% |
| Substandard | **0.0%** | 0.0% |
| Doubtful | **0.0%** | 0.0% |
| | **100.0%** | 100.0% |
| Energy | | |
| Acceptable | **100.0%** | 100.0% |
| OAEM | **0.0%** | 0.0% |
| Substandard | **0.0%** | 0.0% |
| Doubtful | **0.0%** | 0.0% |
| | **100.0%** | 100.0% |
| Total loans | | |
| Acceptable | **96.0%** | 97.1% |
| OAEM | **2.7%** | 1.6% |
| Substandard | **1.2%** | 1.2% |
| Doubtful | **0.1%** | 0.1% |
| | **100.0%** | 100.0% |

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 |
|---|---|---|---|---|---|---|
| **September 30, 2020** | | | | | | |
| Real estate mortgage | **$0** | **$84** | **$84** | **$202,668** | **$202,752** | **$0** |
| Production and intermediate term | **610** | **582** | **1,192** | **95,599** | **96,791** | **0** |
| Agribusiness | **0** | **0** | **0** | **12,378** | **12,378** | **0** |
| Communication | **0** | **0** | **0** | **1,661** | **1,661** | **0** |
| Energy | **0** | **0** | **0** | **2,003** | **2,003** | **0** |
| Total | **$610** | **$666** | **$1,276** | **$314,309** | **$315,585** | **$0** |
| 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 |
| Communication | 0 | 0 | 0 | 0 | 0 | 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:

| | **At September 30, 2020** | | | At December 31, 2019 | | |
|---|---|---|---|---|---|---|
| Impaired Loans | Recorded Investment | Contractual Principal Balance | Related Specific Allowance | Recorded Investment | Contractual Principal Balance | Related Specific Allowance |
| With a related allowance: | | | | | | |
| Real estate mortgage | **$0** | **$0** | **$0** | $0 | $0 | $0 |
| Production and intermediate term | **303,453** | **312,378** | **277,454** | 309,184 | 312,378 | 292,585 |
| Agribusiness | **0** | **0** | **0** | 0 | 0 | 0 |
| Energy | **0** | **0** | **0** | 0 | 0 | 0 |
| Total | **$303,453** | **$312,378** | **$277,454** | $309,184 | $312,378 | $292,585 |
| With no related allowance: | | | | | | |
| Real estate mortgage | **$88,602** | **$160,042** | **$0** | $576,175 | $643,777 | $0 |
| Production and intermediate term | **1,114,933** | **1,326,240** | **0** | 1,294,203 | 1,475,803 | 0 |
| Agribusiness | **0** | **0** | **0** | 0 | 0 | 0 |
| Energy | **0** | **0** | **0** | 0 | 0 | 0 |
| Total | **$1,203,535** | **$1,486,282** | **$0** | $1,870,378 | $2,119,580 | $0 |
| Total impaired loans: | | | | | | |
| Real estate mortgage | **$88,602** | **$160,042** | **$0** | $576,175 | $643,777 | $0 |
| Production and intermediate term | **1,418,386** | **1,638,618** | **277,454** | 1,603,387 | 1,788,181 | 292,585 |
| Communication | **0** | **0** | **0** | 0 | 0 | 0 |
| Energy | **0** | **0** | **0** | 0 | 0 | 0 |
| Total | **$1,506,988** | **$1,798,660** | **$277,454** | $2,179,562 | $2,431,958 | $292,585 |

| | For the Quarter Ended | | | | For the Nine Months Ended | | | |
|---|---|---|---|---|---|---|---|---|
| | **September 30, 2020** | | September 30, 2019 | | **September 30, 2020** | | September 30, 2019 | |
| (Dollars in Thousands) Impaired Loans | Average Impaired Loans | Interest Income Recognized | Average Impaired Loans | Interest Income Recognized | Average Impaired Loans | Interest Income Recognized | Average Impaired Loans | Interest Income Recognized |
| With a related allowance: | | | | | | | | |
| Real estate mortgage | **$0** | **$0** | $0 | $0 | **$0** | **$0** | $0 | $0 |
| Prod. and intermediate term | **304** | **0** | 817 | 0 | **306** | **0** | 543 | $0 |
| Agribusiness | **0** | **0** | 0 | 0 | **0** | **0** | 0 | 0 |
| Communication | **0** | **0** | 0 | 0 | **0** | **0** | 0 | 0 |
| Energy | **0** | **0** | 0 | 0 | **0** | **0** | 0 | 0 |
| Total | **$304** | **$0** | $817 | $0 | **$306** | **$0** | $543 | $0 |
| With no related allowance: | | | | | | | | |
| Real estate mortgage | **$90** | **$6** | $524 | $0 | **$427** | **$6** | $508 | $0 |
| Prod. and intermediate term | **1,115** | **0** | 1,352 | 0 | **1,233** | **1** | 2,089 | 17 |
| Agribusiness | **0** | **0** | 0 | 0 | **0** | **0** | 0 | 0 |
| Communication | **0** | **0** | 0 | 0 | **0** | **0** | 0 | 0 |
| Energy | **0** | **0** | 0 | 0 | **0** | **0** | 0 | 0 |
| Total | **$1,205** | **$6** | $1,876 | $0 | **$1,660** | **$7** | $2,597 | $17 |
| Total impaired loans: | | | | | | | | |
| Real estate mortgage | **$90** | **$6** | $524 | $0 | **$427** | **$6** | $508 | $0 |
| Prod. and intermediate term | **1,419** | **0** | 2,169 | 0 | **1,539** | **1** | 2,632 | 17 |
| Agribusiness | **0** | **0** | 0 | 0 | **0** | **0** | 0 | 0 |
| Communication | **0** | **0** | 0 | 0 | **0** | **0** | 0 | 0 |
| Energy | **0** | **0** | 0 | 0 | **0** | **0** | 0 | 0 |
| Total | **$1,509** | **$6** | $2,693 | $0 | **$1,966** | **$7** | $3,140 | $17 |

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 |
|---|---|---|---|---|---|
| **June 30, 2020 to September 30, 2020** | | | | | |
| Real estate mortgage | **$604,329** | **$0** | **$0** | **$3,123** | **$607,452** |
| Production and intermediate term | **945,214** | **0** | **0** | **(145)** | **945,069** |
| Agribusiness | **28,498** | **0** | **0** | **6,169** | **34,667** |
| Communication | **0** | **0** | **0** | **7,402** | **7,402** |
| Energy | **2,400** | **0** | **0** | **0** | **2,400** |
| Total | **$1,580,441** | **$0** | **$0** | **$16,549** | **$1,596,990** |
| June 30, 2019 to September 30, 2019 | | | | | |
| 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 |
| Communication | 0 | 0 | 0 | 0 | 0 |
| Energy | 0 | 0 | 0 | 0 | 0 |
| Total | $1,193,161 | $0 | $0 | $104,771 | $1,297,932 |
| **December 31, 2019 to September 30, 2020** | | | | | |
| Real estate mortgage | **$554,147** | **$0** | **$0** | **$53,305** | **$607,452** |
| Production and intermediate term | **997,319** | **0** | **0** | **(52,250)** | **945,069** |
| Agribusiness | **21,327** | **0** | **0** | **13,340** | **34,667** |
| Communication | **0** | **0** | **0** | **7,402** | **7,402** |
| Energy | **0** | **0** | **0** | **2,400** | **2,400** |
| Total | **$1,572,793** | **$0** | **$0** | **$24,197** | **$1,596,990** |
| December 31, 2018 to September 30, 2019 | | | | | |
| 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 |
| Communication | 0 | 0 | 0 | 0 | 0 |
| 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 |
| **September 30, 2020** | | | | |
| Real estate mortgage | **$0** | **$607,452** | **$88,602** | **$202,663,450** |
| Production and intermediate term | **277,454** | **667,615** | **1,418,386** | **95,372,184** |
| Agribusiness | **0** | **34,667** | **0** | **12,378,600** |
| Communication | **0** | **7,402** | **0** | **1,660,871** |
| Energy | **0** | **2,400** | **0** | **2,002,826** |
| Total | **$277,454** | **$1,319,536** | **$1,506,988** | **$314,077,931** |
| December 31, 2019 | | | | |
| 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 |
| Communication | 0 | 0 | 0 | 0 |
| Energy | 0 | 0 | 0 | 0 |
| Total | $292,585 | $1,280,208 | $2,179,562 | $289,192,060 |
| September 30, 2019 | | | | |
| 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 |
| Communication | 0 | 0 | 0 | 0 |
| 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.

**Note 7 – Subsequent Events:**

Idaho AgCredit has evaluated subsequent events through October 21, 2020, which is the date the financial statements were available to be issued.