



# QUARTERLY REPORT TO SHAREHOLDERS June 30, 2025

## OFFICE LOCATIONS

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

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

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

Twin Falls Branch Office  
Suite 100A, 1096 Eastland Drive North  
Twin Falls, ID 83301  
(208) 734-0635

## DIRECTORS, OFFICERS AND STAFF

### **BOARD OF DIRECTORS**

Tina Clinger, Chair..... American Falls  
Sam Jensen, Vice Chair..... Firth  
Richard Blaser ..... Rexburg  
Scott R. Giltner ..... Jerome  
Ryan Mathews..... Blackfoot  
Ian Webb ..... Dietrich  
Dawn Winder ..... Roberts

### **OFFICERS**

Marc Fonnesbeck..... President and CEO  
Dana Wood..... Secretary and CFO  
Adam C. Jensen.... Executive Vice President and CCO  
Kirk Powell ..... VP of Capital Markets  
Katie Wallace..... VP of Lending  
Ryan Funk. .... Vice President and CIO

### **HEADQUARTERS STAFF**

Jan Gamble ..... Senior Operations Assistant  
Lori Bartauský..... Operations Assistant  
Hallie Mickelsen..... Financial Analyst  
Travis Crook ..... IT Administrator

### **AUDIT COORDINATOR**

Meagan Reed ..... Audit Coordinator

### **BRANCH STAFF**

Blackfoot Branch Office (208)785-1510  
Brett Crowther ..... Branch Manager  
Nathan Drake ..... Loan Officer  
Payton Potter..... Credit Analyst  
Josey Nate ..... Credit Analyst  
Tenaia Giannini ..... Credit Support Specialist  
Kristen Ipsen ..... Operations Assistant

Rexburg Branch Office (208)356-5479  
Nick Bazil..... Branch Manager  
Zach Burgess ..... Loan Officer  
Trevor Schmidt..... Loan Officer  
Sam Erickson ..... Operations Assistant  
Tina Morton ..... Senior Loan Processing Specialist

American Falls Branch Office (208)226-5251  
Dylan Orr ..... Branch Manager  
Rob Acevedo..... Credit Officer  
Dave O'Connell ..... Credit Analyst  
Cyndi Campbell..... Operations Assistant  
Meagan Reed..... Human Resources Facilitator

Twin Falls Branch Office (208)734-0635  
Tianna Fife ..... Branch Manager  
Sean Zaugg..... Senior Loan Officer  
Dave Scott..... Marketing Officer  
Tyler Mabey..... Credit Analyst  
Camryn Holmgren ..... Credit Support Specialist  
Nicolette Mikesell ..... Operations Assistant

**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 2024 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 2024 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.

/s/ Tina Clinger

Tina Clinger  
Board Chair

/s/ Ryan Mathews

Ryan Mathews  
Audit Committee Chair

/s/ Marc Fonnesbeck

Marc Fonnesbeck  
President and CEO

/s/ Dana Wood

Dana Wood  
Secretary and CFO

July 23, 2025

## **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, 2025, with comparisons to prior periods. You should read these comments along with the accompanying financial statements and footnotes in the 2024 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, 2025 reflected commodity prices at breakeven or above for contracted potatoes, beef, and milk. Fresh and open market potatoes are operating below breakeven due to abundant supplies. Alfalfa is operating at or below breakeven due to lower demand. Wheat, barley and sugar beets are operating below breakeven due to recent declines in market prices. Due to the uncertain nature of changes to consumption habits and market changes due to ongoing world events, it is too soon to accurately predict commodity prices in the near term. The dollar is weakening which may increase demand for exported commodities. 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 expected to be adequate for the 2025 crop year. 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, 2025 increased \$16,741,284 from \$443,443,539 at the prior quarter end to \$460,184,823, and increased \$57,909,651 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 increase in commercial loans and an increase in mortgage and mortgage purchased participation loans with other lenders.

Nonaccrual loan volume at June 30, 2025 was \$3,189,805, or 0.69% of gross loan volume, compared to \$3,139,331, or 0.78% on the same date in the prior year. Idaho AgCredit's total loan portfolio is presently graded 97.7% acceptable and OAEM compared to 98.2% 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, 2025, which was the same as on the same date in the prior year. Idaho AgCredit had no investment in accrual sales contracts at June 30, 2025 or on the same date in the prior year. Idaho AgCredit's ratio of liabilities to net worth at June 30, 2025 was 4.77:1 compared to 4.40:1 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 \$2,828,062 for the quarter was up \$935,013 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 \$953,722 higher than the same period in the prior year due to an increase in net interest income of \$223,955 and a decrease in the net provision for credit losses of \$729,767. Noninterest income for the quarter was \$117,228 higher than the prior year primarily due to increase in patronage from CoBank of \$82,000. Noninterest expenses for the quarter were \$120,937 higher than the prior year due primarily to an increase in Farm Credit System Insurance Fund (FCSIC) premiums. However, this increase is primarily a result of timing differences between when FCSIC premium rebates were received in 2024 and 2025. After accounting for this timing difference, noninterest expenses are materially unchanged from the same quarter in the prior year.

The allowance for credit losses on loans balance at June 30, 2025 totaled \$3,373,996 or 0.73% of gross loan volume compared to an allowance of \$2,777,181 or 0.69% of gross loan volume for the same date in the prior year. This increase of \$596,815 from the prior year primarily reflects increases due to changes in credit quality and loan volume less decreases due to changes in calculation methodology factors. The allowance for credit losses for unfunded commitments balance at June 30, 2025 totaled \$209,125 compared to an allowance of \$194,797 for the same date in the prior year. The increase of \$14,328 primarily reflects increases due to changes in credit quality and unfunded commitment volume less decreases due to changes in calculation methodology factors. After assessing the relative risk

based upon economic conditions, historical annual credit loss experience and potential future losses, management believes the allowances for credit losses adequately cover 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, 2025 was \$83,708,804, which increased \$5,165,076 from \$78,543,728 at December 31, 2024. 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, 2025 exceeded the FCA minimum regulatory requirements which became effective January 1, 2017.

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

|   | <b>June 30,<br/>2025<br/>Unaudited</b> | <b>December 31,<br/>2024<br/>Audited</b> | <b>June 30,<br/>2024<br/>Unaudited</b> |
|---|--|--|--|
| <b>ASSETS</b>                                     |  |  |  |
| Loans   | <b>\$460,184,823</b>                   | \$452,313,350                            | \$402,275,172                          |
| Less allowance for credit losses on loans         | <b>3,373,996</b>                       | 3,542,634                                | 2,777,181                              |
| Net loans   | <b>456,810,827</b>                     | 448,770,716                              | 399,497,991                            |
| Cash  | <b>4,090,177</b>                       | 2,066,786                                | 1,053,355                              |
| Accrued interest receivable                       | <b>7,972,466</b>                       | 8,467,948                                | 7,008,852                              |
| Investment in CoBank                              | <b>9,456,951</b>                       | 9,456,951                                | 7,813,951                              |
| Premises and equipment, net                       | <b>1,248,851</b>                       | 1,270,484                                | 1,314,116                              |
| Other property owned                              | <b>0</b>                               | 0  | 0                                      |
| Prepaid pension expense                           | <b>1,684,235</b>                       | 1,703,367                                | 1,725,465                              |
| Deferred tax asset, net                           | <b>0</b>                               | 0  | 0                                      |
| Other assets                                      | <b>1,412,691</b>                       | 1,858,395                                | 1,108,715                              |
| <b>Total assets</b>                               | <b>\$482,676,198</b>                   | \$473,594,647                            | \$419,522,445                          |
| <b>LIABILITIES</b>                                |  |  |  |
| Note payable to CoBank                            | <b>\$370,103,405</b>                   | \$370,355,249                            | \$306,043,464                          |
| Advance conditional payments                      | <b>25,099,667</b>                      | 18,217,535                               | 33,298,013                             |
| Accrued interest payable                          | <b>1,504,934</b>                       | 1,650,135                                | 1,508,349                              |
| Patronage distributions payable                   | <b>0</b>                               | 3,727,244                                | 0                                      |
| Reserve for credit losses on loan commitment      | <b>209,125</b>                         | 196,272                                  | 194,797                                |
| Deferred tax liability, net                       | <b>12,000</b>                          | 12,000                                   | 128,900                                |
| Other liabilities                                 | <b>2,038,263</b>                       | 892,484                                  | 703,513                                |
| <b>Total liabilities</b>                          | <b>\$398,967,394</b>                   | \$395,050,919                            | \$341,877,036                          |
| <b>Commitments and Contingencies (See Notes)</b>  |  |  |  |
| <b>SHAREHOLDERS' EQUITY</b>                       |  |  |  |
| Capital stock and participation certificates      | <b>\$547,185</b>                       | \$534,880                                | \$521,455                              |
| Allocated retained earnings (Memo Nonqualified)   | <b>36,078,436</b>                      | 32,245,237                               | 32,245,237                             |
| Unallocated retained earnings                     | <b>47,083,183</b>                      | 45,763,611                               | 44,878,717                             |
| Accumulated other comprehensive income/(loss)     |  | 0  | 0                                      |
| <b>Total shareholders' equity</b>                 | <b>\$83,708,804</b>                    | \$78,543,728                             | \$77,645,409                           |
| <b>Total liabilities and shareholders' equity</b> | <b>\$482,676,198</b>                   | \$473,594,647                            | \$419,522,445                          |

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|   | Three Months Ended<br>June 30, |                    | Six Months Ended<br>June 30, |                    |
|---|--------------------------------|--------------------|------------------------------|--------------------|
|   | 2025                           | 2024               | 2025                         | 2024               |
| <b>INTEREST INCOME</b>                                  |                                |                    |                              |                    |
| Loans   | \$7,082,917                    | \$6,129,876        | \$13,796,006                 | \$11,954,177       |
| <b>Total interest income</b>                            | <b>7,082,917</b>               | <b>6,129,876</b>   | <b>13,796,006</b>            | <b>11,954,177</b>  |
| <b>INTEREST EXPENSE</b>                                 |                                |                    |                              |                    |
| Notes payable to CoBank                                 | 3,249,015                      | 2,381,834          | 6,281,655                    | 4,563,664          |
| Advance conditional payments                            | 239,732                        | 377,827            | 484,917                      | 751,329            |
| <b>Total interest expense</b>                           | <b>3,488,747</b>               | <b>2,759,661</b>   | <b>6,766,572</b>             | <b>5,314,993</b>   |
| Net interest income                                     | 3,594,170                      | 3,370,215          | 7,029,434                    | 6,639,184          |
| (Provision for) or Reversal of loan losses and reserves | 192,807                        | (536,960)          | 155,785                      | (872,096)          |
| Net interest income after (provision)/reversal          | 3,786,977                      | 2,833,255          | 7,185,219                    | 5,767,088          |
| <b>NONINTEREST INCOME</b>                               |                                |                    |                              |                    |
| Patronage distributions from CoBank                     | 414,000                        | 332,000            | 808,825                      | 654,145            |
| Patronage distributions from other Farm Credit Inst.    | 0                              | 0                  | 70,472                       | 53,981             |
| Loan fees   | 118,100                        | 82,616             | 211,548                      | 186,579            |
| Financially related services income                     | 256                            | 225                | 552                          | 225                |
| Other noninterest income                                | 1,952                          | 2,239              | 3,730                        | 5,184              |
| <b>Total noninterest income</b>                         | <b>534,308</b>                 | <b>417,080</b>     | <b>1,095,127</b>             | <b>900,114</b>     |
| <b>NONINTEREST EXPENSE</b>                              |                                |                    |                              |                    |
| Salaries and employee benefits                          | 1,066,723                      | 1,083,415          | 2,190,737                    | 2,153,105          |
| Director's Compensation                                 | 13,723                         | 7,659              | 34,309                       | 21,066             |
| Occupancy and equipment                                 | 34,039                         | 29,239             | 66,198                       | 67,862             |
| Farm Credit Insurance Fund premiums                     | 78,000                         | (36,108)           | 91,036                       | 27,892             |
| Supervisory and examination costs                       | 43,511                         | 39,037             | 87,022                       | 78,074             |
| Purchased Services                                      | 86,363                         | 78,187             | 187,332                      | 155,729            |
| 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                               | 108,434                        | 108,427            | 346,081                      | 321,985            |
| <b>Total noninterest expense</b>                        | <b>1,433,223</b>               | <b>1,312,286</b>   | <b>3,007,575</b>             | <b>2,830,573</b>   |
| Income (loss) before income taxes                       | 2,888,062                      | 1,938,049          | 5,272,771                    | 3,836,629          |
| (Provision for)/Benefit from income taxes               | (60,000)                       | (45,000)           | (120,000)                    | (90,000)           |
| <b>Net Income/Comprehensive income</b>                  | <b>\$2,828,062</b>             | <b>\$1,893,049</b> | <b>\$5,152,771</b>           | <b>\$3,746,629</b> |

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

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

|                                 | Capital<br>Stock and<br>Participation<br>Certificates | Memo<br>Allocated<br>Retained<br>Earnings | Unallocated<br>Retained<br>Earnings | Total<br>Shareholders'<br>Equity |
|---------------------------------|---|---|-------------------------------------|----------------------------------|
| Balance at December 31, 2023    | \$516,040   | \$28,403,776                              | \$44,973,549                        | \$73,893,365                     |
| Net income/Comprehensive Income |   | 3,841,461                                 | (94,832)                            | 3,746,629                        |
| Stock issued                    | 89,610  |   |                                     | 89,610                           |
| Stock retired                   | (84,195)  |   |                                     | (84,195)                         |
| Patronage Distributions (Cash)  |   |   |                                     |                                  |
| Other (rounding)                | 0   | 0   | 0                                   | 0                                |
| Balance at June 30, 2024        | \$521,455   | \$32,245,237                              | \$44,878,717                        | \$77,645,409                     |
| Balance at December 31, 2024    | \$534,880   | \$32,245,237                              | \$45,763,611                        | \$78,543,728                     |
| Net income/Comprehensive Income |   | 3,833,199                                 | 1,319,572                           | 5,152,771                        |
| Stock issued                    | 66,050  |   |                                     | 66,050                           |
| Stock retired                   | (53,745)  |   |                                     | (53,745)                         |
| Patronage Distributions (Cash)  |   |   |                                     |                                  |
| Other (rounding)                | 0   | 0   | 0                                   | 0                                |
| <b>Balance at June 30, 2025</b> | <b>\$547,185</b>                                      | <b>\$36,078,436</b>                       | <b>\$47,083,183</b>                 | <b>\$83,708,804</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, 2024, are contained in the 2024 Annual Report to Shareholders (Annual Report). The accompanying unaudited second-quarter 2025 financial statements have been prepared in accordance with the accounting principles generally accepted in the U.S. (GAAP) for interim financial information. Certain disclosures included in the annual financial statements have been condensed or omitted from these financial statements as they are not required for interim financial statements under U.S. GAAP and the rules of the Farm Credit Administration (FCA). This report should be read in conjunction with the audited financial statements as of and for the year ended December 31, 2024, as contained in the Annual Report.

In the opinion of management, the unaudited financial information is complete and reflects all adjustments, consisting of normal recurring 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, 2025. 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.

### **Recently issued or adopted Accounting Pronouncements**

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09 - Income Taxes: Improvements to Income Tax Disclosures. The amendments in this standard require more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this standard require qualitative disclosure about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. Income taxes paid will require disaggregated disclosure by federal, state and foreign jurisdictions for amounts exceeding a quantitative threshold of greater than five percent of total income taxes paid. The amendments are effective for annual periods beginning after December 15, 2025. The adoption of this guidance is not expected to have a material impact on the Association's financial condition, results of operations or cash flows but will impact the income tax disclosures.

### **Note 2 – Loans and Allowance for Credit Losses:**

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

| Loans                            | June 30, 2025        | December 31, 2024    |
|----------------------------------|----------------------|----------------------|
| Real estate mortgage             | \$248,427,392        | \$241,682,799        |
| Production and intermediate term | 124,931,761          | 126,326,055          |
| Agribusiness                     | 69,952,266           | 65,014,300           |
| Rural infrastructure             | 16,873,404           | 19,290,195           |
| Total loans                      | <u>\$460,184,823</u> | <u>\$452,313,350</u> |

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, 2025:

| Participation Loans              | Other Farm Credit Institutions |                     |
|----------------------------------|--------------------------------|---------------------|
|                                  | Purchased                      | Sold                |
| Real estate mortgage             | \$43,890,719                   | \$18,395,285        |
| Production and intermediate term | 14,820,249                     | 10,267,713          |
| Agribusiness                     | 36,951,174                     | 0                   |
| Rural infrastructure             | 16,873,404                     | 0                   |
| Total                            | <u>\$112,535,546</u>           | <u>\$28,662,998</u> |



**Credit Quality**

Credit risk arises from the potential inability of an obligor to meet its payment obligation and exists in our outstanding loans, letters of credit and unfunded loan commitments. The entity manages credit risk associated with the retail lending activities through an analysis of the credit risk profile of an individual borrower using its own set of underwriting standards and lending policies, approved by its board of directors, which provides direction to its loan officers. The retail credit risk management process begins with an analysis of the borrower's credit history, repayment capacity, financial position and collateral, which includes an analysis of credit scores for smaller loans. Repayment capacity focuses on the borrower's ability to repay the loan based on cash flows from operations or other sources of income, including off-farm income. Real estate mortgage loans must be secured by first liens on the real estate (collateral). As required by Farm Credit Administration regulations, each institution that makes loans on a secured basis must have collateral evaluation policies and procedures. Real estate mortgage loans may be made only in amounts up to 85% of the original appraised value of the property taken as security or up to 97% of the appraised value if guaranteed by a state, federal, or other governmental agency. The actual loan to appraised value when loans are made is generally lower than the statutory maximum percentage. Loans other than real estate mortgage may be made on a secured or unsecured basis.

The entity uses a two-dimensional risk rating model based on an internally generated combined System risk rating guidance that incorporates a 14-point probability of default rating scale to identify and track the probability of borrower default and a separate scale addressing loss given default. Probability of default is the probability that a borrower will experience a default during the life of the loan. The loss given default is management's estimate as to the anticipated principal loss on a specific loan assuming default occurs during the remaining life of the loan. A default is considered to have occurred if the lender believes the borrower will not be able to pay its obligation in full or the borrower or the loan is classified nonaccrual. This credit risk rating process incorporates objective and subjective criteria to identify inherent strengths, weaknesses and risks in a particular relationship. The institution reviews, at least on an annual basis, or when a credit action is taken the probability of default category.

Each of the probability of default categories carries a distinct percentage of default probability. The probability of default rate between one and nine of the acceptable categories is very narrow and would reflect almost no default to a minimal default percentage. The probability of default rate grows more rapidly as a loan moves from acceptable to other assets especially mentioned and grows significantly as a loan moves to a substandard (viable) level. A substandard (non-viable) rating indicates that the probability of default is almost certain. These categories are defined as follows:

- Acceptable – Assets are expected to be fully collectible and represent the highest quality.
- Other Assets Especially Mentioned (OAEM) – Assets are currently collectible but exhibit some potential weakness.
- Substandard – Assets exhibit some serious weakness in repayment capacity, equity, and/or collateral pledged on the loan.
- Doubtful – Assets exhibit similar weaknesses as substandard assets. However, doubtful assets have additional weaknesses in existing facts, conditions and values that make collection in full highly questionable.
- Loss – Assets are not considered collectible.

The following table presents credit quality indicators by loan type and the related principal balance as of June 30, 2025:

|   | Term Loans Amortized Cost by Origination Year |                   |                   |                   |                   |                    | Revolving<br>Loans<br>Converted to<br>Term Loans | Total              |
|---|---|-------------------|-------------------|-------------------|-------------------|--------------------|--|--------------------|
|   | 2025  | 2024              | 2023              | 2022              | 2021              | Prior              | Revolving<br>Loans<br>Amortized<br>Cost Basis    |                    |
| <b>Real estate mortgage</b>             |   |                   |                   |                   |                   |                    |  |                    |
| Acceptable                              | 13,554,528                                    | 25,683,122        | 19,445,843        | 22,479,813        | 31,573,521        | 113,523,210        | 12,235,984                                       | 238,772,285        |
| OAEM                                    | 497,935                                       | 1,775,198         | 0                 | 204,319           | 174,300           | 2,283,255          | 7,000  | 4,942,007          |
| Substandard                             | 145,449                                       | 506,037           | 0                 | 1,474,286         | 349,761           | 2,223,627          | 12,940   | 4,712,100          |
| Doubtful                                | 0   | 0                 | 0                 | 0                 | 0                 | 0                  | 1,000  | 1,000              |
|   |   |                   |                   |                   |                   |                    |  | <b>248,427,392</b> |
| <b>Production and Intermediate-term</b> |   |                   |                   |                   |                   |                    |  |                    |
| Acceptable                              | 21,402,175                                    | 22,963,183        | 7,343,056         | 3,062,184         | 3,167,580         | 1,514,700          | 51,650,350                                       | 113,688,224        |
| OAEM                                    | 6,164,115                                     | 0                 | 276,674           | 62,501            | 57,908            | 0                  | 0  | 6,561,198          |
| Substandard                             | 808,688                                       | 1,435,462         | 682,394           | 20,817            | 29,446            | 101,137            | 1,364,542  | 4,442,486          |
| Doubtful                                | 0   | 0                 | 0                 | 0                 | 0                 | 239,853            | 0  | 239,853            |
|   |   |                   |                   |                   |                   |                    |  | <b>124,931,761</b> |
| <b>Agribusiness</b>                     |   |                   |                   |                   |                   |                    |  |                    |
| Acceptable                              | 3,973,094                                     | 15,043,837        | 29,058,757        | 9,634,487         | 2,028,225         | 4,286,660          | 4,621,324  | 68,646,384         |
| OAEM                                    | 0   | 0                 | 0                 | 0                 | 0                 | 0                  | 0  | 0                  |
| Substandard                             | 0   | 0                 | 0                 | 1,305,882         | 0                 | 0                  | 0  | 1,305,882          |
|   |   |                   |                   |                   |                   |                    |  | <b>69,952,266</b>  |
| <b>Rural Infrastructure</b>             |   |                   |                   |                   |                   |                    |  |                    |
| Acceptable                              | 0   | 4,166,583         | 8,621,429         | 0                 | 1,566,964         | 1,033,928          | 0  | 15,388,904         |
| OAEM                                    | 0   | 1,484,500         | 0                 | 0                 | 0                 | 0                  | 0  | 1,484,500          |
|   |   |                   |                   |                   |                   |                    |  | <b>16,873,404</b>  |
| <b>Total Loans</b>                      |   |                   |                   |                   |                   |                    |  |                    |
| Acceptable                              | 38,929,797                                    | 67,856,725        | 64,469,085        | 35,176,484        | 38,336,290        | 120,358,498        | 68,507,658                                       | 436,495,797        |
| OAEM                                    | 6,662,050                                     | 3,259,698         | 276,674           | 266,820           | 232,208           | 2,283,255          | 7,000  | 12,987,705         |
| Substandard                             | 954,137                                       | 1,941,499         | 682,394           | 2,800,985         | 379,207           | 2,324,764          | 1,377,482  | 10,460,468         |
| Doubtful                                | 0   | 0                 | 0                 | 0                 | 0                 | 239,853            | 1,000  | 240,853            |
| Current charge-offs                     | 0   | 0                 | 0                 | 0                 | 0                 | 0                  | 0  | 0                  |
| Totals:                                 | <b>46,545,984</b>                             | <b>73,057,922</b> | <b>65,428,153</b> | <b>38,244,289</b> | <b>38,947,705</b> | <b>125,206,370</b> | <b>69,893,140</b>                                | <b>460,184,823</b> |

All categories are shown in Total Loans, but only applicable categories are shown elsewhere. Minor rounding differences compared to other schedules.

The following table presents credit quality indicators by loan type and the related principal balance as of December 31, 2024:

2024.

|                                  | Term Loans Amortized Cost by Origination Year |            |            |            |            |            | Revolving<br>Loans<br>Converted to<br>Term Loans |                         |             |
|----------------------------------|---|------------|------------|------------|------------|------------|--|-------------------------|-------------|
|                                  | 2024  | 2023       | 2022       | 2021       | 2020       | Prior      | Revolving<br>Loans<br>Amortized<br>Cost Basis    | Amortized<br>Cost Basis | Total       |
| Real estate mortgage             |   |            |            |            |            |            |  |                         |             |
| Acceptable                       | 25,886,275                                    | 20,655,412 | 22,745,360 | 32,555,592 | 37,875,019 | 82,542,358 | 9,765,870  | 0                       | 232,025,886 |
| OAEM                             | 2,667,542                                     | 0          | 208,647    | 182,916    | 194,863    | 2,771,386  | 14,000   | 0                       | 6,039,354   |
| Substandard                      | 119,868                                       | 0          | 1,419,506  | 349,511    | 1,594,739  | 126,935    | 6,000  | 0                       | 3,616,559   |
| Doubtful                         | 0   | 0          | 0          | 0          | 0          | 0          | 1,000  | 0                       | 1,000       |
|                                  |   |            |            |            |            |            |  |                         | 241,682,799 |
| Production and Intermediate-term |   |            |            |            |            |            |  |                         |             |
| Acceptable                       | 38,512,251                                    | 8,598,922  | 4,382,196  | 4,697,087  | 2,056,510  | 586,945    | 58,407,187                                       | 0                       | 117,241,098 |
| OAEM                             | 3,756,234                                     | 468,926    | 155,271    | 75,728     | 0          | 105,111    | 0  | 579,274                 | 5,140,544   |
| Substandard                      | 1,717,011                                     | 491,354    | 63,738     | 45,481     | 0          | 0          | 1,378,577  | 0                       | 3,696,161   |
| Doubtful                         | 0   | 0          | 0          | 0          | 0          | 248,253    | 0  | 0                       | 248,253     |
|                                  |   |            |            |            |            |            |  |                         | 126,326,056 |
| Agribusiness                     |   |            |            |            |            |            |  |                         |             |
| Acceptable                       | 15,576,505                                    | 28,536,805 | 9,811,261  | 2,063,158  | 579,616    | 4,233,108  | 2,901,387  | 0                       | 63,701,840  |
| OAEM                             | 0   | 0          | 0          | 0          | 0          | 0          | 0  | 0                       | 0           |
| Substandard                      | 0   | 0          | 1,312,460  | 0          | 0          | 0          | 0  | 0                       | 1,312,460   |
|                                  |   |            |            |            |            |            |  |                         | 65,014,300  |
| Rural Infrastructure             |   |            |            |            |            |            |  |                         |             |
| Acceptable                       | 6,194,574                                     | 9,086,989  | 1,394,346  | 1,575,000  | 1,039,286  | 0          | 0  | 0                       | 19,290,195  |
|                                  |   |            |            |            |            |            |  |                         | 19,290,195  |
| Total Loans                      |   |            |            |            |            |            |  |                         |             |
| Acceptable                       | 86,169,605                                    | 66,878,128 | 38,333,163 | 40,890,837 | 41,550,431 | 87,362,411 | 71,074,444                                       | 0                       | 432,259,019 |
| OAEM                             | 6,423,776                                     | 468,926    | 363,918    | 258,644    | 194,863    | 2,876,497  | 14,000   | 579,274                 | 11,179,898  |
| Substandard                      | 1,836,879                                     | 491,354    | 2,795,704  | 394,992    | 1,594,739  | 126,935    | 1,384,577  | 0                       | 8,625,180   |
| Doubtful                         | 0   | 0          | 0          | 0          | 0          | 248,253    | 1,000  | 0                       | 249,253     |
| Current charge-offs              | 0   | 0          | 0          | 0          | 0          | 0          | 0  | 0                       | 0           |
| Totals:                          | 94,430,260                                    | 67,838,408 | 41,492,785 | 41,544,473 | 43,340,033 | 90,614,096 | 72,474,021                                       | 579,274                 | 452,313,350 |

All categories are shown in Total Loans, but only applicable categories are shown elsewhere. Minor rounding differences compared to other schedules.

Accrued interest receivable on loans of \$7,972,466 and \$8,467,948 at June 30, 2025 and December 31, 2024 have been excluded from the amortized cost of loans and reported separately in the Consolidated Statements of Financial Condition. The entity wrote off \$3,619 of accrued interest receivable for the six months ended June 30, 2025 and \$0 for the six months ended June 30, 2024.

The following table reflects nonperforming assets, which consist of nonaccrual loans and other property owned and related credit quality statistics:

|  | June 30, 2025 | December 31, 2024 |
|--|---------------|-------------------|
| <u>Nonaccrual loans:</u>   |               |                   |
| Real estate mortgage   | \$1,534,002   | \$1,548,716       |
| Production and Intermediate term   | 349,921       | 248,253           |
| Agribusiness   | 1,305,882     | 1,312,459         |
| Rural infrastructure   | 0             | 0                 |
| Total nonaccrual loans   | \$3,189,805   | \$3,109,428       |
| <u>Accruing loans 90 days or more past due:</u>                              |               |                   |
| Real estate mortgage   | 0             | 0                 |
| Production and Intermediate term   | 0             | 0                 |
| Agribusiness   | 0             | 0                 |
| Rural infrastructure   | 0             | 0                 |
| Total accruing loans 90 days or more past due                                | \$0           | \$0               |
| Total nonperforming loans  | \$3,189,805   | \$3,109,428       |
| <u>Other property owned:</u>   | 0             | 0                 |
| Total nonperforming assets   | \$3,189,805   | \$3,109,428       |
| Nonaccrual loans as a percentage of total loans                              | 0.69%         | 0.69%             |
| Nonperforming assets as a percentage of total loans and other property owned | 0.69%         | 0.69%             |
| Nonperforming assets as a percentage of net worth                            | 3.81%         | 3.96%             |

The following table provides the amortized cost for nonaccrual loans with and without a related allowance for loan losses, as well as interest income recognized on nonaccrual loans during the period:

|                                  | June 30, 2025                 |                                  |             | Interest Income Recognized               |  |
|----------------------------------|-------------------------------|----------------------------------|-------------|--|--|
|                                  | Amortized Cost with Allowance | Amortized Cost without Allowance | Total       | for the Three Months Ended June 30, 2025 | for the Six Months Ended June 30, 2025 |
| <u>Nonaccrual loans:</u>         |                               |                                  |             |  |  |
| Real estate mortgage             | \$1,412,392                   | \$121,610                        | \$1,534,002 | \$0                                      | \$0                                    |
| Production and Intermediate term | 348,571                       | 1,350                            | 349,921     | 0  | 0                                      |
| Agribusiness                     | 1,305,882                     | 0                                | 1,305,882   | 0  | 0                                      |
| Rural infrastructure             | 0                             | 0                                | 0           | 0  | 0                                      |
| Total nonaccrual loans           | \$3,066,845                   | \$122,960                        | \$3,189,805 | \$0                                      | \$0                                    |
|                                  | December 31, 2024             |                                  |             | Interest Income Recognized               |  |
|                                  | Amortized Cost with Allowance | Amortized Cost without Allowance | Total       | for the Three Months Ended June 30, 2024 | for the Six Months Ended June 30, 2024 |
| <u>Nonaccrual loans:</u>         |                               |                                  |             |  |  |
| Real estate mortgage             | \$1,419,506                   | \$129,210                        | \$1,548,716 | \$0                                      | \$0                                    |
| Production and Intermediate term | 248,253                       | 0                                | 248,253     | 0  | 0                                      |
| Agribusiness                     | 1,312,459                     | 0                                | 1,312,459   | 0  | 0                                      |
| Rural infrastructure             | 0                             | 0                                | 0           | 0  | 0                                      |
| Total nonaccrual loans           | \$2,980,218                   | \$129,210                        | \$3,109,428 | \$0                                      | \$0                                    |

The following table provides an age analysis of past due loans at amortized cost by portfolio segment as of:

| (Dollars in Thousands)           | 30-89 Days<br>Past Due | 90 Days<br>or More<br>Past Due | Total<br>Past Due | Not Past<br>Due or<br><30 Days<br>Past Due | Total Loans | 90 Days or<br>More Past<br>Due and<br>Accruing |
|----------------------------------|------------------------|--------------------------------|-------------------|--|-------------|--|
| <b>June 30, 2025</b>             |                        |                                |                   |  |             |  |
| Real estate mortgage             | \$622                  | \$1,412                        | \$2,034           | \$246,393                                  | \$248,427   | \$0  |
| Production and intermediate term | 1,176                  | 0                              | 1,176             | 123,756                                    | 124,932     | 0  |
| Agribusiness                     | 0                      | 1,306                          | 1,306             | 68,646                                     | 69,952      | 0  |
| Rural infrastructure             | 0                      | 0                              | 0                 | 16,874                                     | 16,874      | 0  |
| Total                            | \$1,798                | \$2,718                        | \$4,516           | \$455,669                                  | \$460,185   | \$0  |

| (Dollars in Thousands)           | 30-89 Days<br>Past Due | 90 Days<br>or More<br>Past Due | Total<br>Past Due | Not Past<br>Due or<br><30 Days<br>Past Due | Total Loans | 90 Days or<br>More Past<br>Due and<br>Accruing |
|----------------------------------|------------------------|--------------------------------|-------------------|--|-------------|--|
| <b>December 31, 2024</b>         |                        |                                |                   |  |             |  |
| Real estate mortgage             | \$918                  | \$742                          | \$1,660           | \$240,023                                  | \$241,683   | \$0  |
| Production and intermediate term | 558                    | 0                              | 558               | 125,768                                    | 126,326     | 0  |
| Agribusiness                     | 0                      | 1,312                          | 1,312             | 63,702                                     | 65,014      | 0  |
| Rural infrastructure             | 0                      | 0                              | 0                 | 19,290                                     | 19,290      | 0  |
| Total                            | \$1,476                | \$2,054                        | \$3,530           | \$448,783                                  | \$452,313   | \$0  |

A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The collateral dependent loans are primarily real estate mortgage loans.

**Loan Modifications to Borrowers Experiencing Financial Difficulties**

The following tables show the **amortized cost basis** at the end of the reporting period for loan modifications granted to borrowers experiencing financial difficulty, disaggregated by loan type and type of modification granted.

Loan Modifications for the Three Months Ended June 30, 2025

|                            | Real estate<br>mortgage | Production &<br>intermediate<br>term | Agribusiness           | Rural<br>infrastructure | Total                  |
|----------------------------|-------------------------|--------------------------------------|------------------------|-------------------------|------------------------|
|                            | Modification<br>Amount  | Modification<br>Amount               | Modification<br>Amount | Modification<br>Amount  | Modification<br>Amount |
| Term Extension             | \$0                     | \$2,142,912                          | \$0                    | \$0                     | \$2,142,912            |
| Payment Extension          | 0                       | 239,853                              | 0                      | 0                       | 239,853                |
| Interest Rate Reduction    | 0                       | 0                                    | 0                      | 0                       | 0                      |
| Principal Forgiveness      | 0                       | 0                                    | 0                      | 0                       | 0                      |
| Total                      | \$0                     | \$2,382,765                          | \$0                    | \$0                     | \$2,382,765            |
| % Total Loans by Loan Type | 0.0%                    | 1.9%                                 | 0.0%                   | 0.0%                    | 0.5%                   |

Loan Modifications for the Three Months Ended June 30, 2024

|                            | Real estate<br>mortgage | Production &<br>intermediate<br>term | Agribusiness           | Rural<br>infrastructure | Total                  |
|----------------------------|-------------------------|--------------------------------------|------------------------|-------------------------|------------------------|
|                            | Modification<br>Amount  | Modification<br>Amount               | Modification<br>Amount | Modification<br>Amount  | Modification<br>Amount |
| Term Extension             | \$0                     | \$271,000                            | \$0                    | \$0                     | \$271,000              |
| Payment Extension          | 0                       | 0                                    | 0                      | 0                       | 0                      |
| Interest Rate Reduction    | 0                       | 0                                    | 0                      | 0                       | 0                      |
| Principal Forgiveness      | 0                       | 0                                    | 0                      | 0                       | 0                      |
| Total                      | \$0                     | \$271,000                            | \$0                    | \$0                     | \$271,000              |
| % Total Loans by Loan Type | 0.0%                    | 0.3%                                 | 0.0%                   | 0.0%                    | 0.1%                   |

Accrued interest receivables related to loan modifications granted to borrowers experiencing financial difficulty as of the three months ended June 30, 2025 and June 30, 2024 were \$23,642 and \$10,456.

## Loan Modifications for the Six Months Ended June 30, 2025

|                            | Real estate<br>mortgage | Production &<br>intermediate<br>term | Agribusiness           | Rural<br>infrastructure | Total                  |
|----------------------------|-------------------------|--------------------------------------|------------------------|-------------------------|------------------------|
|                            | Modification<br>Amount  | Modification<br>Amount               | Modification<br>Amount | Modification<br>Amount  | Modification<br>Amount |
| Term Extension             | \$0                     | \$2,142,912                          | \$0                    | \$0                     | \$2,142,912            |
| Payment Extension          | 0                       | 239,853                              | 0                      | 0                       | 239,853                |
| Interest Rate Reduction    | 0                       | 0                                    | 0                      | 0                       | 0                      |
| Principal Forgiveness      | 0                       | 0                                    | 0                      | 0                       | 0                      |
| Total                      | \$0                     | \$2,382,765                          | \$0                    | \$0                     | \$2,382,765            |
| % Total Loans by Loan Type | 0.0%                    | 1.9%                                 | 0.0%                   | 0.0%                    | 0.5%                   |

## Loan Modifications for the Six Months Ended June 30, 2024

|                            | Real estate<br>mortgage | Production &<br>intermediate<br>term | Agribusiness           | Rural<br>infrastructure | Total                  |
|----------------------------|-------------------------|--------------------------------------|------------------------|-------------------------|------------------------|
|                            | Modification<br>Amount  | Modification<br>Amount               | Modification<br>Amount | Modification<br>Amount  | Modification<br>Amount |
| Term Extension             | \$0                     | \$427,323                            | \$0                    | \$0                     | \$427,323              |
| Payment Extension          | 0                       | 0                                    | 0                      | 0                       | 0                      |
| Interest Rate Reduction    | 0                       | 0                                    | 0                      | 0                       | 0                      |
| Principal Forgiveness      | 0                       | 0                                    | 0                      | 0                       | 0                      |
| Total                      | \$0                     | \$427,323                            | \$0                    | \$0                     | \$427,323              |
| % Total Loans by Loan Type | 0.0%                    | 0.5%                                 | 0.0%                   | 0.0%                    | 0.1%                   |

Accrued interest receivables related to loan modifications granted to borrowers experiencing financial difficulty as of the six months ended June 30, 2025 and June 30, 2024 were \$23,642 and \$10,778.

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended June 30, 2025:

## Financial Effect of Modifications Granted for the Three Months Ended June 30, 2025

|                                |   |
|--------------------------------|---|
| Real estate mortgage           | None  |
| Production & intermediate term |   |
| Payment Extension              | Extended weighted average due date by 12 months |
| Term Extension                 | Extended weighted average due date by 13 months |
| Agribusiness                   | None  |
| Rural infrastructure           | None  |

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the three months ended June 30, 2024 :

## Financial Effect of Modifications Granted for the Three Months Ended June 30, 2024

|                                |  |
|--------------------------------|--|
| Real estate mortgage           | None   |
| Production & intermediate term |  |
| Term Extension                 | Extended weighted average due date by 7 months |
| Agribusiness                   | None   |
| Rural infrastructure           | None   |

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the six months ended June 30, 2025:

| Financial Effect of Modifications Granted for the Six Months Ended June 30, 2025 |   |
|--|---|
| Real estate mortgage   | None  |
| Production & intermediate term   |   |
| Payment Extension  | Extended weighted average due date by 12 months |
| Term Extension   | Extended weighted average due date by 13 months |
| Agribusiness   | None  |
| Rural infrastructure   | None  |

The following table describes the financial effect of the modifications made to borrowers experiencing financial difficulty during the six months ended June 30, 2024:

| Financial Effect of Modifications Granted for the Six Months Ended June 30, 2024 |   |
|--|---|
| Real estate mortgage   | None  |
| Production & intermediate term   |   |
| Term Extension   | Extended weighted average due date by 12 months |
| Agribusiness   | None  |
| Rural infrastructure   | None  |

There were no loans to borrowers experiencing financial difficulty that defaulted during the three or six months ended June 30, 2025 and received a modification in the twelve months before default. There were no loans to borrowers experiencing financial difficulty that defaulted during the three or six months ended June 30, 2024 and received a modification in the twelve months before default.

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to June 30, 2025:

|                          | Real estate mortgage | Production &<br>intermediate term | Agribusiness | Rural infrastructure |
|--------------------------|----------------------|-----------------------------------|--------------|----------------------|
| Current                  | \$0                  | \$2,382,764                       | \$0          | \$0                  |
| 30-89 Days Past Due      | 236,286              | 0                                 | 0            | 0                    |
| 90 Days or More Past Due | 0                    | 0                                 | 0            | 0                    |
| Total                    | \$236,286            | \$2,382,764                       | \$0          | \$0                  |

The following table sets forth an aging analysis of loans to borrowers experiencing financial difficulty that were modified during the twelve months prior to June 30, 2024:

|                          | Real estate mortgage | Production &<br>intermediate term | Agribusiness | Rural infrastructure |
|--------------------------|----------------------|-----------------------------------|--------------|----------------------|
| Current                  | \$0                  | \$682,776                         | \$0          | \$0                  |
| 30-89 Days Past Due      | 0                    | 0                                 | 0            | 0                    |
| 90 Days or More Past Due | 0                    | 0                                 | 0            | 0                    |
| Total                    | \$0                  | \$682,776                         | \$0          | \$0                  |

Additional commitments to lend to borrowers experiencing financial difficulty whose loans have been modified during the six months ended June 30, 2025 were \$926,202 and during the year ended December 31, 2024 were \$1,116,029. There were no loans held for sale during any reporting periods.



**Allowance for Credit Losses**

The credit risk rating methodology is a key component of the institution's allowance for credit losses evaluation, and is generally incorporated into the institution's loan underwriting standards and internal lending limits. In addition, borrower and commodity concentration lending and leasing limits have been established by the institution to manage credit exposure. The regulatory limit to a single borrower or lessee is 15% of the institution's lending and leasing limit base including long-term, short-term and intermediate-term lending authorities. Idaho AgCredit's board of directors have established more restrictive lending limits.

A summary of changes in the allowance for credit losses by portfolio segment are as follows:

|  | Beginning<br>Balance | Charge-offs | Recoveries | Provision for<br>Loan Losses/<br>(Loan Loss<br>Reversals) | Ending<br>Balance |
|--|----------------------|-------------|------------|---|-------------------|
| <b>March 31, 2025 to June 30, 2025</b>     |                      |             |            |   |                   |
| <b>Allowance for Credit Losses (Loans)</b> |                      |             |            |   |                   |
| Real estate mortgage                       | \$1,015,318          | \$0         | \$0        | (\$48,864)  | \$966,454         |
| Production and intermediate term           | 1,254,648            | 0           | 0          | (42,803)  | 1,211,845         |
| Agribusiness                               | 1,038,048            | 0           | 0          | (32,088)  | 1,005,960         |
| Rural infrastructure                       | 238,915              | 0           | 0          | (49,178)  | 189,737           |
| Total                                      | \$3,546,929          | \$0         | \$0        | (\$172,933)   | \$3,373,996       |

**Allowance for Unfunded Commitments**

|  |                    |            |            |                    |                    |
|--|--------------------|------------|------------|--------------------|--------------------|
| Real estate mortgage                     | \$7,370            | \$0        | \$0        | (\$2,461)          | \$4,909            |
| Production and intermediate term         | 170,969            | 0          | 0          | (12,483)           | 158,486            |
| Agribusiness                             | 41,571             | 0          | 0          | (18,582)           | 22,989             |
| Rural infrastructure                     | 9,089              | 0          | 0          | 13,652             | 22,741             |
| Total                                    | \$228,999          | \$0        | \$0        | (\$19,874)         | \$209,125          |
| <b>Total allowance for credit losses</b> | <b>\$3,775,928</b> | <b>\$0</b> | <b>\$0</b> | <b>(\$192,807)</b> | <b>\$3,583,121</b> |

**December 31, 2024 to June 30, 2025****Allowance for Credit Losses (Loans)**

|                                  |             |     |     |             |             |
|----------------------------------|-------------|-----|-----|-------------|-------------|
| Real estate mortgage             | \$999,891   | \$0 | \$0 | (\$33,437)  | \$966,454   |
| Production and intermediate term | 1,246,527   | 0   | 0   | (34,682)    | 1,211,845   |
| Agribusiness                     | 1,044,837   | 0   | 0   | (38,877)    | 1,005,960   |
| Rural infrastructure             | 251,379     | 0   | 0   | (61,642)    | 189,737     |
| Total                            | \$3,542,634 | \$0 | \$0 | (\$168,638) | \$3,373,996 |

**Allowance for Unfunded Commitments**

|  |                    |            |            |                    |                    |
|--|--------------------|------------|------------|--------------------|--------------------|
| Real estate mortgage                     | \$4,766            | \$0        | \$0        | \$143              | \$4,909            |
| Production and intermediate term         | 144,127            | 0          | 0          | 14,359             | 158,486            |
| Agribusiness                             | 36,133             | 0          | 0          | (13,144)           | 22,989             |
| Rural infrastructure                     | 11,246             | 0          | 0          | 11,495             | 22,741             |
| Total                                    | \$196,272          | \$0        | \$0        | \$12,853           | \$209,125          |
| <b>Total allowance for credit losses</b> | <b>\$3,738,906</b> | <b>\$0</b> | <b>\$0</b> | <b>(\$155,785)</b> | <b>\$3,583,121</b> |

|                                     | Beginning<br>Balance | Charge-offs | Recoveries | Provision for<br>Loan Losses/<br>(Loan Loss<br>Reversals) | Ending<br>Balance |
|-------------------------------------|----------------------|-------------|------------|---|-------------------|
| March 31, 2024 to June 30, 2024     |                      |             |            |   |                   |
| Allowance for Credit Losses (Loans) |                      |             |            |   |                   |
| Real estate mortgage                | \$627,235            | \$0         | \$0        | \$204,595   | \$831,830         |
| Production and intermediate term    | 790,635              | 0           | 0          | \$139,845   | 930,480           |
| Agribusiness                        | 675,746              | 0           | 0          | \$186,022   | 861,768           |
| Rural infrastructure                | 138,724              | 0           | 0          | \$14,379  | 153,103           |
| Total                               | \$2,232,340          | \$0         | \$0        | \$544,841   | \$2,777,181       |
| Allowance for Unfunded Commitments  |                      |             |            |   |                   |
| Real estate mortgage                | \$3,533              | \$0         | \$0        | (\$368)   | \$3,165           |
| Production and intermediate term    | 148,949              | 0           | 0          | (\$3,381)   | 145,568           |
| Agribusiness                        | 37,473               | 0           | 0          | (\$6,836)   | 30,637            |
| Rural infrastructure                | 12,723               | 0           | 0          | \$2,704   | 15,427            |
| Total                               | \$202,678            | \$0         | \$0        | (\$7,881)   | \$194,797         |
| Total allowance for credit losses   | \$2,435,018          | \$0         | \$0        | \$536,960   | \$2,971,978       |
| December 31, 2023 to June 30, 2024  |                      |             |            |   |                   |
| Allowance for Credit Losses (Loans) |                      |             |            |   |                   |
| Real estate mortgage                | \$513,842            | \$0         | \$0        | \$317,988   | \$831,830         |
| Production and intermediate term    | 785,765              | 0           | 0          | \$144,715   | \$930,480         |
| Agribusiness                        | 585,885              | 0           | 0          | \$275,883   | \$861,768         |
| Rural infrastructure                | 82,200               | 0           | 0          | \$70,903  | \$153,103         |
| Total                               | \$1,967,692          | \$0         | \$0        | \$809,489   | \$2,777,181       |
| Allowance for Unfunded Commitments  |                      |             |            |   |                   |
| Real estate mortgage                | \$4,129              | \$0         | \$0        | (\$964)   | \$3,165           |
| Production and intermediate term    | 97,598               | 0           | 0          | \$47,970  | \$145,568         |
| Agribusiness                        | 28,155               | 0           | 0          | \$2,482   | \$30,637          |
| Rural infrastructure                | 2,308                | 0           | 0          | \$13,119  | \$15,427          |
| Total                               | \$132,190            | \$0         | \$0        | \$62,607  | \$194,797         |
| Total allowance for credit losses   | \$2,099,882          | \$0         | \$0        | \$872,096   | \$2,971,978       |

### Discussion of Changes in Allowance for Credit Losses

The ACL decreased \$155,785 to \$3,583,121 at June 30, 2025, as compared to \$3,738,906 at December 31, 2024. This is due to loan volume and loan commitment changes which added \$28,322, PD/LGD rating changes which deducted \$10,762, macroeconomic forecast changes which deducted \$7,704, increases in specific reserves of \$270,270, and changes in the ACL calculation methodology which deducted \$435,911.

The following table discloses the most significant macroeconomic variables by loan type:

| Portfolio Segment                | Macroeconomic Variable                       | Forecast Period          |                          |                          |
|----------------------------------|--|--------------------------|--------------------------|--------------------------|
|                                  |  | Year 1<br>MVar 1, MVar 2 | Year 2<br>MVar 1, MVar 2 | Year 3<br>MVar 1, MVar 2 |
| Real estate mortgage             | Commodity & Asset Values, Economic Forecasts | 2.34%, 1.56%             | 0.78%, 0.00%             | -                        |
| Production and intermediate-term | Commodity & Asset Values, Economic Forecasts | 2.34%, 1.56%             | 0.78%, 0.00%             | -                        |
| Agribusiness                     | Commodity & Asset Values, Economic Forecasts | 2.34%, 1.56%             | 0.78%, 0.00%             | -                        |
| Rural infrastructure             | Commodity & Asset Values, Economic Forecasts | 2.34%, 1.56%             | 0.78%, 0.00%             | -                        |

### 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 15 "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 Idaho AgCredit's Audit Committee. Details about the whistleblower program and contact information for making whistleblower complaints are listed on Idaho AgCredit's website at [www.idahoagcredit.com](http://www.idahoagcredit.com).

**Note 7 – Subsequent Events:**

Idaho AgCredit has evaluated subsequent events through July 23, 2025, which is the date the financial statements were available to be issued.