

2025 AGRICULTURAL LENDER

SURVEY
RESULTS



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Key Takeaways

- **Profitability expectations** – The outlook for farm sector profitability declined among ag lenders in the 2025 survey. While lenders expect the majority of producers to remain profitable this year, the proportion is expected to dip below 50% over the coming year for the first time since 2020.
- **Top lender concerns for producers** – Lenders remain fixated on farm income and working capital as their two most pressing concerns for borrowers in 2025. Inflationary pressures inched closer to the top spot this year, though, perhaps reflecting persistently high input costs for farmers.
- **Top overall concerns for lenders** – The No. 1 concern facing lending institutions in 2025 was credit quality and agricultural loan deterioration. Lender competition and interest rate volatility were the second and third-greatest overall concerns, respectively.
- **Sector concerns** – Concerns continued to mount for grain and cotton producers beset by lower prices and elevated input costs. Meanwhile, concerns for the livestock sector dropped to the lowest levels in the history of the survey, highlighting the dichotomy in the agricultural sector in 2025.
- **Credit quality** – Survey respondents reported that ag loan delinquencies and charge-off rates largely remained stable in 2025, but deteriorated somewhat from the prior year. Lenders expect credit quality to deteriorate further over the next 12 months, as farmers might face a more challenging environment in the year ahead. As a result, a higher share of lenders plan to tighten underwriting standards and loan terms for agricultural credit.
- **Loan demand** – According to the diffusion index, demand for loans secured by farmland and agricultural production loans rose in 2025. Respondents anticipate that loan demand for both categories will increase further over the next 12 months.
- **Land value and cash rent expectations** – Farmland value growth slowed in 2025, inching closer to a plateau in many regions. Lenders expect that an increase in farmland for sale over the next year will put downward pressure on prices and cause a modest decline in the national average cropland value.
- **Loan approval rate** – Lenders reported an average agricultural loan application approval rate of 84% for new loans in the 12 months leading up to August 2025 and expect the approval rate for renewal requests to be 88% in the following 12 months.

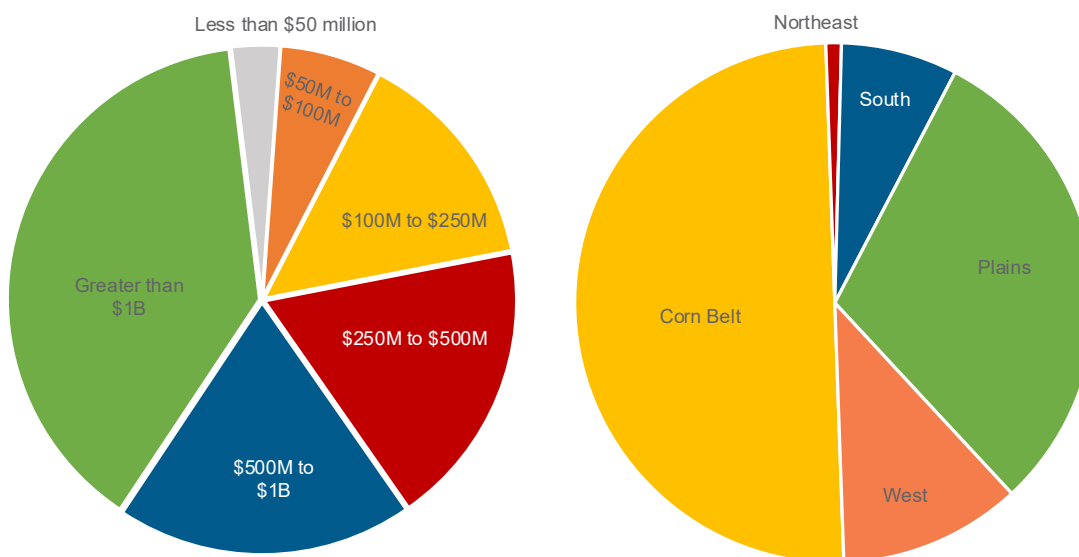
Introduction

Agricultural lenders can provide a unique outlook on circumstances in the farm economy. Farmers and farm businesses that use short- or long-term financing are routinely required to present financial updates to their loan officers, giving lenders a distinct opportunity to evaluate conditions in their local farm economy. These insights are particularly valuable during periods of transition as the agricultural sector moves through economic peaks and troughs.

Since December 2016, the American Bankers Association (ABA) and Farmer Mac have collaborated annually on a joint survey of agricultural lenders to gauge overall industry sentiment on the farm economy, expectations on land values, prospects for the coming year and issues facing the broader economy. These joint studies expand upon data collected by Farmer Mac from 2014 through 2016.

This year's survey was distributed via email between July 14 and August 15, 2025. More than 450 loan officers, managers and executives responded to the questionnaire. Responses represent a range of institutions by size — from less than \$50 million in assets to more than \$1 billion — and by geography. This analysis breaks down results by general agricultural economic insights and by factors affecting lending institutions. The report concludes with a broader description of the respondent demographics.

Respondent Size and Primary Market Region



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2025

Agricultural Economy

Farm Income and Profitability

Farm profitability was uneven in 2025 as producers across the various sectors faced ongoing shifts in supply, demand and trade relations. At the highest level, farm incomes are expected to bounce back in 2025, according to the USDA farm income projections. This welcome reprieve follows two consecutive years of declines. However, the bounce in 2025 can be traced almost solely to strong profitability in the livestock sector and a surge in government payments. Nearly all crop producers are facing significant downward pressure on profitability as stagnating prices and elevated input costs squeeze margins.

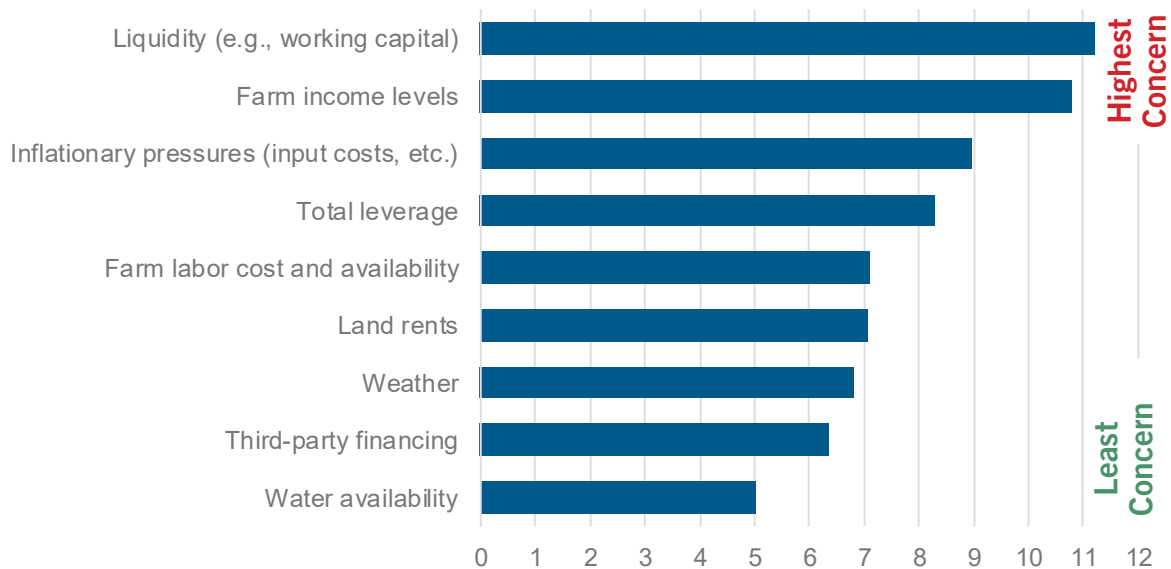
Lenders remain acutely attuned to the challenges producers face. For the third consecutive year, they cited liquidity as their top concern in the survey. The last time liquidity did not top the list was 2022, when farm incomes were peaking and inflationary pressures dominated the economy. Inflation has remained a key concern each year since 2022, but to a lesser extent. Lenders' focus on liquidity spotlights the tight margins that many producers face in 2025.

Compared with last year's survey, lender concerns were more evenly distributed among respondents this year. Notably, farm income and liquidity were the two most significant concerns in the 2024 survey by a wide margin. This likely stems from the 10% decline in net cash farm income nationwide reported by the USDA. In 2025, government payments helped prevent a similar decline in net farm income, and focus has again shifted back to concerns such as elevated input costs.

Overall, the order of ranked concerns among lenders has remained remarkably consistent over the past several years. Water availability continues to rank low on the list, reflecting the ample rainfall across the Midwest this year and the decent snowpack last winter in California. Farm labor cost and availability remain near the middle of the concern list but continue to grow as a concern among lenders who focus on specialty crops. Finally, net farm income and other farm profitability metrics remain top of mind among lenders. This has remained consistent over the past decade, regardless of whether farm income levels were surging or falling.

One final note: A common theme in the 2025 survey results is the wide dispersion in results when comparing lenders across different regions and the types of producers they finance. This mirrors some of the broader USDA farm income numbers that potentially obscure the profitability picture for specific producer types. In general, concerns about farm income and liquidity were significantly higher among lenders that focus on crop producers relative to those that lend primarily to livestock operations.

Lenders' Top Concerns for Producers in 2025



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

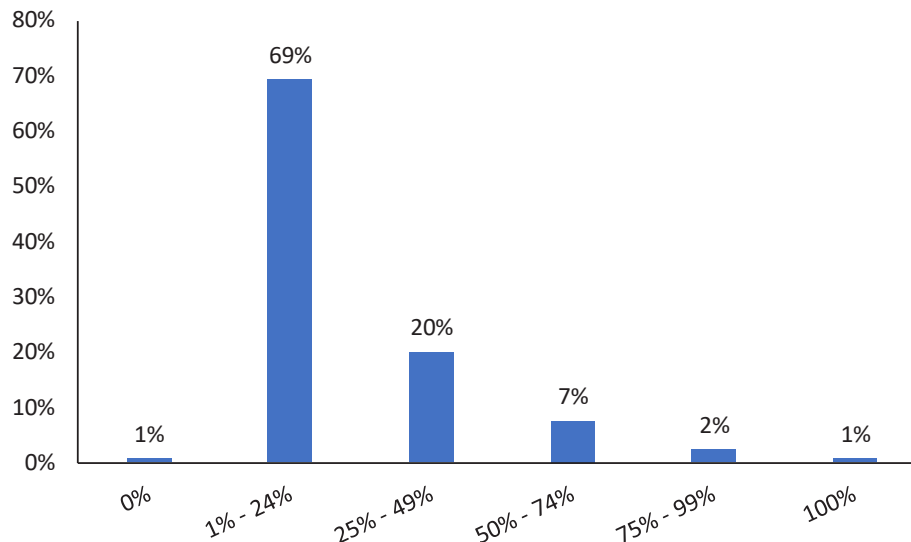
Mean response to Q10: Please indicate your relative level of concern for the following conditions facing your ag borrowers at this time, with 1 being the highest concern and 12 being the least concern (to improve readability of the chart, we have converted 1=12, 2=11, 3=10, etc., so that larger bars correspond with higher concern).

Further underscoring concerns about farm income levels, lenders across the U.S. said they expected a shrinking proportion of their borrowers to be profitable in 2025. Nationally, lenders expect approximately 52% of agricultural borrowers to remain profitable this year, down from 57% in the previous year. While these responses suggest most farm borrowers will remain profitable this year, the proportion has fallen drastically over the past several years. In 2022, lenders anticipated that more than 80% of borrowers would be profitable. Unfortunately, lenders do not expect profitability to improve over the coming year. Survey responses show lenders project slightly less than half of borrowers will remain profitable in 2026. If realized, this would be the lowest proportion of profitable farmers since 2020, according to lender responses.

As commodity prices have declined, a growing proportion of net farm income has come from supplemental sources or government payments. More than half of lenders (53%) said that supplemental income from sources such as solar, wind or hunting leases was a key contributor to their borrowers' revenue in 2025. This marks the first year the survey asked about supplemental income, following last year's lender comments highlighting its growing importance for many farmers. Underscoring the growing importance of supplemental income for many producers, government payments remain the most significant nonproduction source of farm income in 2025. More than 30% of lenders reported that government payments accounted for more than 25% of their producers' net farm income over the past year. USDA projections show government payments reaching the second-highest level on record in 2025, helping explain the prevalence. However, the sheer magnitude of payments creates challenges for underwriting future loan applications. Approximately 34% of lenders reported that they incorporate expectations for future government payments into their underwriting decisions. While factoring in these payments can be realistic in many cases, some of the programs through which farmers receive government payments are ad hoc and not guaranteed year to year.

Reliance on Government Payments

Percentage of borrowers' net income attributable to government payments



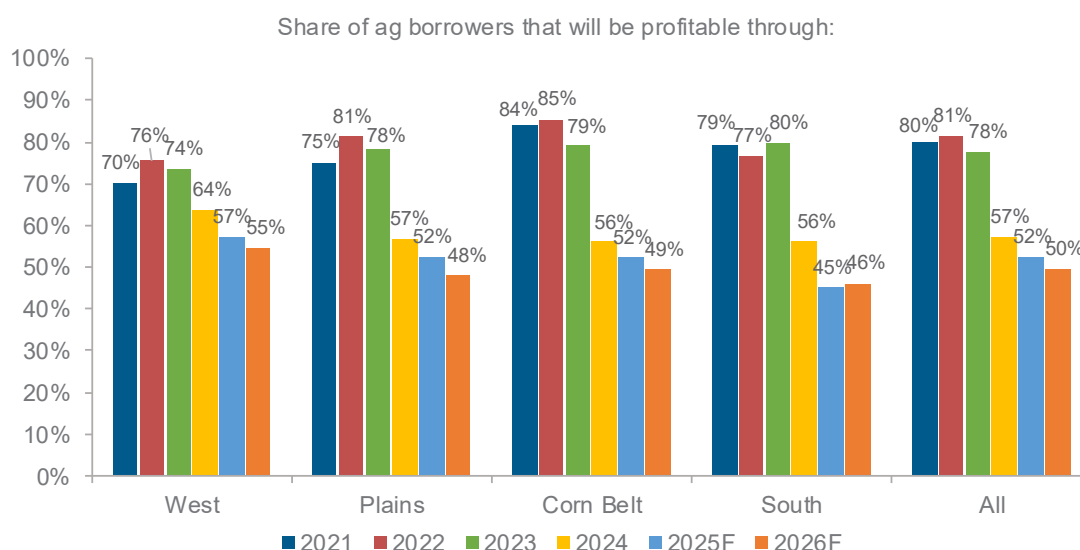
Source: ABA-Farmer Mac Agricultural Lender Survey, August 2025

Mean response to Q25: In the last 12 months, what percentage of your borrowers' net income is attributable to government payments (e.g., ARC/PLC, ECAP, SDRP, other government programs)?

When examining the major agricultural regions, several themes emerged in the responses to farm borrower profitability. First, lenders in every region expect a smaller proportion of borrowers to remain profitable in 2025. Even in regions with a high density of livestock and poultry, the decline among crop producers was sufficient to pull down the overall proportion. Indeed, lenders that listed grain producers as more than 75% of their borrowers expected just 46% of those borrowers to remain profitable this year. On the other hand, lenders with less than half of their portfolio dedicated to grain producers expected 61% of their borrowers to be profitable. This highlights the relative profitability of the livestock sector in 2025.

Comparing farm income levels across the various regions, lenders in the West expect the greatest proportion of their borrowers to remain profitable, at 57%. Meanwhile, lenders in the South expect the lowest proportion, at only 45% of their borrowers. While these regions vary widely in crops and livestock produced, a couple of key aspects are likely fueling the difference in expectations. In the West, tree nut prices have rebounded significantly over the last 12 months, boosting the profitability outlook for almond and walnut producers in particular. In the South, cotton prices have stagnated as domestic inventories accumulate and export demand cools. Legislation passed last summer aims to alleviate some of the financial stress for farmers in the South, but this might not have been evident at the time of the survey.

Ag Borrower Profitability by Region



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

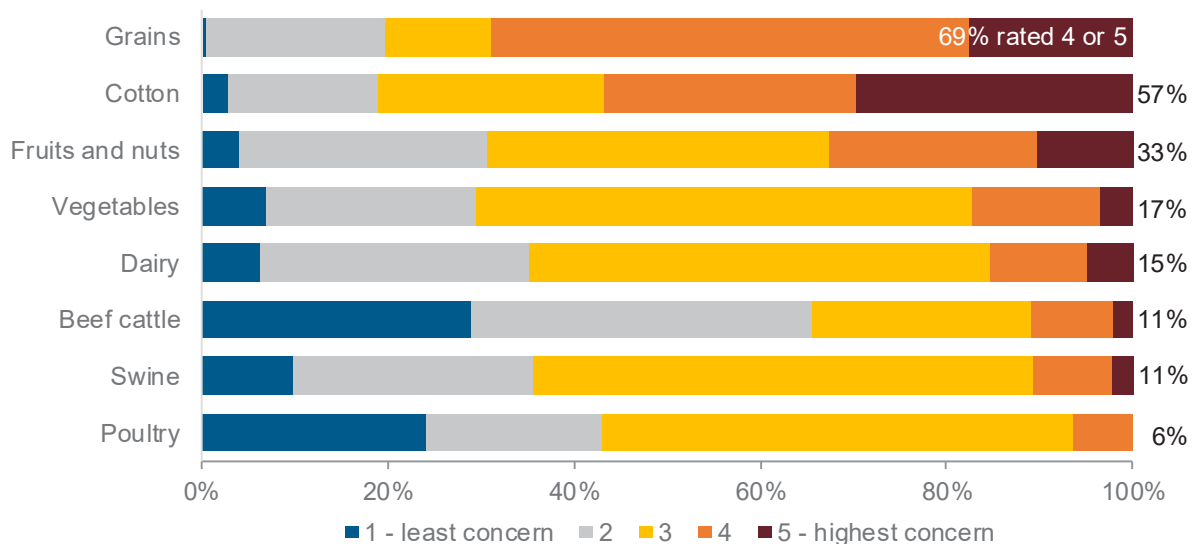
Mean response to Q23/24: What percentage of your ag borrowers will be profitable through 2025/remain profitable through 2026?

Lenders' concerns about particular commodities reflect the broader trend of prices and incomes splitting into two distinct groups, with some rising and others falling. Concern levels for grains and cotton rose again in 2025 for the third consecutive year. Nearly 70% of lenders expressed they are very or extremely concerned about grains. This significant jump from only 15% of responses in 2023 highlights the perceived rapid deterioration in grain sector profitability. Concern levels with other crop types were relatively muted in comparison. Approximately 33% of responses showed elevated concern about fruit and nuts, the same proportion as last year.

Perhaps unsurprisingly, concern levels for the livestock industry dropped significantly in the 2025 survey. The proportion of lenders who were very or extremely concerned about the dairy and swine sectors dropped from more than 30% last year to 15% or less this year. Meanwhile, concern levels about beef and poultry remained historically low in 2025. Nearly a third of responses expressed little to no concern about the beef sector, a sharp improvement from 2021, when only 1% of lenders shared the same sentiment. Beef profitability has reached new record levels each of the past several years as robust demand and a shrinking U.S. beef herd have converged, propelling live cattle prices higher. Each of the other protein sectors, including dairy, has benefited to a certain extent from this dynamic. The dairy sector has shown restraint in expanding production, electing instead to capitalize on historic beef cattle prices.

Although the poultry industry ranked lowest in overall concern levels, concern rose sharply among lenders with direct exposure to the sector. The emergence and spread of avian diseases — particularly Highly Pathogenic Avian Influenza (HPAI) and Avian Metapneumovirus (aMPV) — has been a key factor. Nearly 1 in 4 poultry-exposed lenders reported higher financing requests over the past year due to HPAI, aMPV or other avian diseases. About 53% and 54% of these lenders said they were very concerned about poultry-related loan demand and delinquencies, respectively, in the year ahead.

Portfolio Concerns, by Rank Level



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

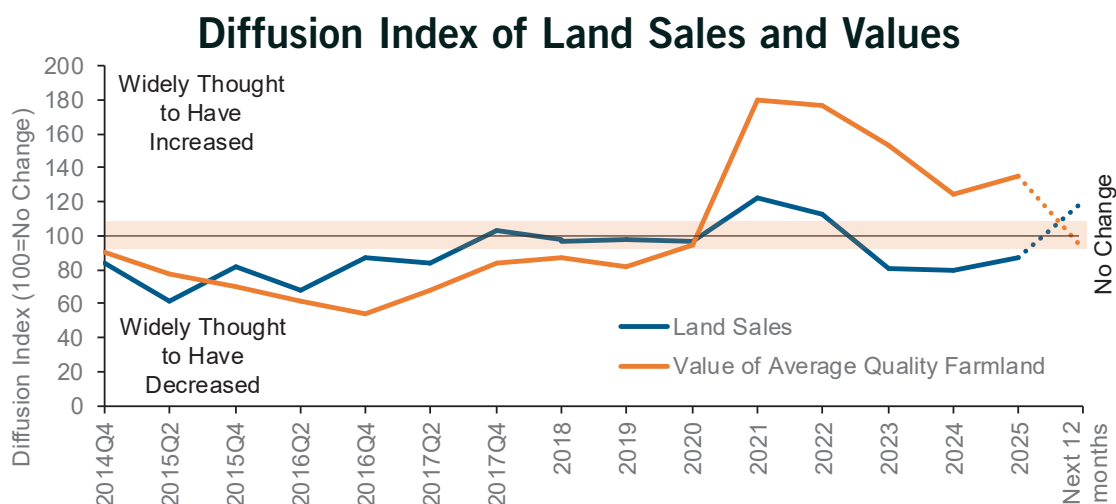
Mean response to Q16: Please rate your relative concern for [commodity] in your areas with 1 being the least concern and 5 being the highest concern.

One result of tighter profitability conditions is an expectation for increased loan demand. Nearly 93% of responding lenders indicated they expect farm debt to increase over the next year. This would be only a slight increase from 2025, when approximately 88% of lenders reported an increase in farm debt. The rising demand for farm loans mirrors previous downturns in the farm economy. Ag producers were able to use cash to finance operations as farm incomes surged in 2022 and the surrounding years. However, cash has become increasingly scarce for many operations today, prompting some producers to seek new or additional loans.

Previous periods of tighter farm incomes have also been accompanied by greater demand to restructure debt. As lenders evaluate farm cash flows, one solution often utilized is terming out debt — that is, refinancing short-term credits into longer-term loans, thus easing the annual impact on the income statement. Indeed, the number of lenders expecting loans backed by farm real estate to increase over the next year jumped in the 2025 survey results. The strength of farmland values in recent years will enable many producers to consider this option. The USDA reports sector leverage has dropped over the past five years as asset values have outpaced overall debt. Still, the cost of tapping farmland equity will cost more than in the last downturn, as interest rates today are elevated relative to the late 2010s.

Land Values and Cash Rents

Farmland values rose in 2025, according to survey responses — the fourth straight year of gains. The Diffusion Index of Land Sales and Values chart below shows the general sentiment for land sales and the value of average-quality land. A diffusion index splits the responses between increase (200), no change (100) and decline (0) and averages the scores to an index of 100. Responses to the 2025 survey showed that land values not only increased, but that a greater proportion of lenders reported such increases this year compared to last. This marked the first time this has occurred since 2021.



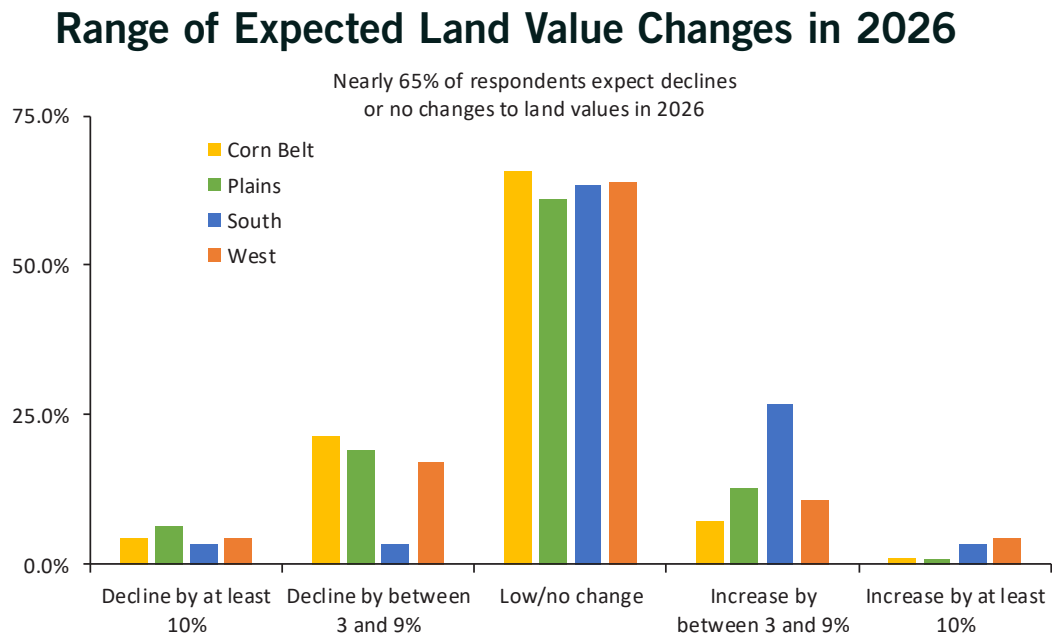
Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Prior to 2016Q4, results from Farmer Mac internal surveys provided for trend. Mean response to Q8/Q9: During the past 6 or 12 months, how have the following economic conditions changed in your area? How much will they change in the next 6 or 12 months in your area?

A confluence of factors initially fueled consistent, strong growth in farmland values over the past five years. Surging farm incomes in 2021 and 2022 coincided with record-low interest rates and strong investor demand. The momentum in farmland values has carried forward even as tailwinds have faded. Farm incomes have eased from their historically strong levels, while interest rates have risen sharply from their 2021 lows. One factor still supporting land values, according to the 2025 survey, though, is the limited supply of farmland for sale. Respondents reported less land on the market this year compared to last, the third consecutive year of decline. That scarcity has helped lift prices for the parcels that do come for sale. While partially confounding, the perceived increase in farmland values among lenders is supported by data from the USDA. The annual Land Values report showed farmland values increased 4.3% nationally in 2025. The growth rate reported by the USDA has trended lower in recent years. The national average rose 11.7% in 2022, the same year net cash farm income reached the highest level on record.

According to lender responses, the trend of farmland values being propped up by limited supply is projected to end in 2025. Over the next 12 months, the majority of responding lenders project farmland sales will increase. Combined with a tighter profitability outlook, lenders expect increased sales to push down farmland values next year for the first time in five years. Interestingly, the 2025 responses echo those from 2024, when lenders also foresaw values slipping as more land came up for sale. If supply rises faster than demand, that scenario could finally materialize. However, lenders' expectations for a modest increase in farmland for sale do not suggest that supply will overwhelm the market. Given the difficulty of predicting farmland trends, the projected decline in values for 2026 might not materialize at the national level.

Lender expectations for farmland values to flatline nationally hold generally true across regions. About two-thirds of lenders indicated that farmland values in their region are unlikely to change over the next year. The remainder were roughly evenly split between expectations of modest gains and modest declines. The distribution suggests current farmland prices are generally balanced, with no clear signal as of August 2025 as to the movement in farmland values through the beginning of 2026. It is perhaps worth noting that the proportion of lenders predicting land values to fall by 10% or more over the next 12 months actually declined to 3% in the 2025 survey, from 5% last year. This is only slightly lower than the proportion of lenders that expect land values to increase by 10% or more, and perhaps underscores the underlying strength of farmland values perceived by lenders.

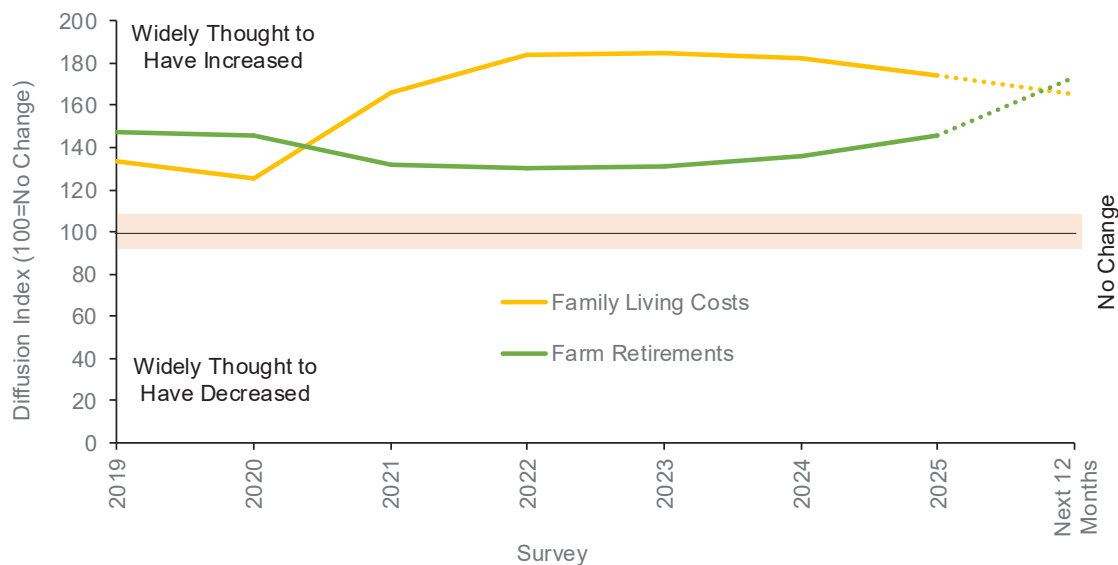


Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025
Mean response to Q18: In your local service area, how much do you expect the value of average quality farmland will change in your local service area?

Similar to farmland values, cash rental rates began to broadly plateau in 2025. Nearly three-quarters of responding lenders (73%) reported cash rental rates were unchanged relative to the previous year. Among lenders that did report a change, approximately twice the number of responses reported higher cash rents in 2025 than those who reported they were lower. That said, the proportion reporting higher cash rents was 62% lower in 2025 than last year, reflective of the perceived pullback in overall farm profitability. Encouragingly for producers, approximately 90% of lenders indicated they expect rental rates will either stay the same or decline over the next year. This would mark a significant shift from the past five years, when lenders consistently reported higher values on average. The last time a greater proportion of lenders responded that cash rents were declining rather than increasing was 2020, when markets were severely disrupted by COVID-19.

One interesting takeaway from the survey responses is that family living costs continue to increase, according to lenders. In general, family living costs tend to fluctuate in the ag economy based on net farm income levels and other factors. Data from several land-grant universities show family living costs declined by upwards of 30% from peak to trough following the previous net cash farm income peak in 2013. However, the majority of lenders resoundingly responded that family living costs are not only higher in 2025, but that they will increase again in 2026. This might reflect elevated inflation expectations as the cost of many goods and services, such as health insurance, continue to increase faster than the Federal Reserve's overall goal of 2%.

Diffusion Index of Family Living Costs and Farm Retirements



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Prior to 2016Q4, results from Farmer Mac internal surveys provided for trend. Mean response to Q21/Q22: In the last 12 months, have the following conditions decreased, stayed about the same, or increased for your area? Overall farm family expenses? Farm retirements?

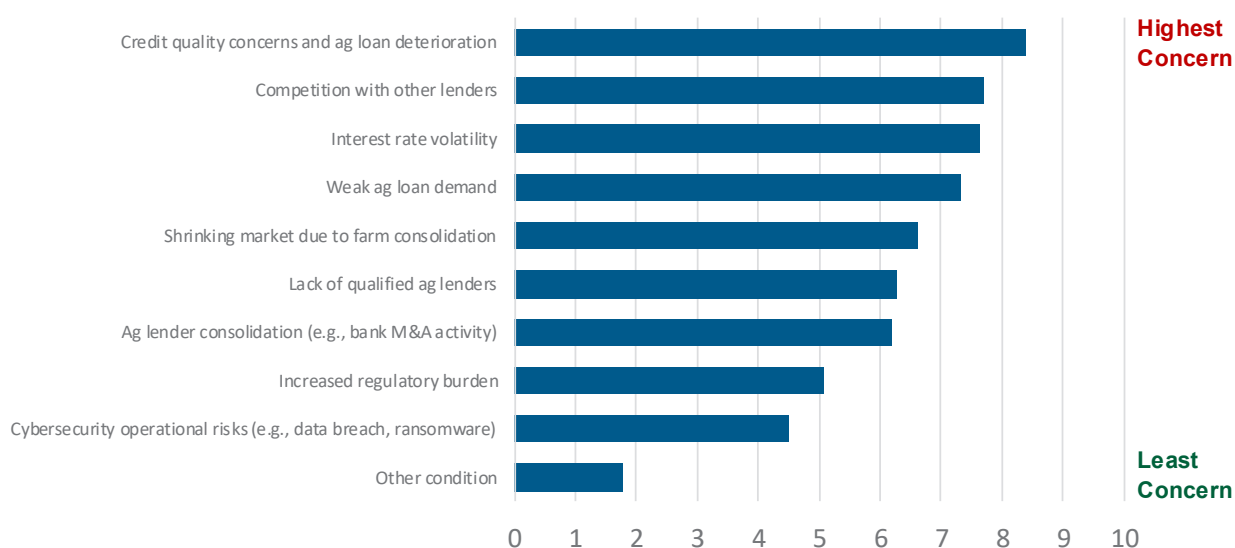
One additional outcome of a challenging farm economy is that lenders reported an increase in farm retirements in 2025. The diffusion index shows farm retirements, according to lenders, have increased each year that the survey has asked the question. This might be partially due to the relatively high average age of U.S. farmers. According to the 2022 Ag Census, approximately 39% of U.S. farmers were over the age of 65, a common retirement benchmark age in the U.S. Still, the proportion of lenders reporting higher retirements does vary from year to year. When farm incomes spiked in 2021 and 2022, for example, a noticeable decline in the diffusion index occurred. This was likely because there was little incentive for farmers to retire when incomes were so strong. As the farm profitability outlook has shifted, especially for crop producers, lender expectations for farm retirements have jumped. More than 75% of lenders reported they expect an acceleration in farm retirements over the next 12 months, a resounding increase from 2024.

Agricultural Lenders

Lender Sentiments

As agricultural producers head into a difficult year, lenders ranked credit quality and loan deterioration as their highest concerns in the 2025 survey. Higher input costs and lower commodity prices have resulted in unfavorable conditions for profitability. This was closely followed by concerns for lender competition and interest rate volatility, consistent with the past year's findings indicating these headwinds remained persistent in 2025. The lone exception was increased regulatory burden, which fell from the fourth-highest to the eighth-highest overall concern for lenders.

Top Concerns Facing Agricultural Lenders in 2025



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Mean response to Q12: Please indicate your relative level of concern for the following conditions facing your ag borrowers at this time, with 1 being the highest concern and 13 being the least concern (to improve readability of the chart, we have converted 1=13, 2=12, 3=11, etc., so that larger bars correspond with greater concern).

Credit quality and agricultural loan deterioration remained the chief concern for lenders in 2025 for the second consecutive year. Producers are challenged by higher operating costs and carryover crops from last year, particularly for borrowers concentrated in row crops like corn and soybeans. Despite mild relief in interest rates, lenders expect credit quality to deteriorate over the next 12 months. More than half of all lenders (52%) ranked credit quality as their No. 1 concern, up 12 percentage points from 40% last year.

2025 also saw a divergence in lender sentiment across commodities. Unfavorable commodity pricing caused concerns over credit quality to rise for lenders concentrated in grains relative to other agricultural products. 58% of lenders with a high concentration in grains (greater than or equal to 75% of their agricultural credit portfolio) reported credit quality as their No. 1 concern, compared to 46% of lenders with a low concentration (less than 50% of their agricultural credit portfolio).

Lender competition remained the second-most significant concern overall in 2025. The Farm Credit System (FCS) and community banks continued to be listed as the main competitors for agricultural borrowers. FCS was ranked among the top two competitors by more than 92% of lenders, while community banks were among the top two competitors for 73% of respondents. Vendor financing was ranked a distant third, but respondents reported that vendor financing continued to play a large role in financing agricultural producers. While only 17% of lenders included vendor financing among their top two competitors in 2025, 60% of respondents said that vendor and supplier financing had increased over the previous 12 months, and 71% of respondents expect it to increase further next year.

Although ag lenders expect a stable year of loan growth, weak loan demand ranked the fourth-highest concern reported in 2025, up from sixth in 2024. This was of greater concern for banks on the ends of the asset distribution: banks with less than \$50 million in assets ranked weak ag loan demand as their second-highest concern, while banks with greater than \$1 billion in assets ranked it third.

Respondents generally expected interest rates to decrease over the next 12 months when the survey closed in August 2025, prior to the 25 basis points (bps) cuts in the September and October Federal Open Market Committee (FOMC) meetings. However, rates remain elevated, and uncertainty around inflation has dimmed the outlook for ag production lending.

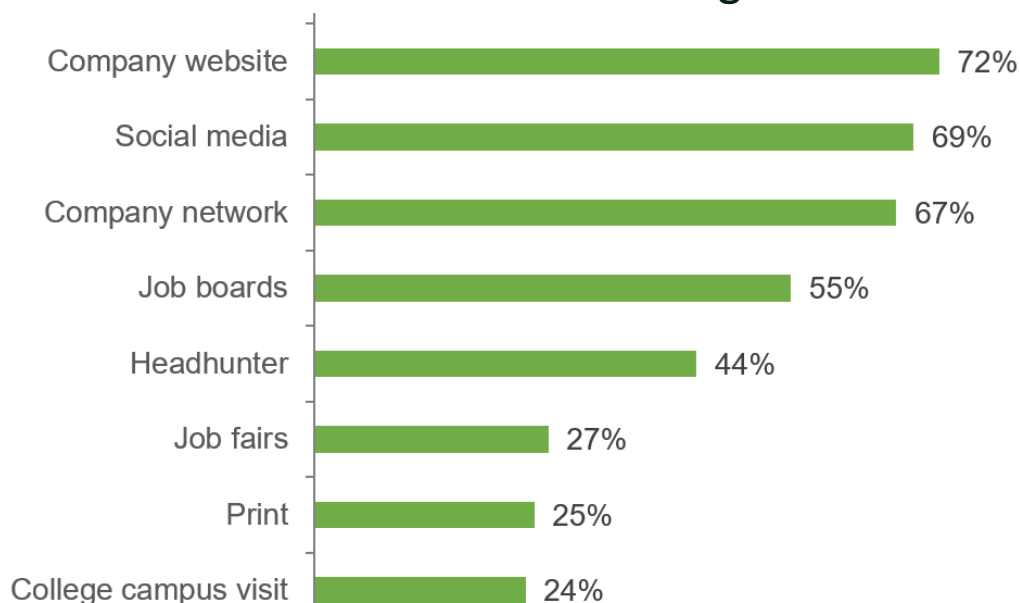
Lenders continued to increase utilization of the secondary market for agricultural loans to manage interest rate risk, liquidity, borrower concentration and other portfolio growth strategies. This trend continued in the 2025 survey results. Approximately three-fourths of survey respondents (77%) reported using Farmer Mac as a secondary market for agricultural real estate mortgages and USDA guarantee loans, up from 67% in 2024.

Lenders expressed reduced concern about regulation compared to the prior year. Increased regulatory burden fell to the eighth overall concern for lenders in 2025; however, there was some variation by lender asset size. Large lenders ranked regulatory burden higher among their list of concerns than small lenders. For example, 44% of lenders with assets greater than \$500 million cited regulatory burden among their top three concerns, while only 16% of ag lenders with assets less than \$500 million listed it among their top three concerns in 2025.

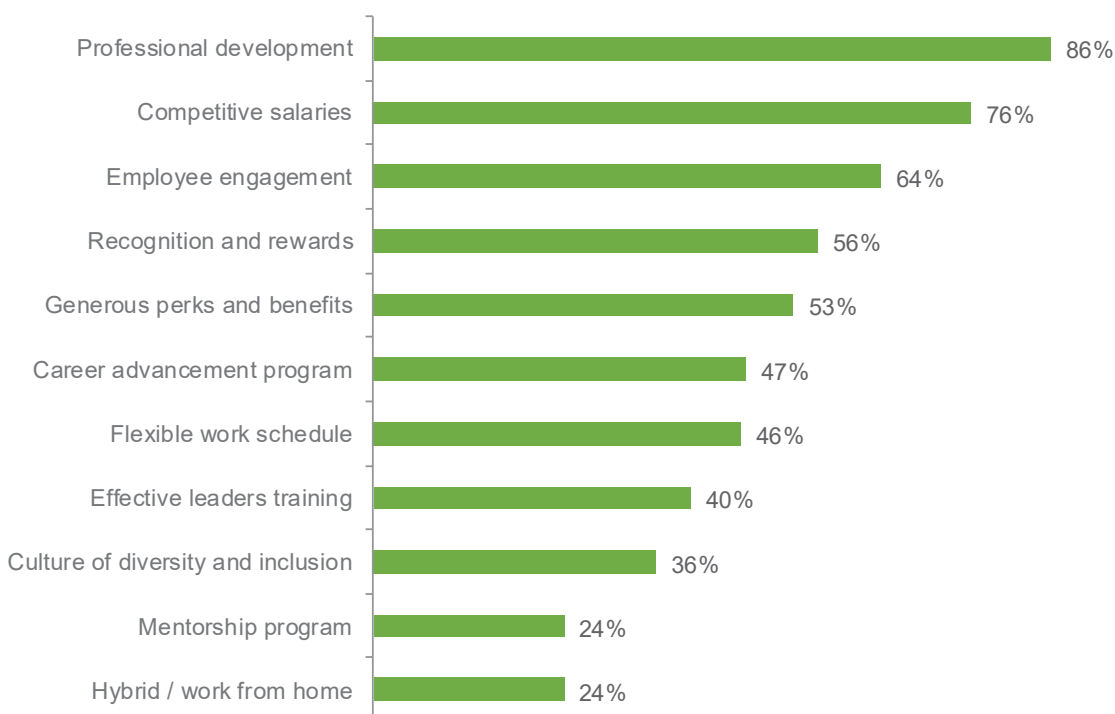
Lenders continued to report positive relationships with their regulators: 72% of lenders rated their relationship with their primary regulator as either 4 or 5 on a 5-point scale. This was true for lenders of all sizes. However, some lenders indicated regulators' comprehension of the agricultural sector could be better. On average, respondents rated regulators' understanding of agriculture a 3.1 out of 5, with 23% of respondents rating regulator understanding of the sector 1 or 2 out of 5.

A moderate but persistent concern for lenders has been a lack of qualified ag lenders. Survey respondents anticipate a 27% turnover rate in staff dedicated to ag lending at their institution over the next five years. To fill openings, the most common recruitment strategies included employee referral (90%), posting positions on their company website (72%), marketing on social media (69%) and utilizing their company network (67%). The primary retention strategies for existing staff were training and professional development (86%), competitive salaries (76%), employee engagement such as encouraging employee input (64%), a recognition and rewards program (56%), and generous perks and benefits (53%).

Talent Recruitment Strategies



Talent Retention Strategies



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2025

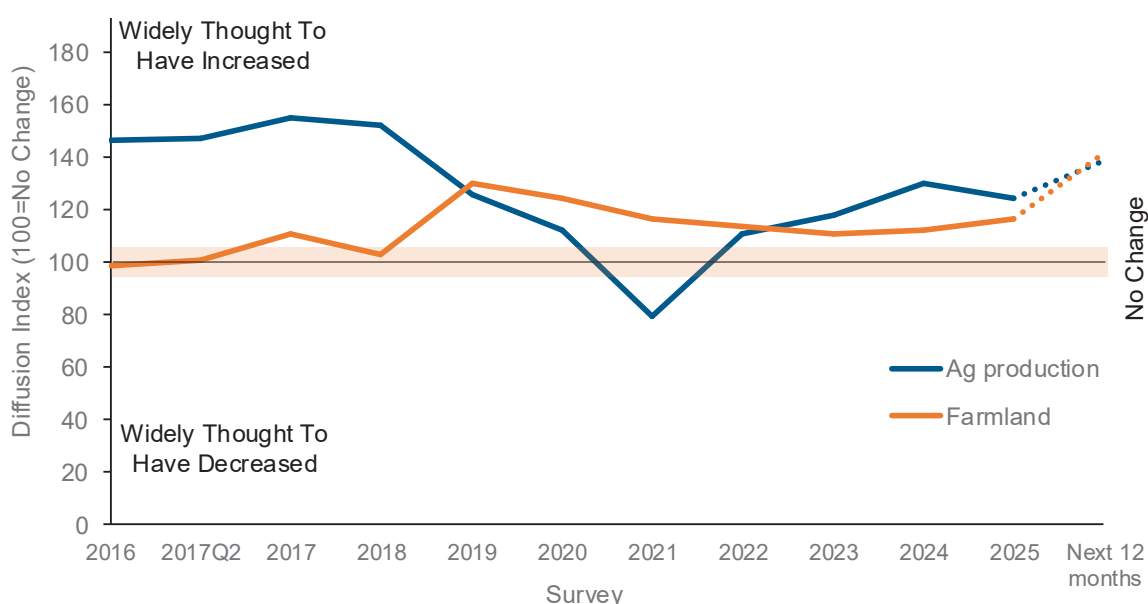
Mean response to Q65 and Q66: Which of the following methods does your organization use to recruit / implement to retain employees?
Select all that apply.

Lending Conditions

In the 2025 survey, respondents largely reported similar pressures facing the industry as the previous year, but the challenges are sharper this year. With reports of tighter working capital and higher input prices for producers, the pipeline for ag loan demand remained healthy going into 2025. Mild relief in interest rates helped sustain growth for ag production loans. Meanwhile, rising ag real estate values continued to sustain growth for farmland loans. With widespread expectations for lower rates in the next year, ag loan demand is expected to jump over the next 12 months.

Demand for agricultural lending remained strong in 2025. More than 87% of lenders reported that farm debt increased over the past 12 months, up from 77% in 2024. This is consistent with the USDA's 2025 forecast, and responses were similar across asset size and portfolio concentration. Through the end of the year, the agency projects farm real estate debt will increase 5.2% in nominal terms and 2.6% in inflation-adjusted dollars relative to 2024. Other farm debt is expected to increase 4.7% in nominal terms and 2.1% when adjusted for inflation. Lower working capital will require many producers to turn to credit to meet their financing needs. As a result, 93% of lenders expect farm debt to increase further over the next 12 months.

Diffusion Index of Ag Loan Demand



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Mean response to Q8/Q9: During the past 6 or 12 months, how have the following economic conditions changed in your area?

How much will they change in the next 6 or 12 months in your area?

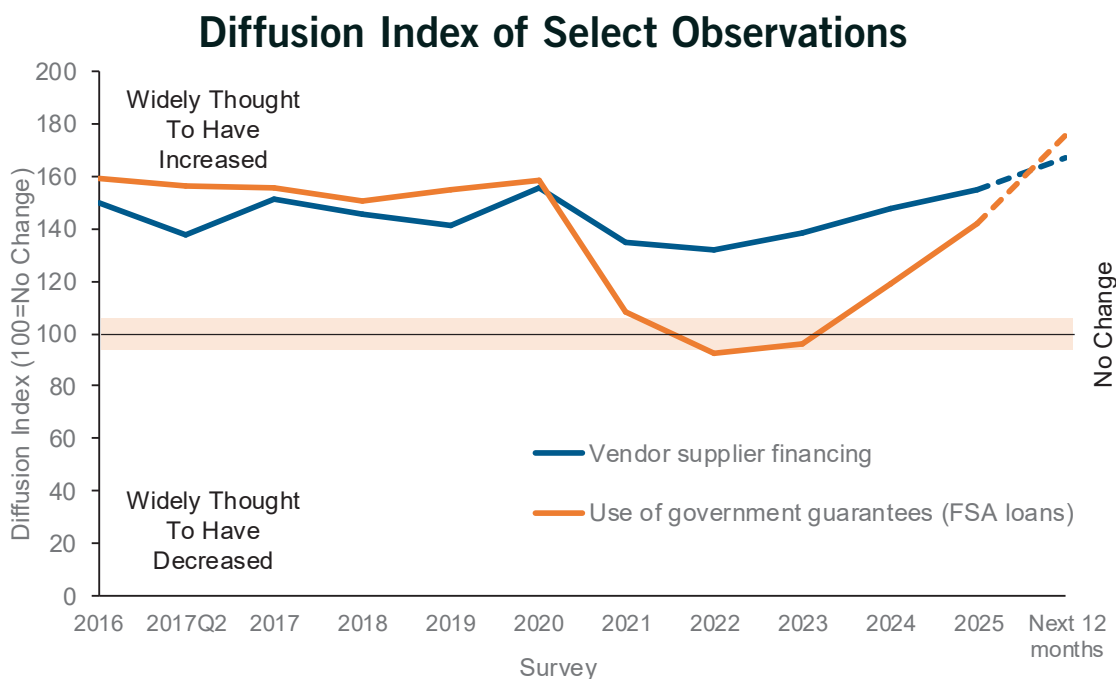
The diffusion index for agricultural production loan demand came in at 124 in 2025, declining from a six-year high of 130 in 2024. While loan growth remains healthy, the rate of growth remains below the pre-pandemic level. Prior to the pandemic, the index average from 2016 to 2019 was 145. Demand for agricultural production loans was highest at smaller institutions (146) with total assets less than \$50 million. There was slight variation in reported demand across regions. Lenders in the Plains (136) and Corn Belt (133) regions generally reported stronger demand, while lenders in the South were the only region to report reduced ag loan demand over the past 12 months (83).

Looking ahead, lenders widely expect demand to increase. Regional variations for the future largely echoed those of current conditions, with expected ag loan demand in 2026 highest in the Plains and Corn Belt regions and lowest in the South. 43% of respondents from the South observed reduced demand for ag production loans in 2025, and 33% expect a decrease in demand next year.

Demand for loans secured by farmland grew steadily in 2025, and survey respondents expect a strong pickup in the next year following anticipated rate cuts. Most lenders (61%) said demand stayed the same, while 28% observed growth over the past 12 months. However, projected demand for the next 12 months was much higher, as captured by the diffusion index, reaching a record 141, the highest level in the series' history. Nearly 47% of respondents expect loans secured by farmland to increase in the next 12 months, the highest level since 2017. This trend was true for lenders across cohorts and regions but was strongest for lenders in the West, where more than 3 out of 5 respondents (62%) expect ag loan demand to rise in 2026.

Respondents continued to report higher usage of USDA Farm Service Agency (FSA) and other government-guaranteed loans in 2025. Guaranteed lending contracted during the pandemic amid unprecedented government support in the form of direct and ad hoc payments to the agricultural sector. Lending has since recovered but remains below pre-pandemic levels. Over the next 12 months, though, lenders expect usage to increase. The diffusion index reading for 2025 was 176, 21 points higher than the 2016 to 2019 survey average of 155.

Lenders find these programs useful for serving more borrowers. More than 9 out of 10 lenders surveyed (94%) offer FSA-guaranteed loans. Participating in such programs generally helps borrowers qualify for competitive loans while reducing the risk held by lending institutions. Expectations for higher utilization in 2026 might reflect expectations for a pullback in farm profitability. Farmers face a tough year ahead, and with loan demand expected to increase, more borrowers may utilize federal programs to qualify for credit.



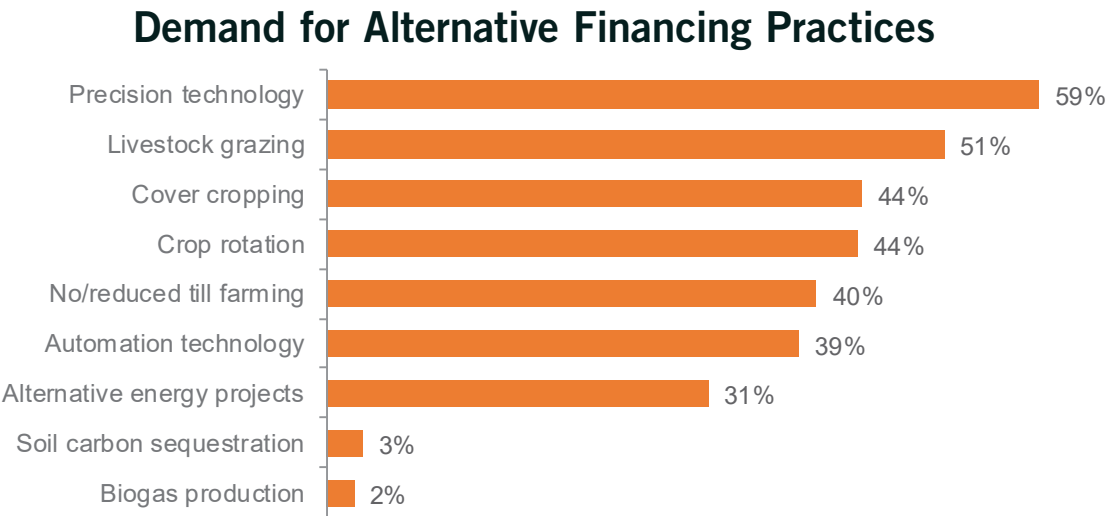
Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025
Mean response to Q21/22: During the past 6 or 12 months, how have the following economic conditions changed in your area?
How much will they change in the next 6 or 12 months in your area?

A third of lenders also issue loans guaranteed by the USDA Rural Development office (33%). Of those who do, nearly three-fourths issue business and industry guaranteed loans (73%), almost half issue single-family guaranteed housing loans (46%) and nearly a quarter issue community facility guaranteed loans (23%).

A larger share of lenders reported being involved in rural infrastructure financing (36%) in 2025, compared to 12% in 2024. Of those that indicated involvement, lenders most frequently cited water system (58%) and renewable energy (47%) projects. A third — 33% — reported financing road and transportation projects, and 30% reported financing broadband and telecommunications projects. Among those not involved in infrastructure financing, 38% expressed interest in participating in the future and 53% were unsure.

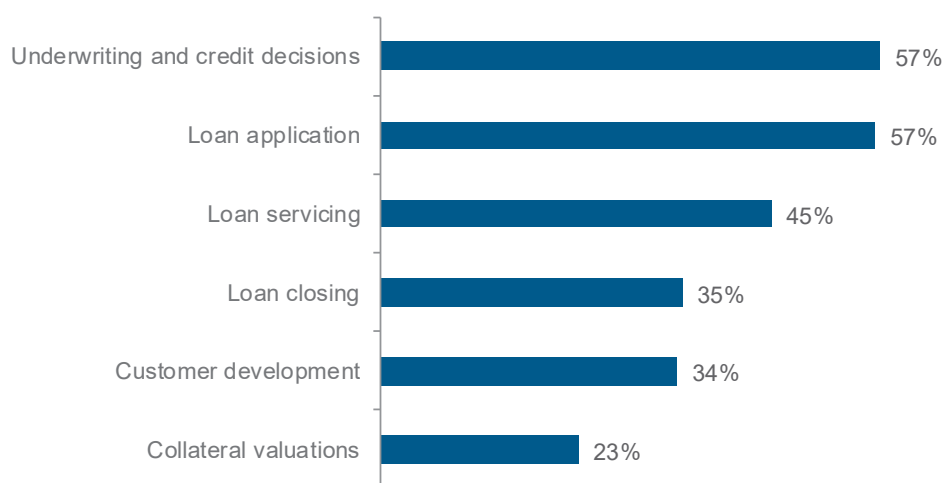
Finally, survey respondents were asked about whether borrowers expressed interest in financing technological enhancements or regenerative agricultural practices. In the prior 12 months, three-fifths of lenders reported a borrower inquired about financing precision technology, such as equipment guidance, automatic steering, yield monitoring or in-field electronic sensors. More than half of lenders reported that a customer inquired about livestock grazing, reduced-till farming or cover cropping. Roughly 2 out of 5 lenders received inquiries about cover cropping, crop rotation, reduced-till farming and automation technology. Nearly a third — 31% of lenders — reported interest in alternative energy projects. Very few lenders reported any borrower inquiries for financing soil carbon sequestration or biogas production.

Borrowers aren’t the only ones investing in technological enhancements. More than half of lenders surveyed (57%) reported their institution implemented digitization or made technology investments in 2025. Among those who did, roughly half of respondents enhanced underwriting and credit decisions (57%), loan application (57%) and loan servicing (45%) processes. Roughly a third of respondents invested in loan closing technology (35%) and customer development (34%).



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025
Mean response to Q68: In the last 12 months, which of the following types of financing have your customers inquired about?
Select all that apply.

Digitization and Technology Investments

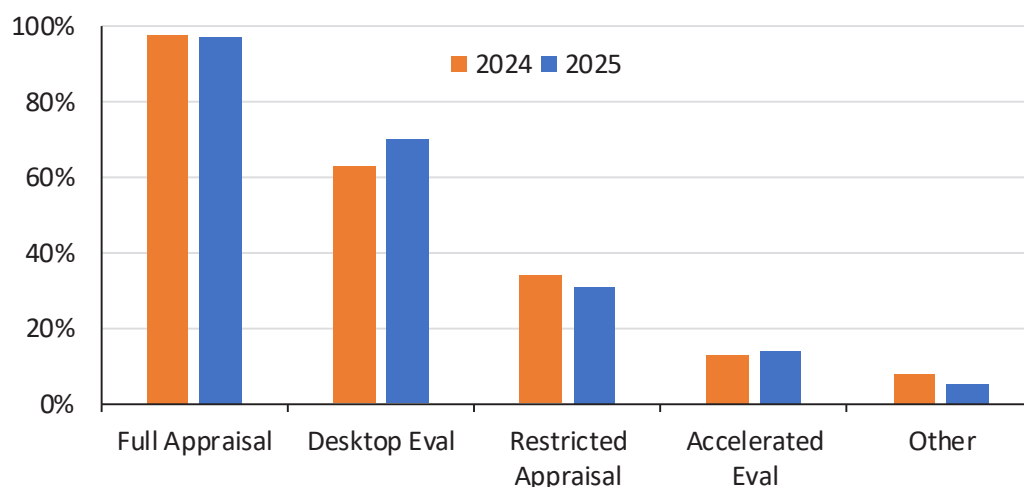


Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Mean response to Q42: What aspect of the loan process have you digitized or made technology investments in over the last year?

Lenders continue to innovate around collateral valuations, despite a relatively small proportion (23%) highlighting it as an area of investment. A significant proportion of lenders report using collateral valuation methods outside of a standard full appraisal. More than two-thirds (70%) of lenders report using desktop appraisals and evaluations as an option to value collateral, while a smaller but still significant proportion report using restricted appraisals and accelerated evaluations. The growth in desktop evaluations was noteworthy in the 2025 survey results. In general, there has been a push to accelerate the loan underwriting process in recent years to improve the experience for both borrower and lender. Appraisals can constitute a significant portion of a credit decision timeline, and many lenders have adopted collateral valuation options to help shrink the timeline from application to approval.

Collateral Valuation Programs Utilized by Ag Lenders



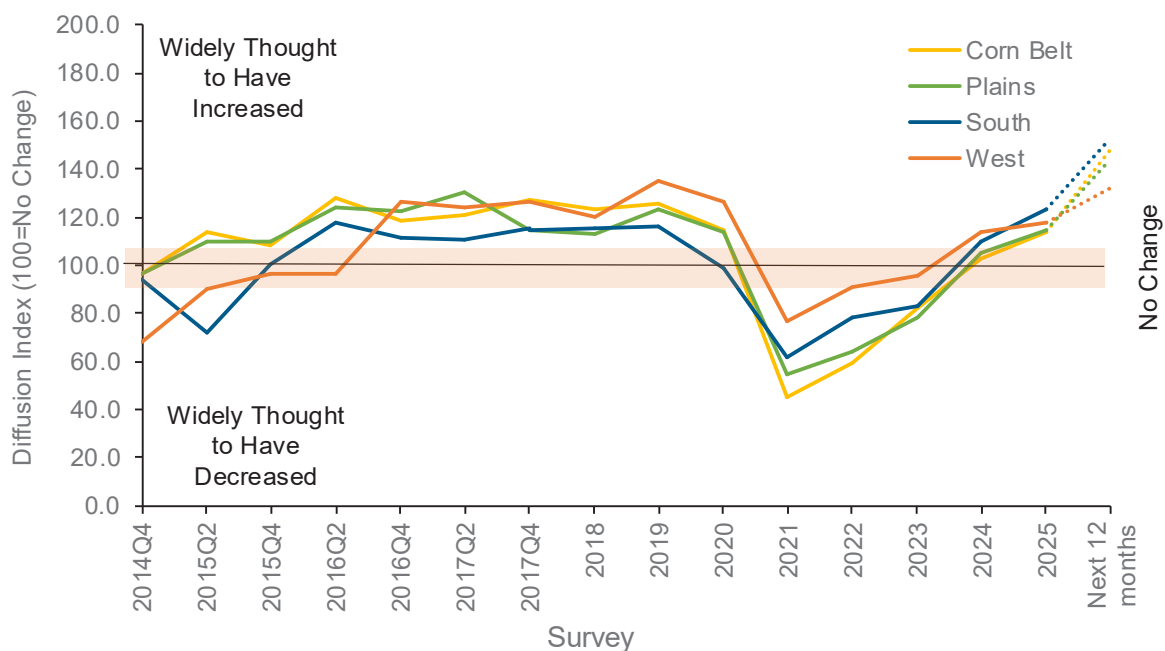
Source: ABA-Farmer Mac Agricultural Lender Survey, August 2025

Mean response to Q59: What types of collateral valuation programs are used at your institution? Select all that apply.

Credit Quality

Concern regarding credit quality increased in 2025 amid the ongoing challenges facing borrowers. Extraordinarily strong loan performance pushed delinquency and charge-off rates to historically low levels beginning in 2021, but cracks have begun to form following a drop in commodity prices over the past year. While the majority of lenders reported delinquency and charge-off rates for outstanding agricultural loans were unchanged in 2025, the share reporting deterioration increased relative to last year. About a third (34%) of lenders reported an increase in delinquency rates for ag production loans, compared to 20% in 2024. For farm real estate loans, the share of lenders reporting increases in delinquency rates rose to 21%, from 12% in 2024. Looking forward, the highest proportion of lenders over the past decade now expect meaningful deterioration in loan performance through the next year.

Diffusion Index for Delinquency Trends

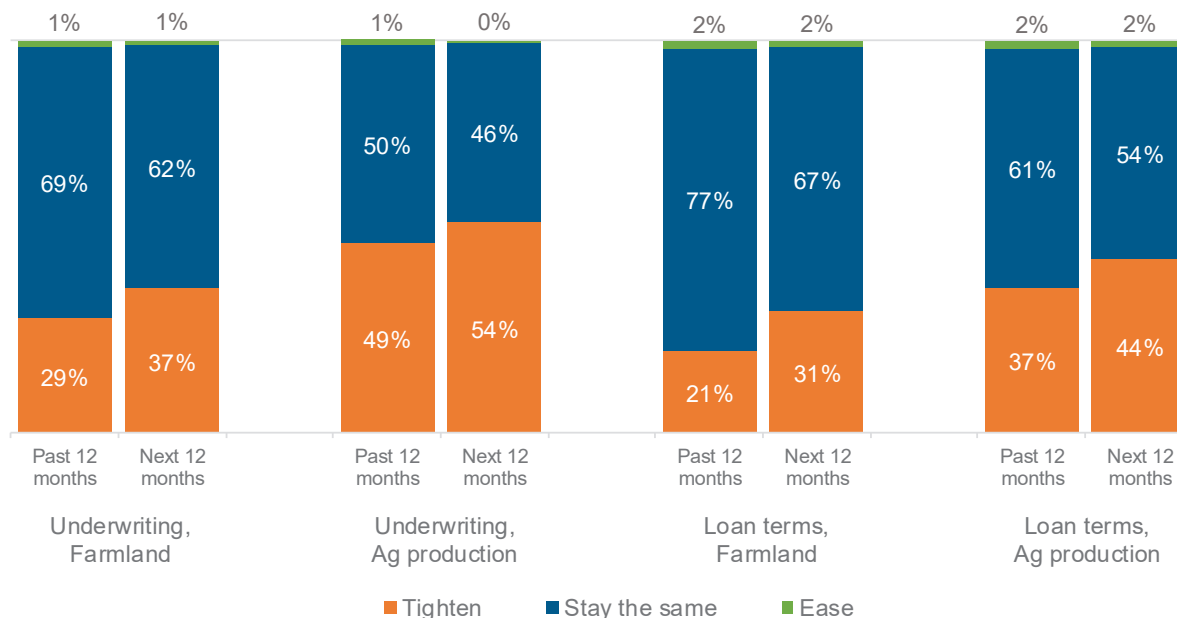


Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Prior to 2016Q4, results from Farmer Mac internal surveys provided for trend. Mean response to Q8/9: During the past 6 or 12 months, how have the following economic conditions changed in your area? How much will they change in the next 6 or 12 months in your area?

A larger share of lenders reported tightening underwriting standards and loan terms for agricultural credit in 2025. Nearly 3 in 10 (29%) of lenders tightened standards for loans secured by farmland, and 49% tightened standards on loans to finance agricultural production — up 10 and 19 percentage points (pp), respectively, from 2024. Loan terms tightened as well, with 21% of respondents reporting tightening on farmland loans in the past 12 months, and 37% reporting tightening on agricultural production loans. Looking ahead, lenders plan to further tighten credit standards, with over a third intending to tighten underwriting criteria for farmland loans over the next 12 months, and more than half aiming to do the same for agricultural production loans. Survey results show plans to continue tightening loan terms going into the next year as well.

Agricultural Credit Standards



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Q39 and Q38: During the last 12 months (and in the next 12 months), how have credit standards for the following agricultural loans changed for your institution?

Loan-to-value (LTV) ratios for agricultural loan applicants have remained steady despite the cloudy outlook for the ag economy. In 2025, lenders reported that the average LTV ratio was 63% for loans secured by farmland and 68% for agricultural production loans, largely unchanged from last year. Despite continued farmland value appreciation and an elevated interest rate environment, LTV ratios have remained stable.

Lenders have continued to meet the credit needs of farmers and ranchers. On average, lenders approved 84% of agricultural loan applications received over the past 12 months, in line with last year's approval rate. Of those they denied, respondents estimate that 45% are being approved by competing institutions. Despite tighter credit standards, lenders expect to approve 88% of borrowers' renewal requests in the next year.

Ag lenders will continue to work closely with their borrowers. Lenders have a deep understanding of the needs of farmers and ranchers because, in many cases, they are in the same business. More than half of respondents said that in addition to lending, they also farm themselves (52%). Respondents expressed concern over the numerous challenges currently facing the agricultural industry, including low commodity prices and higher input costs. As one respondent remarked, "tough times ahead for our agricultural producers. Low profitability will force tough decisions for operations and the lenders involved."

Interest Rate Environment

Following mild relief in interest rates in late 2024, expectations for future rate cuts evolved continuously throughout 2025 in response to a steady flow of economic data. The volatility was largely due to conflicting data points that the Federal Reserve was closely monitoring. Following 100 basis points (bps) of rate cuts in late 2024, rates remained largely unchanged in 2025. While there was uncertainty about the magnitude and pace of future cuts, there was broad agreement about the direction. More than two-thirds of ag lenders (67%) expected short-term interest rates to decrease over the next 12 months, and a majority (54%) expected long-term rates to fall. No rate cuts had occurred in 2025 up to the point when the survey was taken.

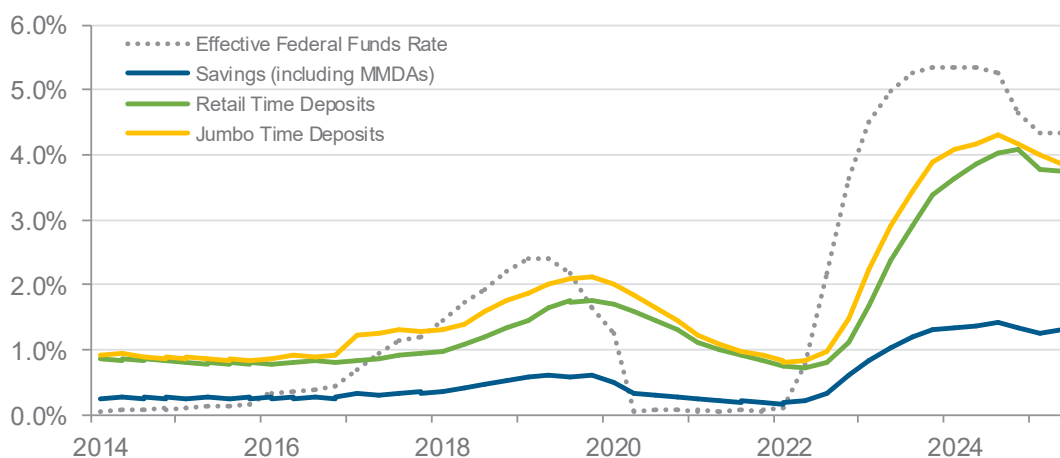
Shortly after the 2025 survey closed, the FOMC cut the Federal Funds rate by 25 bps in both the September and October meetings to a target range of 3.75% to 4.0%. There is one more meeting planned for December, giving the FOMC the opportunity to potentially cut rates again in 2025.

While stronger loan yields and healthy demand supported interest income in 2025, lenders continue to feel the squeeze on interest expense. The average cost of deposits for ag banks (defined as commercial banks with a high concentration of agricultural loans) has eased off a decadelong high in late 2024, according to an ABA analysis of S&P Global data, but it remains elevated. The rapid pace of rate hikes from 2022 to 2024 also left the banking industry with large unrealized losses on their balance sheets.

The interest rate environment has also presented challenges for farmers and ranchers who rely on debt to finance their operations. Respondents in the 2025 survey commented that liquidity has mostly been exhausted due to unfavorable commodity pricing and input costs, increasing the need for borrowing.

Further relief in rates would be beneficial for lenders that are more liability-sensitive as funding costs come down. Lower rates will also reduce unrealized losses on the balance sheet. It is less clear, though, whether rate cuts will be a net benefit for lenders with large variable rate loan portfolios that are more sensitive on the asset side of the balance sheet. For agricultural borrowers, rate cuts could help alleviate some of the pressures weighing on farm profitability. Unsurprisingly, interest rate volatility remained among the top three concerns facing lenders this year.

Agricultural Bank Funding Costs (Quarterly Average)



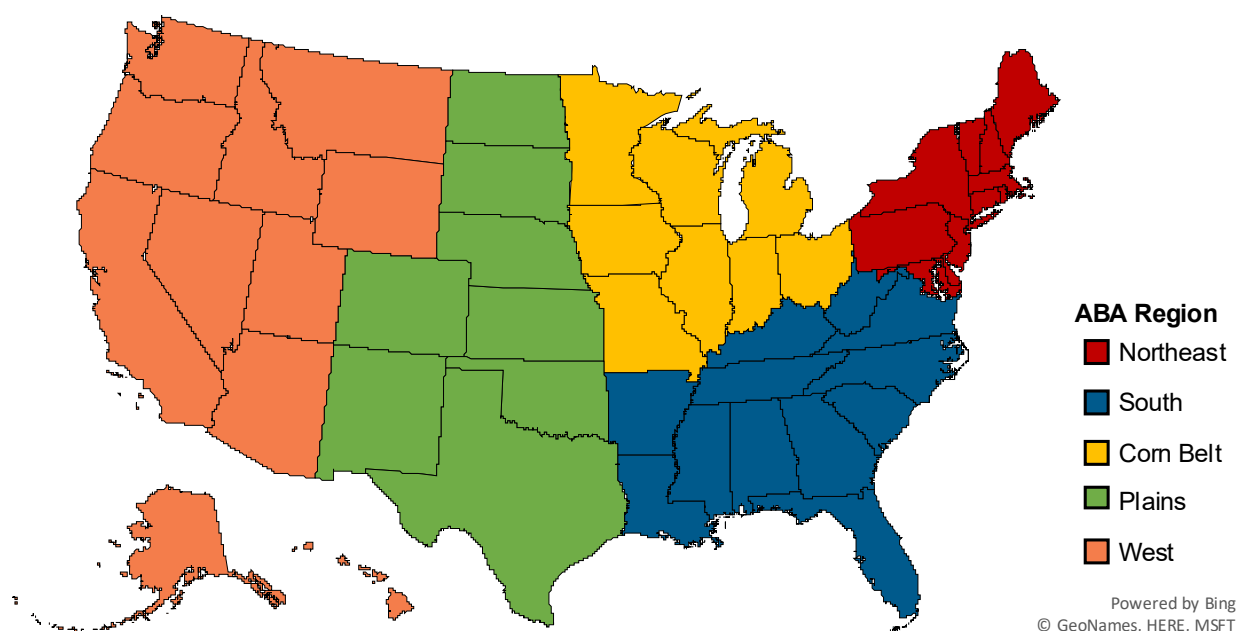
Source: S&P Global, Federal Reserve, ABA analysis

ABA defines farm agricultural banks as any bank whose farm loan concentration was greater than or equal to the unweighted industry average.

About the Survey Respondents

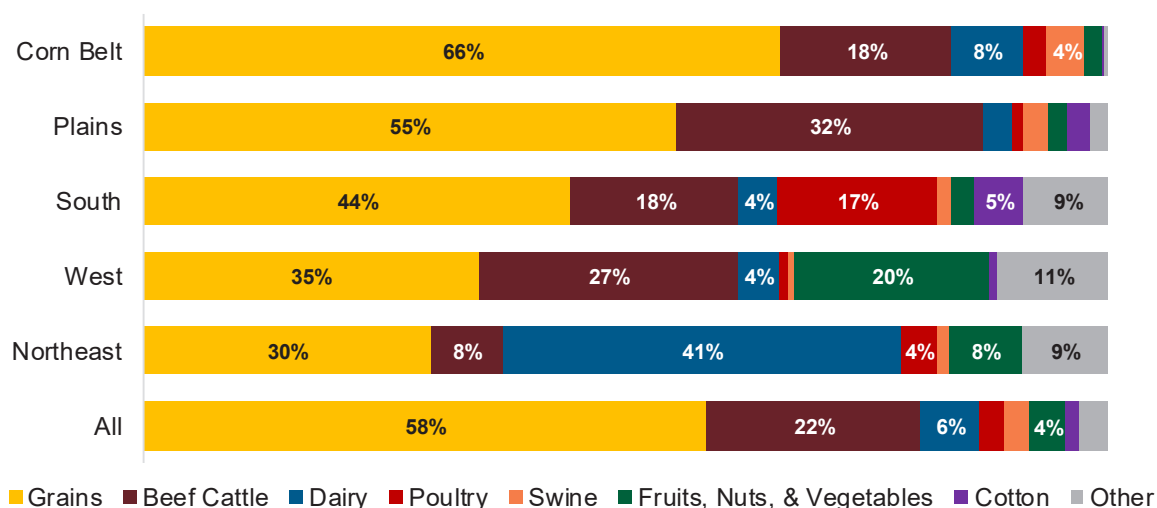
More than 450 agricultural lenders completed the ABA-Farmer Mac Agricultural Lender Survey in August. The responses came from a diverse set of institutions, ranging from those with under \$50 million in assets to those with more than \$1 billion in assets. More than 40% responses came from lenders at institutions with \$500 million or less in assets. Regionally, the responses were concentrated in the Corn Belt and Plains (50% and 30%, respectively), which is expected given the high proportion of agricultural production and lending that occurs in those states.

ABA Regions



Lender portfolios tended largely to reflect the regional distribution of survey respondents, such as high concentrations in grains and cattle, but there was some diversity by region. Respondents in the West and Plains reported a higher percentage of cattle than other regions. Lenders from the West also reported a higher share of fruits, nuts and vegetables. Lenders responding from the South reported a higher percentage of poultry and cotton, and lenders from the Northeast reported a higher concentration in dairy.

Lender Portfolios Vary by Region

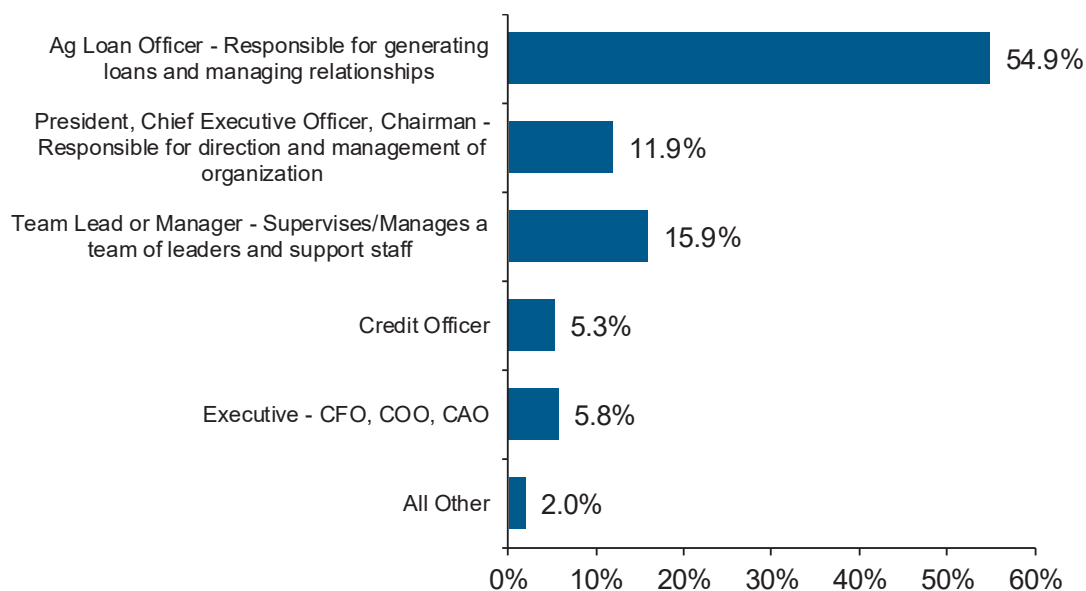


Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Mean response to Q14: What percentage of your agricultural credit portfolio is in the following?

Survey respondents hold a variety of roles at their respective institutions. The most common title or role reported was an agricultural loan officer (55%). Other titles include executives, presidents and team managers. The distribution of job roles in many ways reflects the numeric distribution of these roles within the ag lending space. Including all levels of roles ensures the survey results reflect the views of the agricultural lending space from different vantage points.

Survey Respondent Job Responsibilities



Source: ABA-Farmer Mac Agricultural Lenders Survey, August 2025

Mean response to Q5: What is your role at your institution?

About ABA and Farmer Mac

The American Bankers Association is the voice of the nation's \$25 trillion banking industry, which is composed of small, regional and large banks that together employ approximately 2.1 million people, safeguard \$19.7 trillion in deposits and extend \$13.1 trillion in loans.

Farmer Mac is driven by its mission to increase the accessibility of financing to provide vital liquidity for American agriculture and rural infrastructure. Our secondary market provides liquidity to our nation's agricultural and infrastructure businesses, supporting a vibrant and strong rural America. We offer a wide range of solutions to help meet financial institutions' growth, liquidity, risk management, and capital relief needs across diverse markets, including agriculture, agribusiness, broadband infrastructure, power and utilities, and renewable energy. We are uniquely positioned to facilitate competitive access to financing that fuels growth, innovation, and prosperity in America's rural and agricultural communities. Additional information about Farmer Mac is available on Farmer Mac's website, www.farmermac.com.

ABA and Farmer Mac have been working together for more than a decade to offer the financial and educational tools bankers need to serve their agricultural customers.

