FALL 2020
AGRICULTURAL LENDER SURVEY RESULTS

FARMER MAC

American Bankers Association®

Contents

Key Takeaways

- **Profitability expectations** – The agricultural economy and farm income remain stressed in 2020. The majority of agricultural lenders surveyed noted compression in farm profitability (79.2%).

- **Top concerns for producers** – Lenders continue to be most concerned about the liquidity, income and leverage of producers. Uncertainty regarding tarrifs and trade, the weather and the impacts of the COVID-19 pandemic and resulting economic downturn are close behind.

- **Top concerns for lenders** – Lenders across all regions and sizes remained concerned with credit quality and competition for loans in 2020. Concern regarding weak loan demand was the third highest ranked concern, reflected across most regions except in the West.

- **Sector concerns** – Respondents expressed the most concern for the grain, dairy and cattle sectors. Concerns declined for vegetables, poultry, and fruits and nuts. Lenders reported sustained interest from borrowers in hemp and alternative energy financing.

- **COVID-19 Economic Downturn** – While concern about the pandemic was lower than that for borrower financials, 87.4% of respondents noted that ag borrowers' reliance on government payments in 2020 increased. More than half inquired about government programs like the CFAP/MFP (68%) and PPP (58%). Lenders said that loss of these payments would negatively impact ag borrower profitability.

- **Land value and cash rent expectations** – Seven-in-ten lenders say that land values held steady through 2020, but more than a third expect land values to decline in 2021, including 41% in the Cornbelt and 39% in Plains states. One fifth of lenders reported cash rental rate declines on average quality farmland in 2020 (22%), a smaller decline than was observed in 2019. Lenders still believe that average quality farmland and cash rents are overvalued (40% and 30% respectively), with higher shares in the Cornbelt and Plains states.

- **Loan Demand** – While over half of lenders reported that demand for ag production and ag real estate loans was flat over the last 6 months, a significant share reported increased demand (26.7% and 33.3% respectively) and 82.2% said that overall farm debt increased over the past year. Similar expectations were reported for loan demand next year.

- **Credit quality** – Survey respondents generally expect higher ag loan delinquency rates heading into 2021 for both production (59.9%) and ag real estate (46.7%), though, a majority expect loan charge-off rates to stay about the same (61.5% and 70.4%, respectively). About one out of five ag borrowers (18.1%) requested a loan modification in 2020 as a result of the pandemic and resulting economic downturn.

- **Approval rate** – In spite of the credit quality concerns, lenders still remain positive about approvals. Lenders reported an average agricultural loan application approval rate for new loans of 72.3% in the 12 months leading up to August 2020, and expect the approval rate for renewal requests to be close to 90% in the following 12 months.

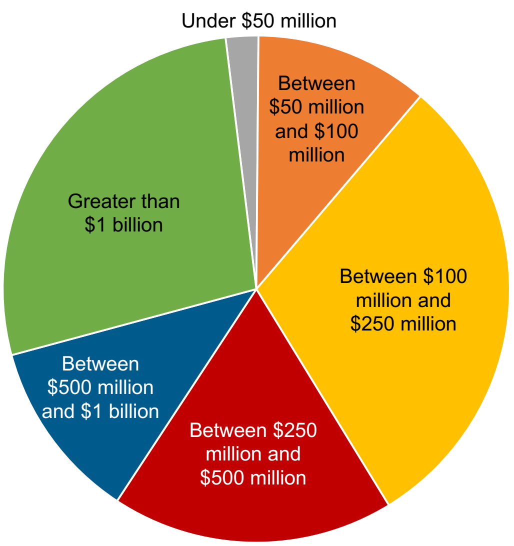
Introduction

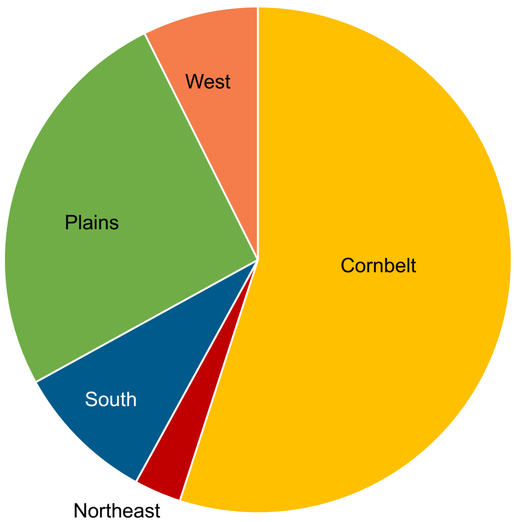
Agricultural lenders can provide a unique outlook on circumstances in the farm economy. Farmers and farm businesses that use short- or long-term financing are routinely required to present financial updates to their loan officers, giving lenders a distinct opportunity to evaluate local farm economy conditions.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

In December 2016, the American Bankers Association (ABA) and Farmer Mac collaborated on their first 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. This collaboration has continued every year since its inception. These joint studies expand upon data collected by Farmer Mac from 2014 through 2016.

The survey was distributed via email between Aug. 3 and Sept. 6, 2020. Nearly 500 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 $5 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 Lenders Survey, August 2020

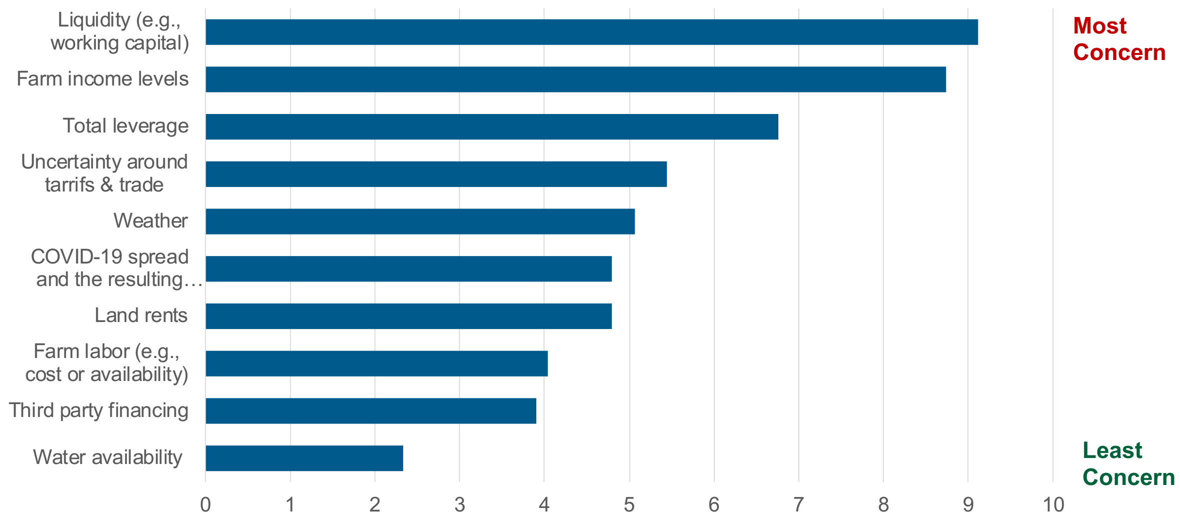
Agricultural Economy

Farm Income and Profitability

The agricultural economy has been shaken by the events of 2020. The majority of agricultural lenders surveyed noted compression in farm profitability this year (79.2%), and profitability expectations were down from our 2019 survey. Profitability expectations did not improve for 2021.

In a year dominated by the pandemic, most lenders are focusing on the same producer challenges as in our prior surveys. Lenders were most concerned about liquidity issues for producers, with over half (51.4%) listing it as their top concern. Farm incomes were the second most common concern, with almost a third (32.2%) indicating that it was their top concern in agriculture. Lenders reached a consenses on most other issues: leverage was a top 3 concern for almost half of respondents (46.5%), labor and third-party financing were bottom-three concerns for 48.2% and 48.6% of lenders respectively, and water availability was ranked as the lowest concern for most lenders (52.4%). Land rents, weather and trade concerns were middling concerns, with about a third of lenders listing it as their 5th or 6th concern (35.2%, 32.9%, 27.2%). Concern about the impact of the pandemic was less consistent; while it was the 3rd most common top concern (7.5%), it was the 2nd most likely item to be listed last (19.3%).

Lenders' Top Concerns for Producers



Source: ABA-Farmer Mac Agricultural Lenders Survey August 2020

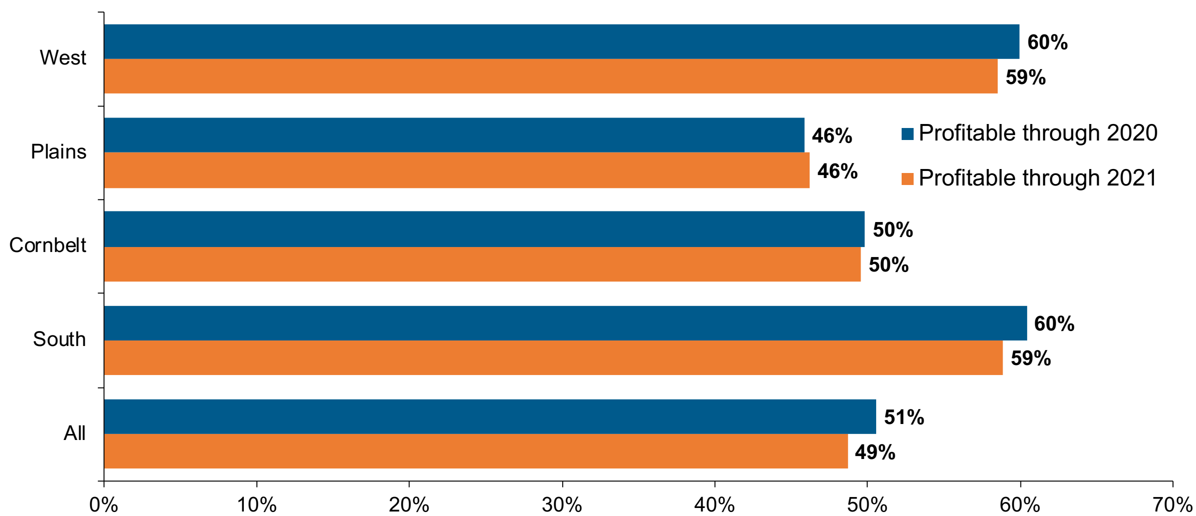
Mean response to Q3: Please indicate your relative level of concern for the following conditions facing your ag borrowers at this time with 1 being the highest concern and 10 being the least concern (to improve readability of the chart, we have converted 1=10, 2=9, 3=8, etc., so that larger bars correspond with higher concern).

Fewer respondents expected farm family expenses to increase in 2020 than did in 2019 (33.0% to 41.5%). Banks that are concentrated in livestock and specialty commodities were more likely to expect expense increases than those with heavy dairy or grain concentrations. The share of lenders expecting producer health care costs to rise also fell more than 10 percentage points between the 2020 and 2019 surveys. Expectations for expenses in 2021 are similar to 2020.

On average, lenders reported that just under 51% of their agricultural borrowers were profitable in 2020, down six percentage points year-over-year. About half of the lenders do not expect borrower profitability to improve in 2021 (49%). Average profit expectations for 2020 in the South and West (60%) were 10 percentage points higher than Cornbelt and Plains states (50%, 46%), attributable in part to commodity variations across regions. Corn and soybean prices were both under significant pressure when respondents took the survey in August. Profitability expectations in those regions may have risen after major cash grain prices recovered in the fall of 2020.

This separation represents a second year where producers in the heartland had much lower profitability expectations than those in the South and West. While weather conditions plagued 2019, softer expectations through 2020 are likely a result of soft market conditions. More than three quarters of Cornbelt respondents had borrowers who focused on grains, while the South and West reported less than a third. Institutions with concentrations in grain expect less than half of their producers to be profitable through both 2020 and 2021.

Ag Borrower Profitability by Region



Source: ABA-Farmer Mac Agricultural Lenders Survey August 2020
Mean response to Q12a/b: What percentage of your ag borrowers are currently profitable?
What percentage of your ag borrowers will remain profitable through 2021?

There is modest evidence that banks that have been more heavily impacted by COVID-19 have lower profit expectations. Many institutions reported modifying ag borrower loans due to either the coronavirus or the resulting economic turbulence. Of banks who indicated that they modified at least a quarter of their agricultural loans, average profit expectations were 46% for 2020. For banks that modified less than 10% of their ag loans as a result of the pandemic, expectations were just over 53%.

Despite the uncertainty through 2020, 31.2% of lenders expect borrowers to make investments in agricultural technology, with similar expectations for 2021 (27.3%). This is in line with expectations from 2019. There are some regional differences: almost half of lenders in the South expected farm investments to increase through 2020, while under 30% of Cornbelt and Plains states lenders said the same.

When farm incomes are under pressure, producers often look for alternative sources of income to bolster primary commodities. In the last several years, hemp had been one of the most common inquiries. In 2020, 43% of lenders reported that they had been asked about hemp financing from one of their ag borrowers. This represents a year-over-year decline of 7 percentage points. This follows the start of the USDA's regulation of industrial hemp in 2020.

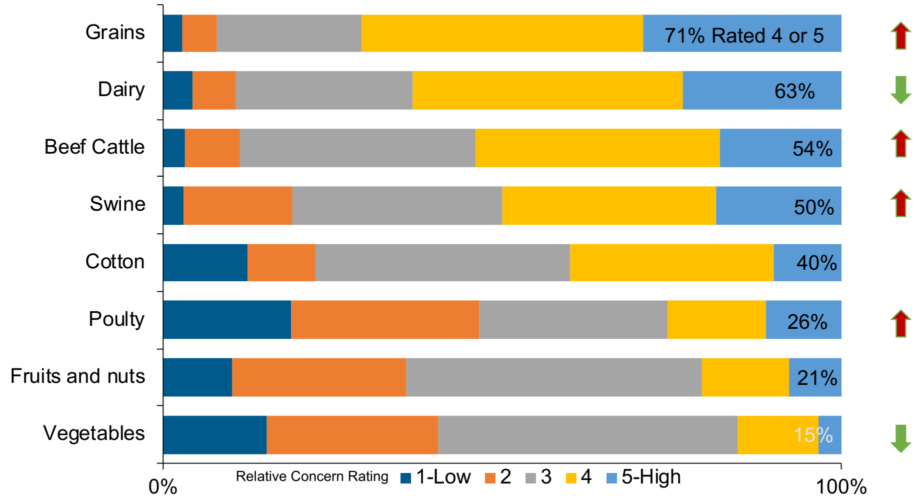
Just over one third (33.9%) of lenders said that borrowers are asking about financing for renewable energy projects, a similar percentage to those that asked in 2019 (36.8%). It is unclear what is motivating producers to think differently about energy.

Lenders do have an interest in participating in more rural infrastructure financing. Almost half (44.6%) indicated that they had specific interest, while just over a tenth (11.5%) indicated they had no interest. Among lenders who had an interest in rural infrastructure financing, almost 70% had interest in renewable energy projects or water system projects. Broadband internet projects were just behind at 61.3%, with the least interest in transportation and electrification projects (48.5% and 42.8% respectively).

Lender concerns varied by commodity sector, but the top concerns have shifted. Grains rose to be lenders' top concern, with 71% of respondents indicating high concern, but similar to 2019 levels. Over 63% of lenders indicated they had high concern for dairy, but this represents a marked improvement from 2019 when 79% did. The pandemic's specific impacts on animal proteins also worked their way through to lender sentiment. The share of lenders with high concern for beef rose from 44% to 54%, while hogs rose from 29% to 50%. Trade disruptions and changes in how Americans eat will continue to influence lender concern over the near term.

All commodity sectors showed turbulence through 2020, and lender concerns may reflect the environment as it was when they took the survey in August. At the time, grain markets were under pressure due to perceived oversupply and historic low prices. Dairy, conversely, had just seen a remarkable price surge due to a pullback in producer supply and above average demand. Going into 2021, lenders may see a contrast between the volatility of those sectors and the weaker, but more stable, animal protein markets.

Lender Concerns by Commodity Sector



Source: ABA-Farmer Mac Agricultural Lenders Survey August 2020
Mean response to Q6: Please rate your relative concern for ____ in your area with 1 being the least concern and 5 being the highest concern.

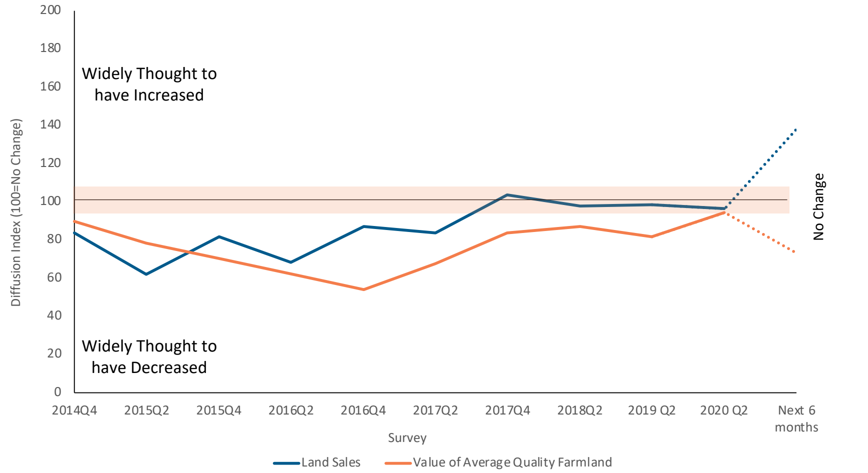
Despite the volatility of 2020, lender expectations for retirements and voluntary farm exits did not change between 2019 and 2020. Almost half (48%) of lenders expect retirements to increase in 2020 and two thirds expect an increase in 2021. These figures are almost identical to the prior year. However, bankruptcies expectations did change. Almost a quarter (24%) of lenders expect bankruptcies to increase in 2020 (similar to 2019), but 57% expect an increase in 2021, a marked increase in strain. These expectations may be due to expectations that the damages of 2020 will take time to lead to bankruptcies, uncertainty in government program support, and expectations for weak markets in 2021.

Land Values and Cash Rents

In August, the USDA estimated that average farm real estate values would remain stagnant through 2020, though with some regional variation. Despite the slowdown in appreciation, farmland continues to provide a strong equity base for producers, and lender expectations for growth largely match USDA estimates. Most lenders report that prices for land listings and sales have stayed about the same over the prior 12 months (70% and 70%, respectively). More than two thirds of respondents (70%) also indicated that land values have been flat over the last year, a more stable picture than our 2019 survey. Lenders have lower expectations for 2021, when more than a third of producers expect land values to decline, including 41% in the Cornbelt and 39% in Plains states.

The diffusion 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. The diffusion index for the value of average quality land has been below 100 since the inception of the survey in 2014, indicating more ag lenders are reporting declines in land values than increases in land values. While lenders expect land values to hold through 2020, the outlook is less positive for 2021. Survey respondents expect a pickup in land listed for sale, sales closing and a subsequent decline in farmland values.

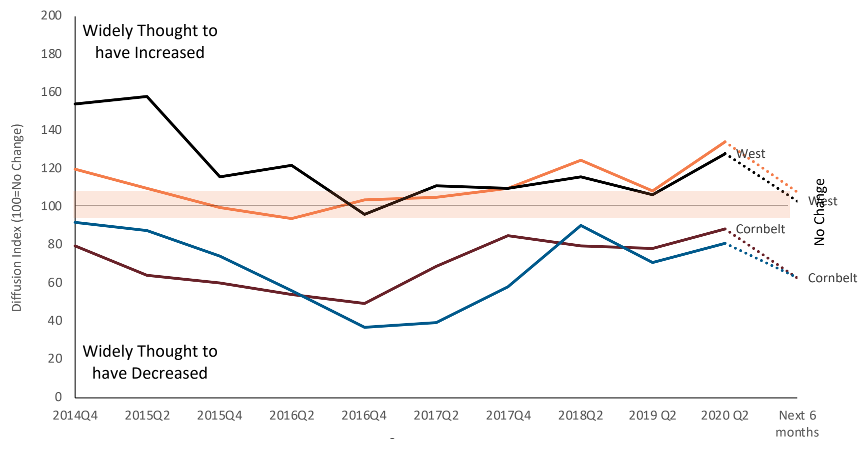
Diffusion Index of Land Sales and Values



Source: ABA-Farmer Mac Agricultural Lenders Survey August 2020. Prior to 2016Q4, results from Farmer Mac internal surveys provided for trend.
Mean response to Q1/Q2: During the past 6 months, how have the following economic conditions changed in your area? How much will they change in the next 12 months in your area?

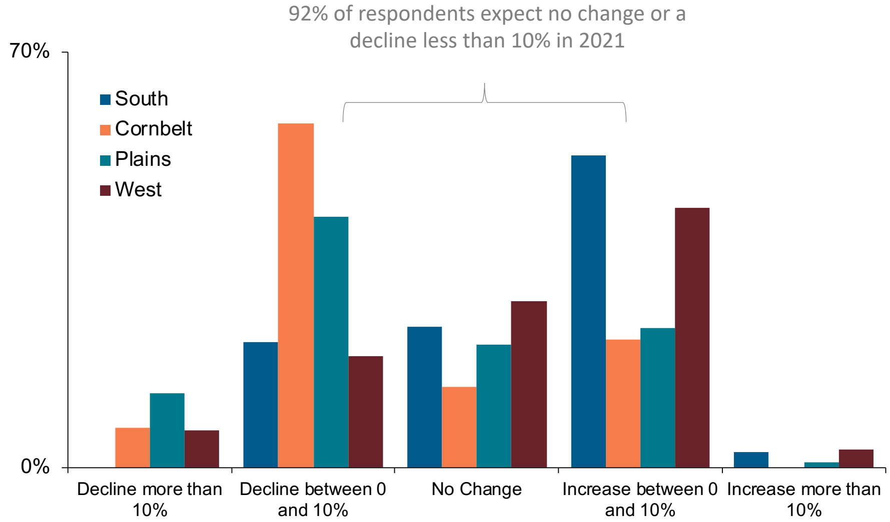
Land value expectations vary by region. Respondents in the Cornbelt and Plains have consistently reported declines in farmland values since 2014. In 2020, all regions reported less pressure on land values than they did during 2019, indicating that the volatile year did not place immediate pressure on values. While sentiment is worse through 2021, values in the south and west are expected to stay flat. Cornbelt and Plains values are expected to have milder declines than those seen in the immediate aftermath of the commodity super cycle.

Diffusion Index of Land Values by Region



Despite expectations for supply increases and soft demand for farmland, most lenders expect small changes to land values. Almost two thirds (65%) believe that land values in 2021 will change by less than 5% in either direction. Just 4% expect the sort of large drops (10% or more) that were observed during the agricultural crisis of the 1980s. Average expectations vary by region but follow USDA's farmland values survey; 2% declines in the Cornbelt and Plains regions, and 1% increases in the South and West. This also explains why lenders believe that 40% of land is overvalued, though there are no distinctions between average and high-quality farmland.

Range of Expected Land Value Changes in 2021



Source: ABA-Farmer Mac Agricultural Lenders Survey August 2020
Mean response to Q7: In your local service area, how much do you expect the value of average quality farmland will change in your local service area in 2021?

There is less concern over cash rents than in prior surveys. Approximately one-fifth of respondents report a decline in cash rental rates on average quality farmland in the last 12 months (22%), down from nearly a third in 2019. Under half of lenders report that rental rates either fell in 2020 or will fall in 2021 (44%), also down from prior year levels. Expected declines are concentrated in the Cornbelt, where more than half (56%) of respondents expect declines in one year or the other. On average, 30% of lenders say cash rents in their area are above market value, a number unchanged from the 2019 Ag Lender Survey.

Agricultural Lenders

Lender Sentiments

As the farm economy continues to work through a prolonged downturn in the midst of an unprecedented, global economic dislocation, ag lenders remain primarily concerned with the same three factors as last year: credit quality and the deterioration of agricultural loans (72.1% ranked it among their top 2 concerns), competition from other lenders (37.3%) and weak loan demand (25.5%).

Credit quality and the deterioration of agricultural loans remains the number one concern facing lenders in 2020. This sentiment was shared by respondents from institutions of all sizes and across all regions. This includes lenders from the South, who identified competition with other lenders as their primary concern the previous two years.

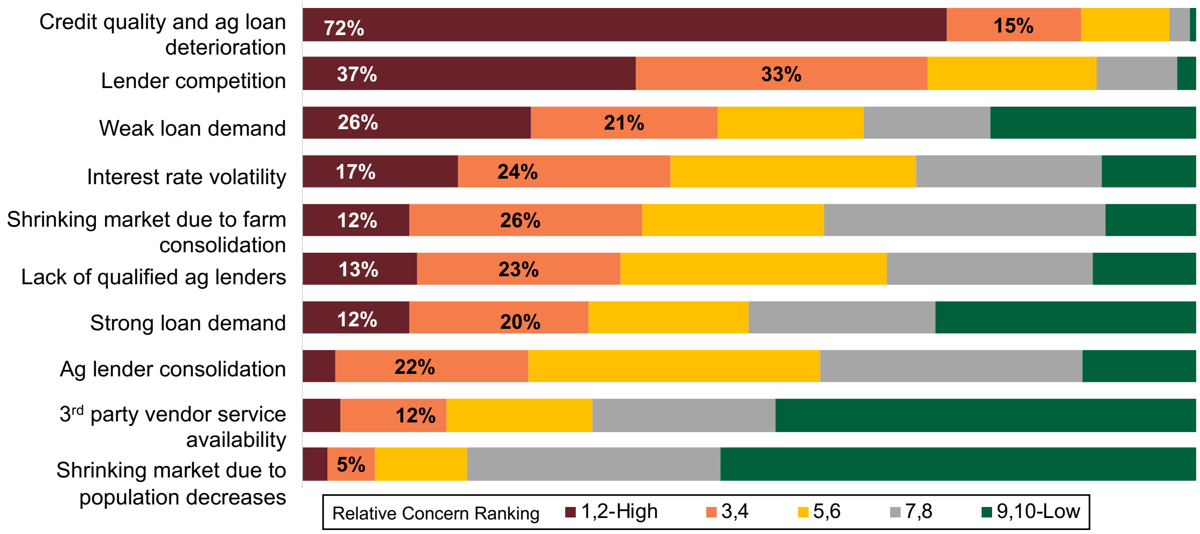
Competition for lending opportunities was the second-highest ranked concern overall among all lenders. The majority of survey respondents (78.9%) ranked the Farm Credit System (FCS) as their number one competitor for agricultural loans. More than two-thirds of lenders (66.9%) ranked community banks within their top two competitors, followed by vendor financing (17.1%), regional banks (8.9%), and credit unions (8.0%). This reflects a modest change from the previous survey in which lenders ranked credit unions slightly ahead of regional banks among their top five competitors.

While nearly three-in-five lenders (57.7%) say there has been no change to the competitive landscape since the onset of the pandemic and the resulting economic disruption, more than one in five (22.5%) say competition has become more aggressive since March. Lenders in the South were most likely to report no change (82%). Thirty percent of lenders between $500 million and $1 billion in assets, as well as a quarter of lenders in the Plains region, say that competitors have become more aggressive.

Weak loan demand and interest rate volatility were prominent concerns for lenders as well. More than a quarter of respondents listed weak loan demand among their top two concerns. This was shared across most regions, with the exception of lenders in the West, and at institutions with assets greater than $1 billion. Weak loan demand was most concerning in the Northeast (50.0% among top 2 concerns), the South (31.6%) and at institutions with assets between $500 million and $1 billion (34.0%).

Nearly a third of lenders (31.1%) listed interest rate volatility among their top three concerns. Interest rate volatility was most concerning in the South (42.1% among top 3 concerns) and at institutions with assets between $500 million and $1 billion (40.0%). Lenders in the West, however, prioritized concerns about strong loan demand (31.3% among top 3 concerns) and the lack of qualified agricultural lenders (28.1%) over either interest rate volatility (25.0%) or weak loan demand (18.8%).

Top Concerns Facing Agricultural Lenders



Source: ABA-Farmer Mac Agricultural Lenders Survey August 2020

Mean response to Q4: Please rank your level of relative concern for the following conditions facing your institution at this time with 1 being the highest concern and 10 being the lowest concern

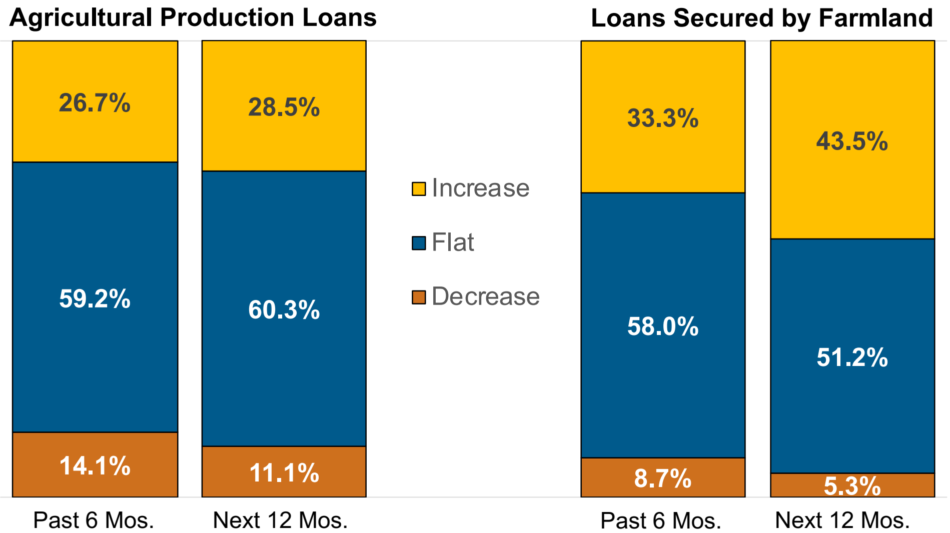
Lending Conditions

More than four-in-five lenders report that farm debt grew during the past 12 months (82.2%), which is consistent with the September USDA farm sector income forecast that projects farm sector debt will rise 3.6% to $433.8 billion and ag real estate debt will rise 5.5% to $281.6 billion in 2020. Loan growth was generally reflected across all regions and asset sizes, though a third of lenders in the South said that farm debt held about the same in the last year.

Despite increasing levels of farm debt, a majority of lenders say that the number of farmers expanding or shrinking operations stayed about the same in 2020 (62.0% and 66.7% respectively). There was also a significant shift in the share of lenders reporting that farms increased their rate of shrinking or expanding operations. Nearly three in ten respondents say that farms increasingly shrank operations this year (29.8%), an increase of 10.2 percentage points from last year's survey. Conversely, the number of lenders saying that farms increasingly expanded operations fell by half, from 48.4% down to 24.3%.

Lenders' predictions for the coming year are even more pessimistic, with just over half (50.7%) expecting farms to shrink operations. There was some variability, though, by region and asset size. A little more than half of lenders in the South (51.3%), institutions between $50 million and $100 million (54.2%) and those between $500 million and $1 billion (54.0%) expect that the number of farms shrinking operations will remain fairly constant over the next 12 months.

Agricultural Loan Demand



Source: ABA-Farmer Mac Agricultural Lenders Survey August 2020

Mean response to Q1/2: During the past 6 months, how have the following economic conditions changed in your area? How much will they change in the next 12 months in your area?

Nearly three in five lenders report that demand for agricultural production loans was flat over the last 6 months. This was particularly true of lenders in the South (73.0%); though, more than a third of lenders from the West (37.5%) reported increased demand. Likewise, a similar share of respondents said that the demand for loans secured by farmland stayed about the same. The variability of lender responses regarding farm real estate loans generally matched the responses about agricultural production loans. However, lenders from the West and those from institutions larger than $1 billion were nearly split between those reporting increased demand (43.8% and 40.5% respectively) and flat demand (56.3% and 50.9% respectively).

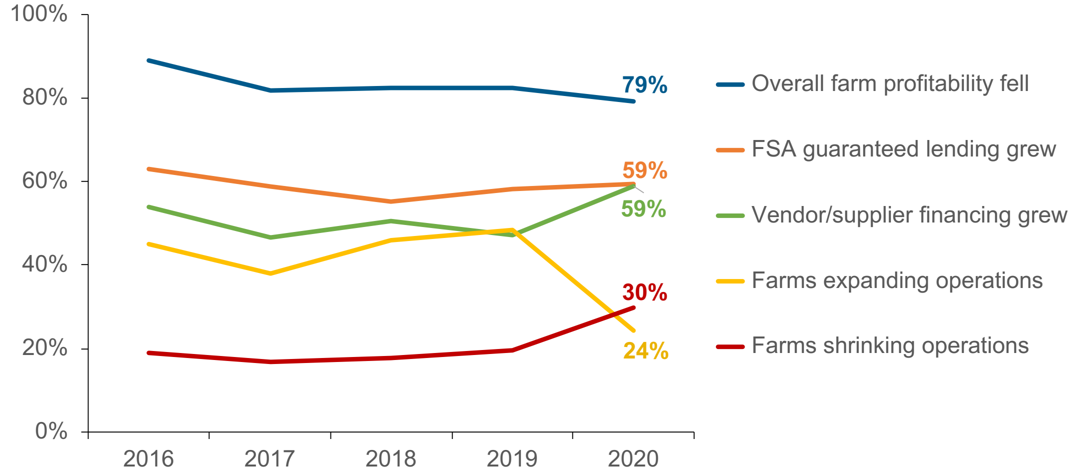
Lenders' expectations for agricultural production loan demand in the next 12 months were similar, with a slightly higher share of respondents expecting an increase (33.3%). While a majority of respondents expect loans secured by farmland to stay the same in 2021 (51.2%), a large minority of lenders across regions and institution size (43.5%) expect demand to increase—consistent with expectations for increased land sales in the coming year. In fact, half of lenders in the West (50.0%) and a plurality of lenders in the Plains (48.2%) expect increased demand in 2021.

Lenders continue to meet the credit needs of farmers and ranchers. On average, lenders approved approximately 72% of agricultural loan applications received over the last 12 months. Over the next 12 months, lenders expect to approve 88% of renewal requests. Agricultural lenders estimate that 38% of the loans they deny are being approved by competing institutions.

A majority of lenders (58.9%) also report that vendor financing has increased in the last 12 months (up 11.6 percentage points year-over-year). The increase was most prominent in the Cornbelt (63.6%), Plains (60.9%) and at institutions above $1 billion (66.1%). Lenders across all regions and sizes expect this trend to continue in the next 12 months (62.5%).

Agricultural Lenders' Observations

Percent of Respondents that Observed the Following Changes in their Area:



Source: ABA-Farmer Mac Agricultural Lenders Survey 2016-2020
Mean response to Q10: During the past 6 / 12 months, how have the following conditions changed for your area?

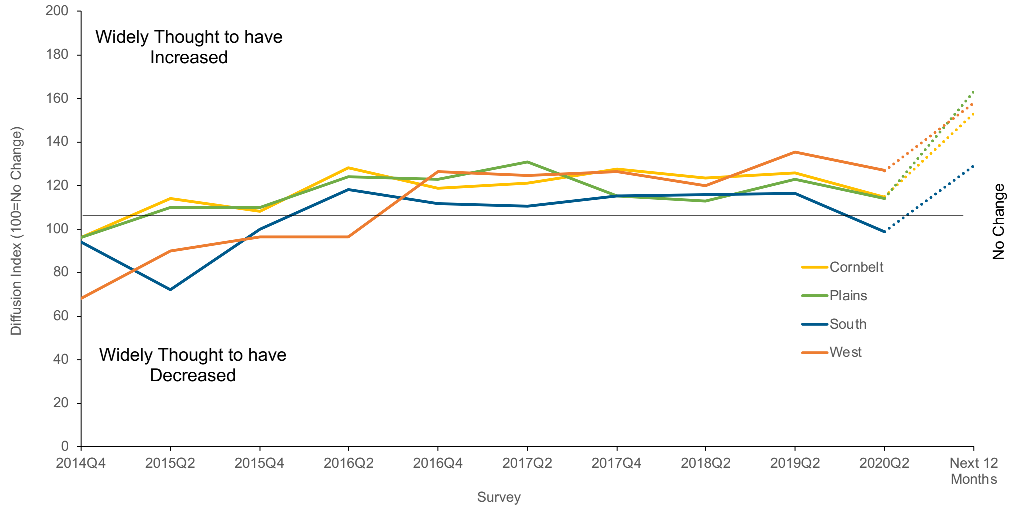
Credit Quality

Given continued tightness in farm profitability and expectations for farm bankruptcies to increase next year, credit quality remains a top concern for lenders. Nonetheless, a strong majority of respondents report that credit quality (i.e., delinquency rates) for outstanding agricultural loans (both production and real estate) remained about the same over the last 6 months, 73.4% and 80.7%, respectively.

A little more than one in five lenders (21.8%) saw an increase in agricultural production loan delinquencies in the last 6 months—a trend primarily reflected in the West and Cornbelt regions and at institution greater than $1 billion. However, this reflected a 14.1 percentage point decline from last year. Only 14% of lenders reported a similar increase in delinquencies for loans secured by farmland. The vast majority of lenders reported that charge-offs stayed about the same for both production loans (83.4%) and loans secured by farmland (88.2%) this year. However, nearly 10% indicated that charge-offs for production loans increased over the past 6 months.

The diffusion index for the agricultural production loan and real estate loan delinquencies declined slightly across all regions in 2020. It remains above 100, though, in all regions other than the South, indicating that more ag lenders are reporting increases in delinquencies than decreases. Lenders in the South report that ag delinquencies have remained largely unchanged from 2019.

Diffusion Index for Delinquency Trends



Source: ABA-Farmer Mac Agricultural Lenders Survey August 2020. Prior to 2016Q4, results from Farmer Mac internal surveys provided for trend.
Mean response to Q1/Q2: During the past 6 months, how have the following economic conditions changed in your area? How much will they change in the next 12 months in your area?

Lenders are more pessimistic about 2021. Nearly 60% of lenders expect delinquencies to increase for agricultural production loans over the next year. Lenders from the South and at institutions with less than $100 million were divided. Just over half (55.3% and 52.6% respectively) expect delinquencies to remain about the same next year while 39.5% of lenders from the South and 45.6% of respondents from smaller institutions expect them to increase.

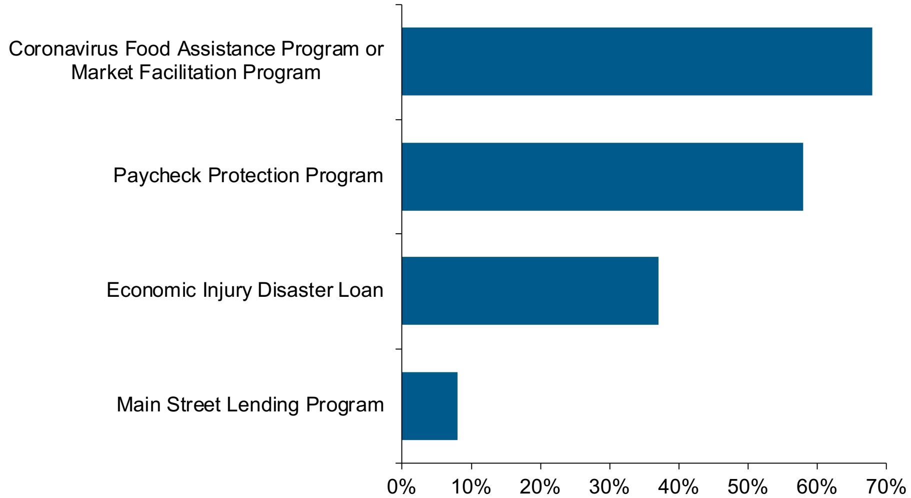
Lenders are only slightly less pessimistic about loans secured by farmland. While the majority of lenders (52.1%) expect delinquencies for ag real estate loans to stay the same in the next 12 months, more than two out of five (46.7%) expect an increase in 2021. The majority of lenders expect charge-offs on both loans secured by farmland (70.4%) and agricultural production loans (61.5%) to stay the same in the next 12 months.

Government-guaranteed loans have continued to play an important role in allowing lenders to ensure credit access for ag borrowers who may not have qualified for conventional credit. Three in five lenders (59.3%) note an increase in the use of government-guaranteed loans (i.e., FSA loans) over the past 12 months in their area, similar to 2019's observations.

The observed increase was most prominent in the Cornbelt (68.1%) and at institutions with assets greater than $250 million (64.5%). Lenders from the South were more likely to say use stayed about the same (56.4%). Looking ahead to next year, 80.9% of lenders expect the use of government guarantees to increase (including 64.1% for lenders from the South), up 13.8 percentage points from last year's survey.

Lenders also note increasing reliance on government payments, such as those from the Market Facilitation Program (MFP) and the Coronavirus Food Assistance Program (CFAP). Nearly nine in 10 lenders (87.4%) across regions and asset size observed an increase in reliance on government payments during the past 12 months. Lenders expect this trend to continue next year: one in five expect that borrowers' current reliance will stay about the same in 2021, while 77% expect reliance to rise. This was consistent with lender reports that more than half of ag borrowers inquired about the CFAP, MFP, or Paycheck Protection Program (PPP). Borrowers from the West and Plains inquired most about the CFAP or MPF programs (78.4% and 75.3% respectively) and borrowers from the South and the Plains inquired most about the PPP (65.1% and 60.3% respectively).

Share of Borrowers Inquiring About Government Programs



Source: ABA-Farmer Mac Agricultural Lenders Survey August 2020
Mean response to Q27: What percentage of your ag borrowers inquired about the following programs?

Lenders indicate that the loss of MFP or CFAP payments would negatively impact ag borrowers, with many noting the MFP payments in particular helped farmers maintain profitability in 2020. One respondent said, "it would be devastating to our already stressed customers." Another noted that it "would probably put many out of business this year."

Despite turbulence in the farm economy, lenders remain ready to assist farmers and responsibly fulfill their credit needs. Given the volatile conditions, lenders' institutions must maintain healthy, amicable relationships with their primary regulators. Healthy regulatory relationships are an important factor when considering the impact of credit quality on performance. Fortunately, lenders report positive relationships with their regulators: 76.7% of lenders rated the relationship with their primary regulator as a four or a five on a five-point scale.

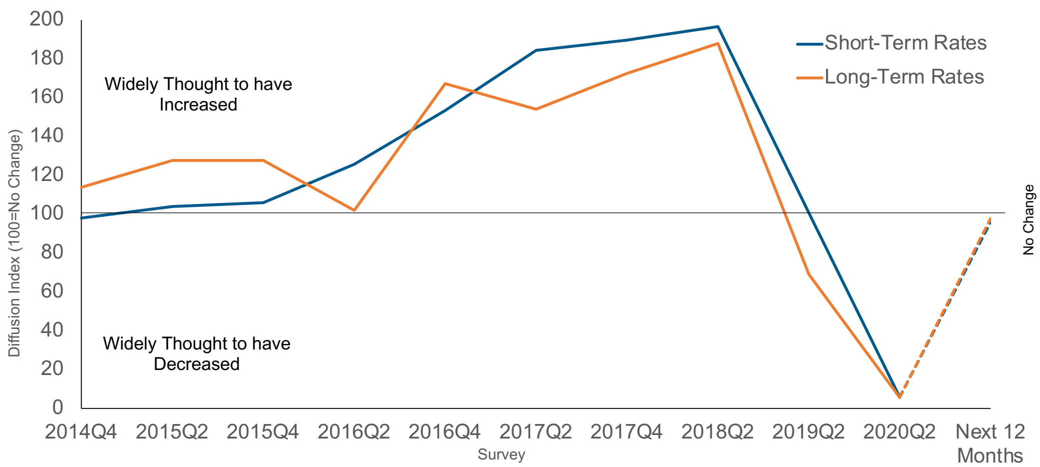
While regulators and lenders have positive relationships overall, respondents feel that regulators' comprehension of the agricultural sector has room for improvement. On average, respondents rated regulators' understanding of agriculture a 3.1 out of five, with 26.4% of respondents saying their regulator had little-to-no understanding of the sector. These ratings were consistent across all regions and institution sizes. A healthy, knowledgeable, respectful regulatory relationship is beneficial to both lending institutions and the agricultural sector as a whole.

Interest Rate Environment

Concerns regarding the interest rate environment heightened this year. The Federal Funds rate has fallen to just a few basis points and is expected to be held very low until the national economy is well on the way to recovery, according to the Federal Reserve. Just over three in ten lenders included interest rate volatility among their top three concerns this year, up from about 20% in 2019.

The majority of respondents believe that short- and long-term interest rates will remain about the same over the next 12 months, 85.5% and 82.0%, respectively.

Diffusion Index for Interest Rates

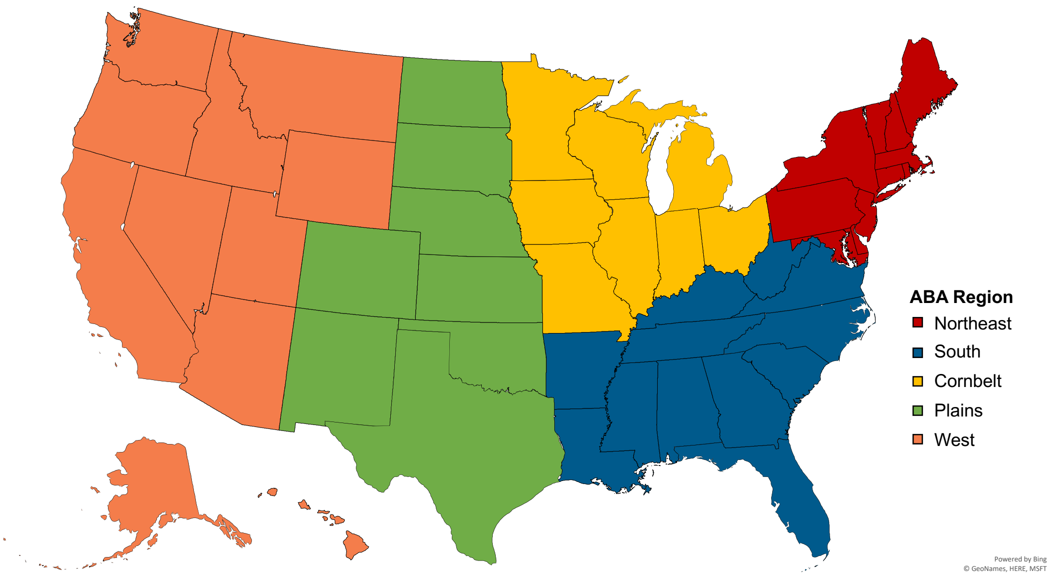


Source: ABA-Farmer Mac Agricultural Lenders Survey August 2020. Prior to 2016Q4, results from Farmer Mac internal surveys provided for trend.
Mean response to Q1/Q2: During the past 6 months, how have the following economic conditions changed in your area? How much will they change in the next 12 months in your area?

About the Survey Respondents

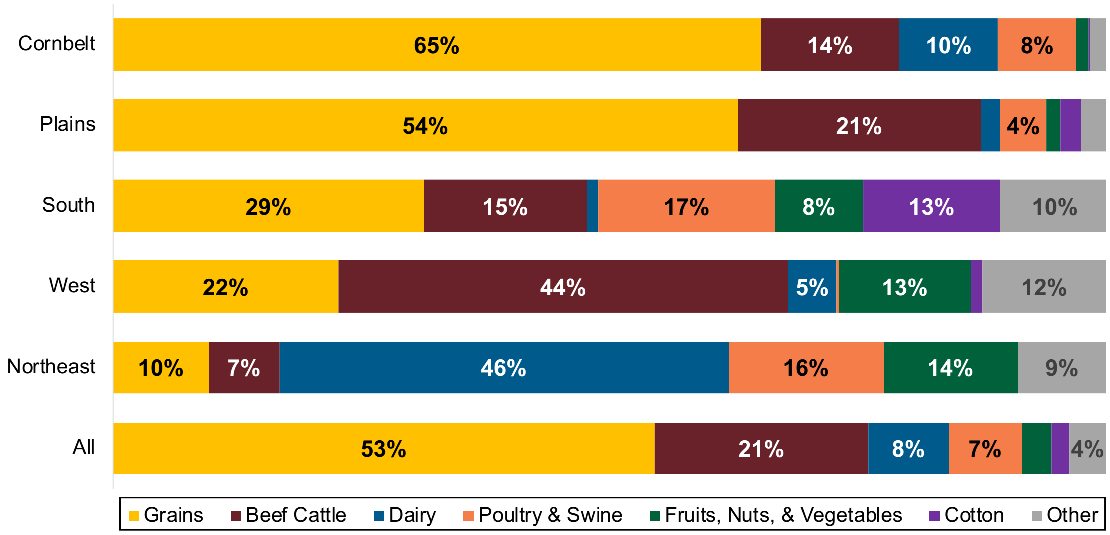
Nearly 500 agricultural lenders completed the ABA-Farmer Mac Agricultural Lender Survey in August. The responses came from a diverse set of institutions, ranging from those with under $50 million in assets to those with more than $1 billion in assets. More than three-fifths of the responses came from lenders at institutions with $500 million or less in assets (61%). Regionally, the responses were somewhat concentrated in the Cornbelt and Plains (55% and 26%, respectively), which is expected given the high proportion of agricultural production and lending in those states.

ABA Regions



Lender portfolios tended to be highly concentrated in grains and cattle, with some diversity by region. Respondents in the West reported a higher percentage of cattle. Lenders responding from the South reported a higher percentage of cotton and a relatively higher proportion of poultry, swine and other crops. These portfolio weights align with regional productive capabilities.

Lender Portfolios Vary by Region

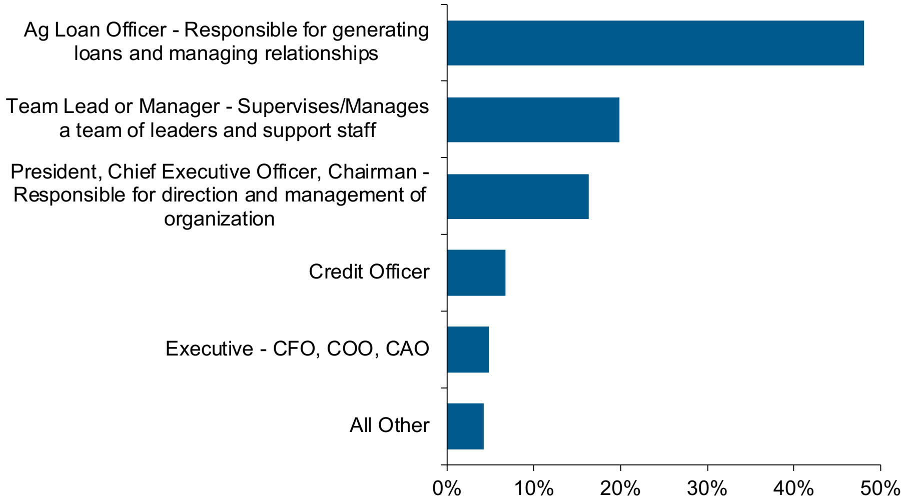


Source: ABA-Farmer Mac Agricultural Lenders Survey August 2020

Mean response to Q5: What percentage of your agricultural credit portfolio is in the following?

Survey respondents had a variety of roles at their respective institutions. The most common title or role reported was an agricultural loan officer (48%). Others reported team manager roles, senior executives and credit officers.

Survey Respondent Job Responsibilities



Source: ABA-Farmer Mac Agricultural Lenders Survey August 2020

Mean response to Q36: What is your primary role at your institution?

About ABA and Farmer Mac

The American Bankers Association is the voice of the nation's $21.1 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard $17 trillion in deposits and extend nearly $11 trillion in loans.

Farmer Mac is a vital part of the agricultural credit markets and was created to increase access to and reduce the cost of capital for the benefit of American agricultural and rural communities. As the nation's premier secondary market for agricultural credit, we provide financial solutions to a broad spectrum of the agricultural community, including agricultural lenders, agribusinesses, and other institutions that can benefit from access to flexible, low-cost financing and risk management tools. Farmer Mac's customers benefit from their low cost of funds, low overhead costs and high operational efficiency. They are often able to provide the lowest cost of borrowing to agricultural and rural borrowers. For more than three decades, Farmer Mac has been delivering the capital and commitment rural America deserves. Additional information about Farmer Mac is available on Farmer Mac's website at **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.

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