2026 AGRICULTURAL LENDER SURVEY RESULTS



FARMER MAC
Accelerating Rural Opportunities®

American Bankers Association®

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Key Takeaways

- **Profitability expectations** – Nearly 75% of lenders reported farm profitability declined among their borrowers this year relative to last. Still, lenders projected that 60% of their borrowers would be profitable in 2026, though estimates varied by region and industry, and government payments have been a major driver.
- **Top lender concerns for producers** – Liquidity remained the top lender concern for the fourth consecutive year, highlighting the perennial importance of working capital. Inflationary pressures rose by the largest magnitude in this year's results, as higher energy prices lifted input costs.
- **Top overall concerns for lenders** – The No. 1 concern facing lending institutions in 2026 was credit quality and agricultural loan deterioration. Lender competition and interest rate volatility were the second- and third-greatest overall concerns, respectively.
- **Sector concerns** – Like last year, lenders reported a stark contrast between crop and livestock profitability in this year's survey, which influenced concerns. Crop sector concerns varied regionally, as some permanent crops in the West have experienced a sharp rebound in profitability.
- **Credit quality** – Survey respondents reported that ag loan delinquencies and charge-offs continued to increase in 2026. Lenders expect credit quality to deteriorate further over the next 12 months, as some farmers may continue to face tighter profitability. Still, credit standards remain stable, with a smaller share of lenders planning to tighten underwriting standards and loan terms.
- **Loan demand** – According to the diffusion index, demand for loans secured by farmland and agricultural production loans rose in 2026. Higher operating costs have raised ag borrowers' credit needs. Respondents anticipate that loan demand for both categories will increase further over the next 12 months.
- **Land value and cash rent expectations** – Lenders reported that farmland values inched modestly higher in 2026 despite several headwinds. Looking ahead, most lenders expect little to no change in farmland values or cash rents over the coming year.
- **Loan approval rate** – Lenders reported an average agricultural loan application approval rate of 82% for new loans in the 12 months leading up to August 2026 and expect the approval rate for renewal requests to be 88% over the next 12 months.

Introduction

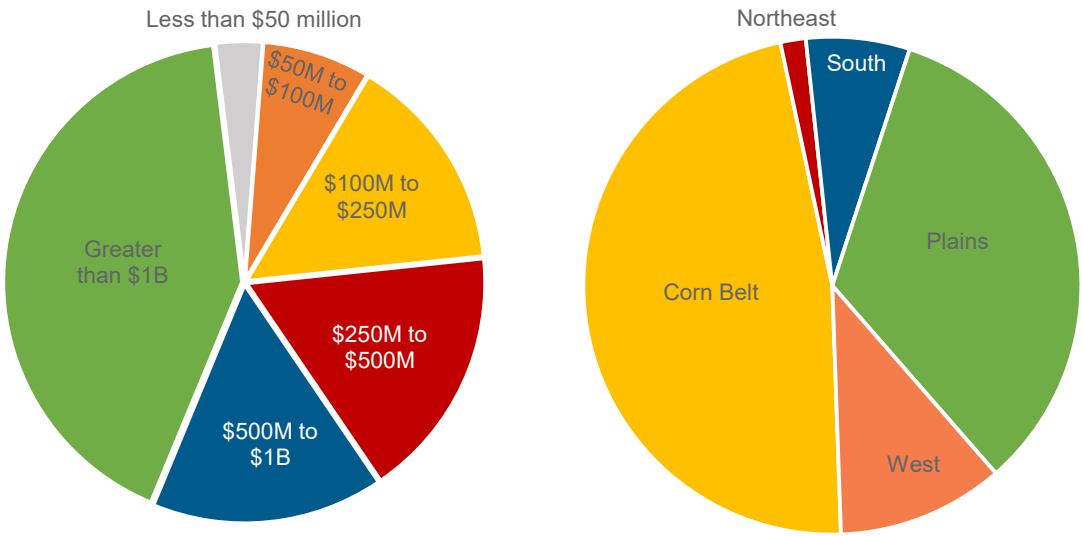
Agricultural lenders can provide a unique outlook on circumstances in the farm economy. Farmers and farm businesses that use short- or long-term financing are routinely required to present financial updates to their loan officers, giving lenders a distinct opportunity to evaluate conditions in their 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 13 and August 17, 2026. More than 600 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.

The results reflect the opinions and estimates of respondents. They are not forecasts or predictions by ABA or Farmer Mac, are not a guarantee of future results, and may not be representative of all agricultural lenders. In this report, "lenders" and "respondents" refer to the survey respondents. All percentages, averages, rankings and index readings attributed to lenders or respondents reflect their survey responses.

Respondent Size and Primary Market Region



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026

Agricultural Economy

Farm Income and Profitability

Farm profitability diverged sharply across sectors and regions in 2026, a common theme throughout the survey responses. At the highest level, the USDA raised its outlook for overall farm incomes in 2026, projecting Net Cash Farm Income (NCFI) will increase for the second consecutive year. The upward momentum is almost solely attributable to new record highs for cattle prices and government payments to producers. At the same time, lenders reported a challenging farm profitability environment across several agricultural sectors in 2026. The bifurcation in profitability across sectors continues a major 2025 theme. Lender concerns and expectations varied dramatically again in this year's responses, largely based on the crops or regions they predominantly lend in.

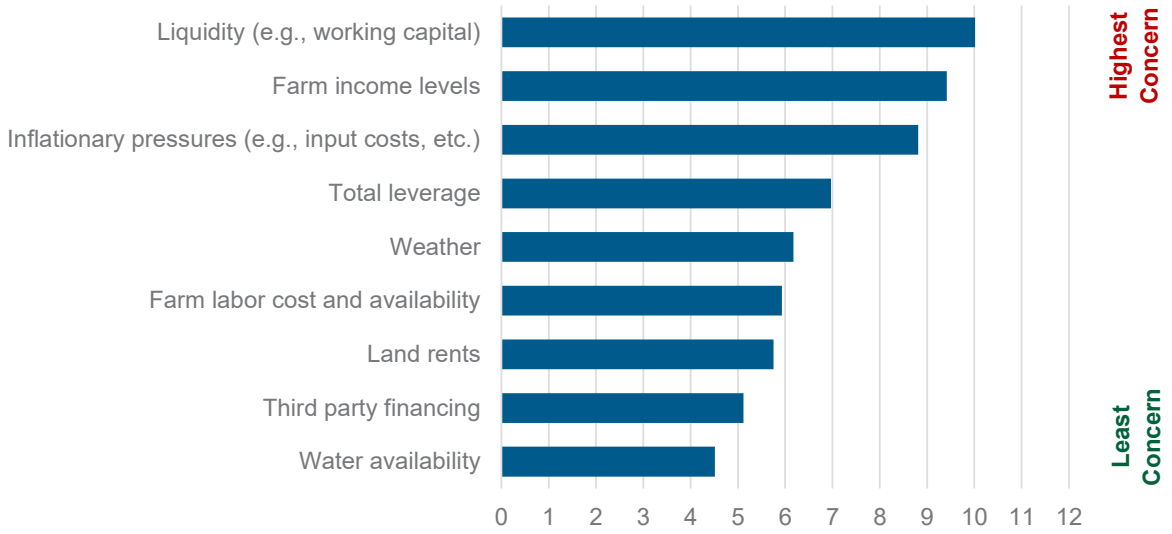
Consistent with last year's results, lender concerns remain focused on liquidity in 2026. In fact, this concern has remained front of mind for lenders on a perennial basis. Borrower liquidity has ranked among lenders' top two concerns for the past decade, even during the historic farm income spike of 2021-2022. While concerns such as inflation, tariffs and commodity prices may rise and fall with the economic environment, adequate liquidity remains a foundational component of successful farming operations and lending relationships alike.

Beyond the recurring top concerns, lender concern levels did jump for several other factors in 2026. Inflationary pressures rose by the largest magnitude in this year's results, likely reflective of the spike in energy prices this year that has filtered through into higher farm input costs. Indeed, USDA data shows fuel and fertilizer costs rising 29% and 15% in 2026 relative to last year. However, because many producers pre-booked inputs ahead of the spring price spike, the USDA's figures may not reflect the full magnitude of the increase in retail prices. Lender concerns may therefore reflect expectations that agricultural producers will face higher prices going forward, rather than the effect on this year's financial results.

Weather conditions also jumped as a concern this year. Drought conditions intensified across much of the U.S. in 2026, and importantly, during the mid-summer survey period. Affected regions included several Western and Southern states, with dry conditions also spreading across much of the Western Corn Belt. The lack of precipitation led to water restrictions in Western states that rely on numerous reservoirs for irrigation and other water use. In the central U.S., crop conditions deteriorated amid intense heat and limited precipitation. USDA crop condition reports showed a marked decline in crop quality in 2026, especially compared with 2025, when many states reported new record average yields for corn, soybeans and other crops.

Finally, lenders continue to report relatively muted concern levels about several factors. Notably, trade policy concerns dropped in the 2026 responses. Concerns about land rents also eased slightly among this year's respondents, likely reflecting cash rents that have stabilized or even declined in some areas, according to the USDA's 2026 county-level data. Interest rates represented another notable area of declining concern. However, important context is that the survey concluded before the Federal Reserve (Fed) raised short-term interest rates by one-quarter percentage point in September and before long-term interest rates surged to multi-decade highs. While it is unclear where interest rate concerns currently rank, concern levels are likely higher today than in mid-summer, when the survey was conducted.

Lenders' Top Concerns for Producers in 2026



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
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.)

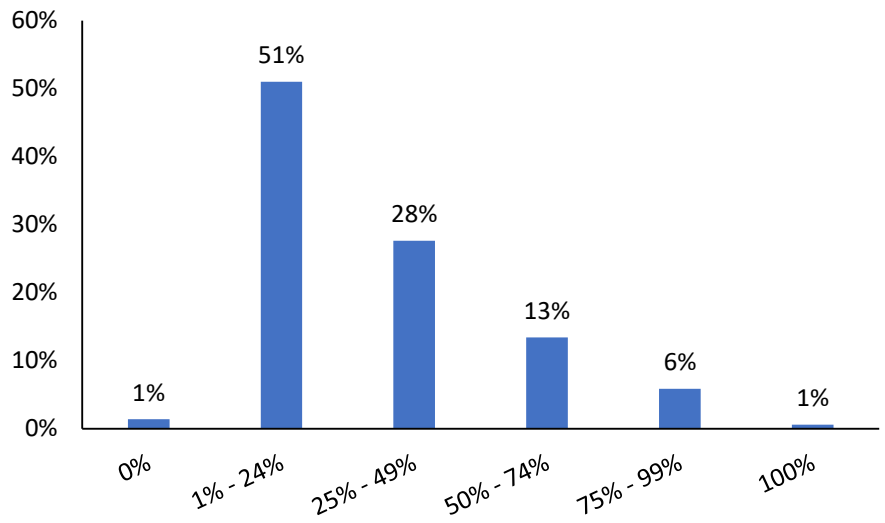
Lower concern levels about working capital this year likely reflect lenders' improved outlook for farm incomes. Respondents estimated that nearly 60% of borrowers would remain profitable in 2026, up approximately 7 percentage points relative to the 2025 survey. That figure also exceeded last year's forecast, when lenders expected half (50%) of farmers would remain profitable in 2026. The improved outlook likely reflects the upward trend in commodity prices this summer, projected record government payments and strong livestock profitability. Unsurprisingly, lenders with livestock-heavy portfolios were particularly optimistic, estimating that 66% of their borrowers will remain profitable this year, compared with 57% among lenders with crop-heavy portfolios. While the overall increase in profitability projections is encouraging, the proportion of profitable borrowers remains well below recent highs. In 2022, lenders expected more than 80% of borrowers to be profitable.

In this year's survey, lenders were slightly more pessimistic about 2027, expecting only 56% of borrowers to remain profitable next year. However, recent results suggest caution when interpreting long-term forecasts. Profitability in 2026 significantly exceeded lenders' expectations from the previous year. One reason farm profitability may have outperformed last year's expectations is the level of direct government support provided to producers. The USDA projects direct government payments will exceed $47 billion in 2026, surpassing the previous record of $46 billion in 2020.

Lenders clearly identified the importance of government payments in supporting farm incomes. Approximately 50% of lenders responded that 25% or more of their borrowers' net income was attributable to direct government payments. For comparison, only 30% of lenders responded in a similar fashion last year. Elevated government payments can be a double-edged sword for agricultural lenders. The payments have helped stabilize producer financials and may have boosted loan performance within the sector. At the same time, record government payments create challenges for underwriting future loan applications, especially when many of the payments are not guaranteed from year to year. Nearly 80% of lenders responded that they do not include expectations for future government payments in their

Reliance on Government Payments

Percentage of borrowers' net income attributable to government payments



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
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)?

underwriting if the payments are not already authorized. Nearly three-quarters (74%) of lenders responded that reliance on government payments increased in 2026, and more than two-thirds (67%) responded they expect that reliance to increase in 2027.

Finally, lenders continue to report that a growing number of borrowers supplement their farm incomes with a variety of revenue sources. An estimated 55% of borrowers, on average, engaged in revenue-generating activities not directly attributable to their farm. Similar to last year, solar, wind and hunting leases were all reported as key sources of revenue for borrowers in 2026. Producers are increasingly looking to engage directly with consumers as well. Approximately 14% of borrowers are engaging in direct-to-consumer sales of some sort, according to the 2026 lender responses. Furthermore, 7% of lenders reported having borrowers active in agritourism. While it is unlikely that any one of these activities generates the majority of a farm operation's revenue, the diversification may provide a stabilizing benefit to producer financials.

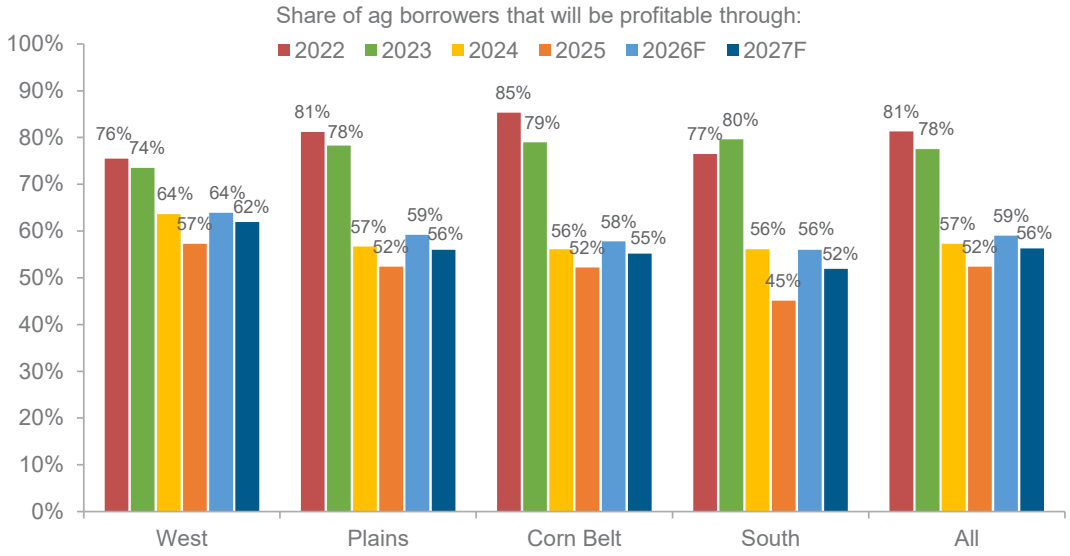
Borrower Profitability Trends

Regional variation in farm borrower profitability widened in 2026. Given the significant differences in agricultural production types across regions, it is somewhat surprising that lenders from all regions tend to estimate similar proportions of profitable borrowers each year. For example, the lowest estimated proportion of profitable borrowers in 2023 was in the West at 74%, while the highest was in the South at 80%. This occurred despite these regions producing vastly different agricultural commodities. Regional variation was slightly more pronounced in 2026. Lenders in the South estimated only 56% of borrowers will remain profitable in 2026, compared with 64% in the West. The regional gap may reflect a rebound in some permanent crop prices that have helped boost many Western agricultural producers. At the same time, rice, cotton and soybean producers in the South experienced significant headwinds over the past year. Farm bankruptcy data through mid-2026 shows a jump in Chapter 12 filings in Arkansas and

other Southern states. Profitability estimates in other regions fell between these two extremes, likely reflecting strong livestock profitability alongside tighter margins for crop producers.

While profitability expectations improved in 2026, lenders remain somewhat cautious about the year ahead. Survey respondents expect approximately 56% of borrowers to remain profitable in 2027, down slightly from the 59% estimate for 2026. In last year's survey, respondents projected that only 50% of borrowers would be profitable in 2026. However, government payments have been a significant factor in borrower profitability this year. As such, the projected decline in borrower profitability next year may simply reflect uncertainty about several factors, including new trade deals and future government payments. Ultimately, 75% of respondents reported a decline in overall farm profitability in 2026, and only 5% predict an increase in 2027.

Ag Borrower Profitability by Region



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Mean response to Q3.18/19: What percentage of your ag borrowers will be profitable through 2026/remain profitable through 2027?

While expectations for borrower profitability varied across regions, expectations for future loan demand were quite clear. Approximately 43% of lenders expect ag loan demand will increase over the coming year, with less than 7% expecting it to decline. Farm debt has trended generally higher through time, but demand has historically accelerated during periods of tighter farm sector profitability. This historical pattern closely aligns with lenders' projections for the coming year. An erosion of working capital over the past several years, as reported by lender responses, is expected to lead some producers to seek new or additional loans.

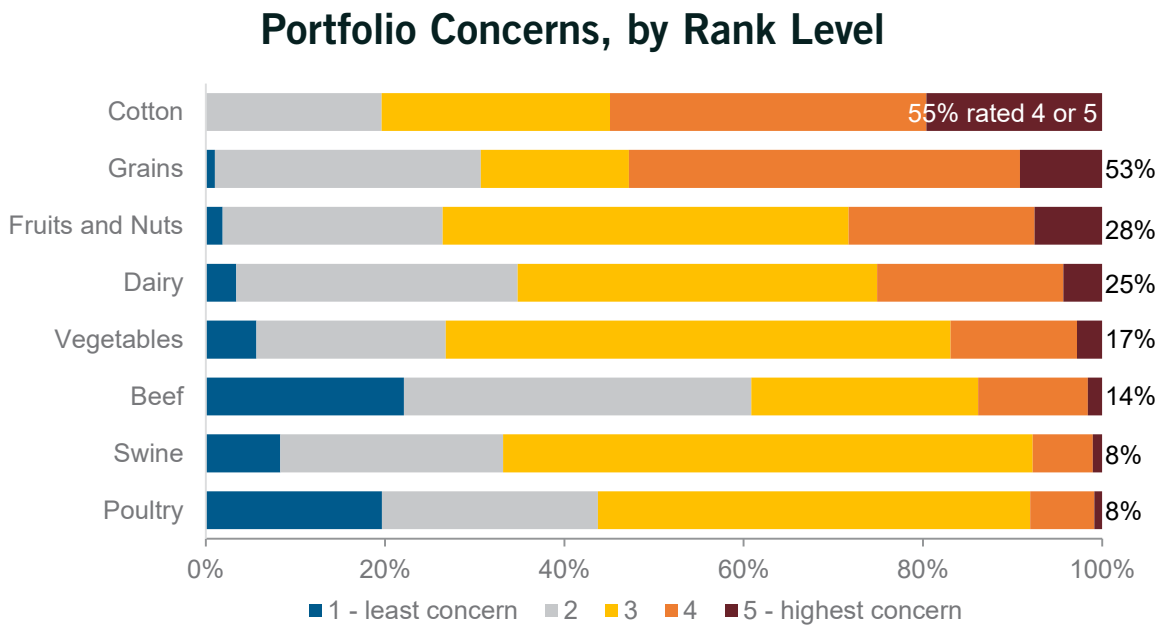
Commodity-Specific Concerns

As is often the case, lender concerns about individual commodities tended to reflect market conditions and price trends in 2026. Overall, lenders remained more concerned about crop producers than livestock operations. This is consistent with survey results published by the Fed showing stronger profitability expectations for livestock producers than crop producers.

Cotton emerged as the top commodity concern for the first time in 2026, surpassing grains, which held the top spot in last year's survey. In fact, among lenders with cotton exposure in their portfolio, none ranked cotton as their lowest concern, while 55% ranked it as their first or second-highest concern. U.S. cotton markets remain under significant pressure from intense export competition, elevated inventories, and a strong U.S. dollar. Cotton prices have been tepid and have struggled to keep pace with elevated input costs.

Grains also remained a major concern, although sentiment improved modestly this year. Approximately 53% of lenders reported being very or extremely concerned about grains, down from 69% in last year's survey. The modest improvement may reflect a slight rebound in prices this year. Moving the opposite direction on the concern list was dairy, where 25% of lenders reported heightened concerns. While the dairy sector is notoriously cyclical, concern levels were relatively muted last year due to elevated dairy prices and record prices for cull cows and dairy calves. Historic beef cattle prices continue to support cull cow and dairy calf prices in 2026; however, increasing U.S. dairy production has begun placing downward pressure on milk prices, contributing to lender concern.

This year's survey also revealed some counterintuitive developments. For example, concern levels for the beef sector increased slightly despite feeder cattle prices reaching new record levels in recent years. Several possible explanations exist for this development. One factor may be the outbreak of New World screwworm in Mexico, which spread into Texas mid-year and induced significant uncertainty into cattle markets. Elevated concern may also reflect conditions facing beef feedlots. Feedlot operators have endured a volatile profitability environment over the past several years due to elevated feeder cattle and feed costs and, in some cases, a reduced ability to source cattle from Mexico.



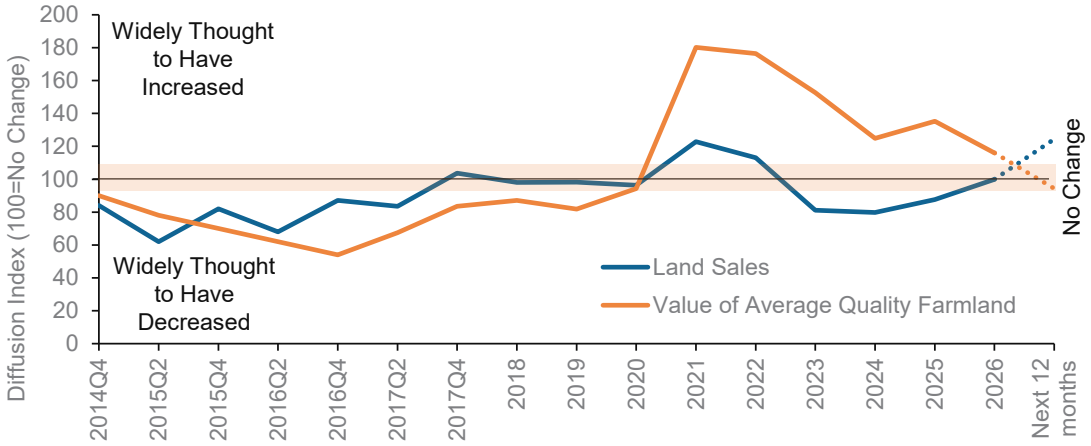
Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Mean response to Q16: Please rate your relative concern for [commodity] in your areas, with 1 being the least concern and 5 being the highest concern.

One result of tighter profitability conditions is expectations of increased loan demand. Nearly 82% of responding lenders indicated they expect farm debt to increase over the next year. 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.

Land Values and Cash Rents

For the fifth consecutive year, lenders reported that farmland values increased in 2026. The Diffusion Index of Land Sales and Values chart, shown below, reflects sentiment regarding land sale activity and the value of average-quality farmland. The 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 2026 survey indicate that farmland values continued to rise in 2026, and a smaller share of lenders reported increases compared to 2025.

Diffusion Index of Land Sales and Values



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
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?

Lender perceptions of rising values align with several other indicators of farmland market conditions. The USDA's annual Land Values report, based on survey data from farmland owners, showed values increased 3.4% nationally in 2026. Likewise, regional reports from multiple Federal Reserve districts also pointed to higher farmland values midway through the year. Farmland transaction data tell a similar story. The Farmer Mac Farmland Price Index (Bloomberg: FAMCFPI) reported that the national average transaction price for farmland increased 5% through the first half of 2026 compared to last year.

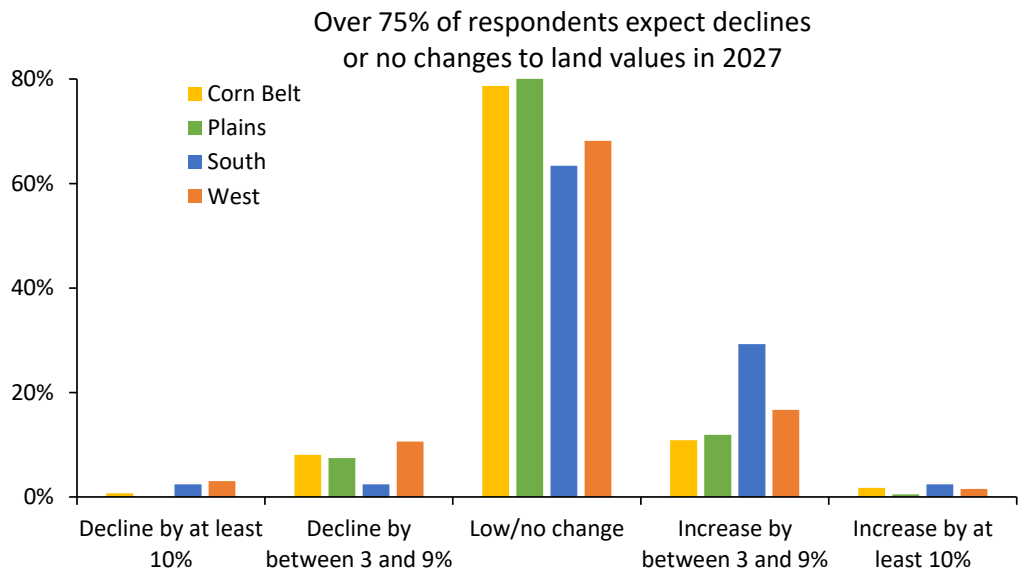
While the diffusion index shows farmland values moved modestly higher in 2026, the predominant expectation among lenders is that farmland values will fall modestly over the next year. Several factors may contribute to that outlook. Interest rates remain elevated in 2026 compared to levels

seen several years ago. Data from the Kansas City Fed show that the average interest rate on farm real estate loans began trending lower over the past year as producers selected loans with shorter interest rate reset periods following reductions in the federal funds rate. However, it remains unclear whether the downward trend in interest rates will continue. The bond market experienced heightened volatility in the second half of 2026, leading to higher long-term rates, while the Fed raised short-term interest rates in September 2026.

Expectations of increased farmland sales over the next 12 months may also weigh on future land values. The diffusion index shows lenders reporting fewer farmland sales from 2023 through 2025 before stabilizing in 2026. If sales increase as expected, a larger supply of land for sale could limit future farmland value appreciation.

Even with these headwinds, lenders overwhelmingly expect little to no change in farmland values over the next 12 months. Across every region, most respondents projected only modest movement in land values, if at all. More than 80% of Plains lenders expect farmland values to range between a 3% decline and a 3% increase. While the percentage of lenders was somewhat lower in other regions, this range was the clear favorite in the 2026 survey. In fact, agreement around stable farmland values is unprecedented in the history of the survey, which may reflect a balance of continued demand for farmland and moderate economic headwinds.

Range of Expected Land Value Changes in 2027



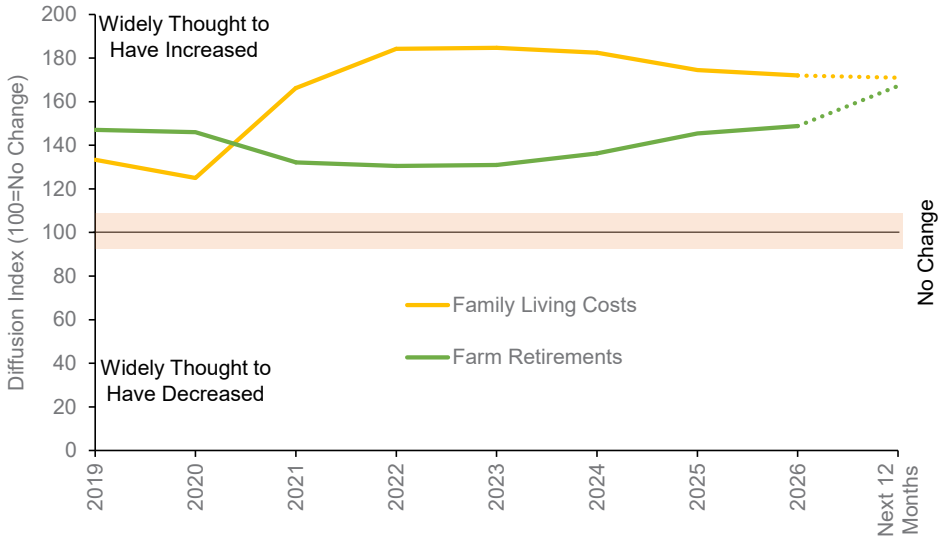
Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Mean response to Q3.13: Looking forward over the next 12 months, how much do you expect the value of average quality farmland will change in your local service area?

Lenders expect cash rental rates to follow a similar path. Two-thirds (66%) responded that cash rental rates will remain flat over the coming year, with the remainder evenly split between expectations for increases and decreases. Notably, in last year's survey, nearly one-third (32%) of

lenders projected declining cash rental rates, yet only 10% reported actual declines in 2026. This underscores the stickiness of cash rental rates, which can rise quickly during periods of strong net farm income, but adjust more slowly when profitability weakens.

Rising family living costs continue to weigh on farm financial conditions. Nearly three-quarters (73%) of lenders reported an increase in family living costs during 2026. Living costs generally trend higher over time, as confirmed by USDA data and broader inflation readouts. However, data from several land-grant universities show farm family living costs have historically moved somewhat in tandem with spikes and declines in farm incomes. Family living costs spiked alongside farm incomes in 2021, but according to responding lenders, they have yet to meaningfully retreat through 2026. This might reflect broader inflation trends that have remained above the Fed's target for the past several years. Looking ahead, only 1% of responding lenders expect family living costs to decline over the next year, while 72% expect an increase, reflecting respondents' expectation that family living costs will continue to rise.

Diffusion Index of Family Living Costs and Farm Retirements



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026.
Prior to 2016Q4, results from Farmer Mac internal surveys provided for trend. Mean response to Q21/Q2: 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?

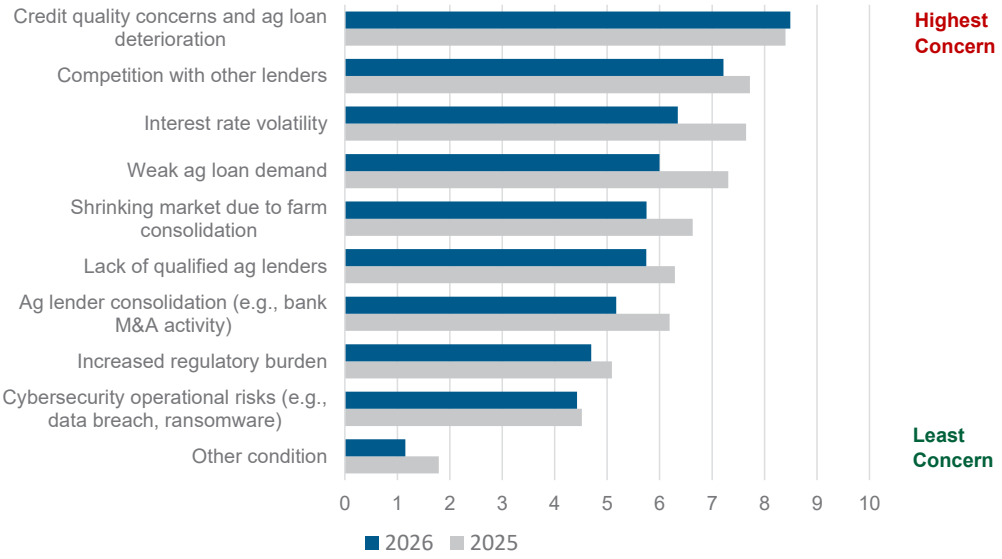
Farm retirements continued to increase in 2026. The retirement wave partly reflects the aging of U.S. farm operators as reported by the USDA. According to the most recent USDA Census of Agriculture, the average age of U.S. farmers has increased by approximately four years since the 1990s, with more than 39% today eclipsing the benchmark retirement age of 65. At the same time, retirement decisions may also reflect the challenging profitability environment within some agricultural sectors. There was a pullback in lenders reporting an increase in farm retirements in 2021 and 2022 when farm incomes spiked, before trending higher ever since. In 2026, half of lenders (50%) reported an increase in farm retirements. Looking ahead, just over two-thirds (67%) of lenders expect an uptick in farmer retirements. This trend could create both challenges and opportunities for farm succession planning and lender-borrower relationships.

Agricultural Lenders

Lender Sentiments

As their borrowers continue to face financial pressures, survey respondents identified credit quality concerns and agricultural loan deterioration as their top concern in the 2026 survey. Persistent headwinds from elevated input costs and softer commodity prices have heightened concerns about borrower performance and their capacity for repayment. Competition with other lenders and interest rate volatility ranked second and third, respectively. In contrast, increased regulatory burden and cybersecurity and operational risks were viewed as the least pressing concerns in 2026.

Top Concerns Facing Agricultural Lenders in 2026



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Mean response: Please rank your relative level of concern for the following conditions facing your institution 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 greater concern.)

Overall rankings remained unchanged from the 2025 survey, though credit quality and agricultural loan deterioration became a more dominant concern, with the gap between the top-ranked issue and all other concerns widening noticeably. Credit quality and agricultural loan deterioration remained the chief concern for lenders in 2026 for the third consecutive year and was the only category to receive a higher average ranking than in 2025. Higher production expenses have squeezed profitability for many producers, with grain producers facing pressure from lower commodity prices. With persistent inflation and expectations for higher rates, lenders expect credit quality to deteriorate further over the next 12 months.

Lender sentiment varied by both commodity concentration and region in 2026. While commodity prices improved modestly in 2026, overall profitability remains challenging for crop farmers. Concerns about credit quality were more pronounced for lenders concentrated in grains. Among lenders whose portfolios were at least 75% grain-related, 51% identified credit quality as their No. 1

concern, compared to 44% of lenders whose grain exposure was below 50%. Concern was greatest in the South region, where the median bank ranked credit quality as their top concern. In the Corn Belt, Plains and West regions, the median bank ranked it second. Concern for credit quality was lowest in the Northeast region, where the median bank reported it fourth.

Lender competition remained the second-most significant concern overall in 2026. The Farm Credit System (FCS) was most often identified as the primary competitor for agricultural lending business, ranking among the top two competitors by more than 92% of respondents. According to the USDA farm sector balance sheets, FCS held almost half (48%) of all outstanding farm debt in 2025, up from 41% in 2017. Community and regional banks ranked second and third, respectively, while vendor financing moved to fourth. At the same time, a growing share of lenders reported that vendor and supplier financing continues to increase, with over 63% of lenders reporting increases over the previous 12 months and 70% of respondents expecting it to increase further next year.

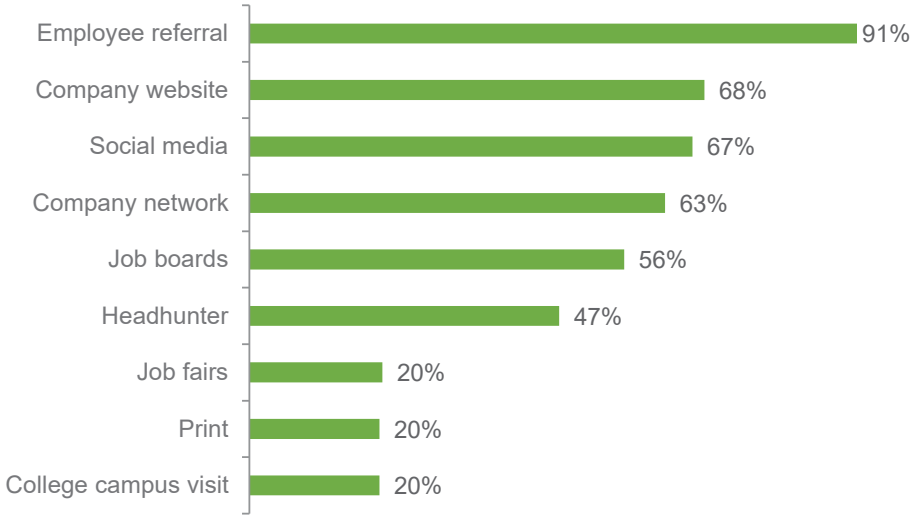
Respondents generally anticipated interest rates would increase over the next 12 months when the survey closed in August 2026, prior to the 25 basis points hike at the September Federal Open Market Committee meeting. Looking ahead, respondents expect borrowing costs to remain elevated or move higher as persistent inflationary pressures and economic uncertainty limit the scope for monetary easing. More than 93% of respondents expect both short- and long-term interest rates to either remain unchanged or increase over the coming year. For agricultural producers, a higher interest rate environment adds to existing financial pressures already facing the sector. Higher rates increase the cost of financing operating expenses, land purchases, and equipment investments that have already seen nominal price increases, while also placing additional pressure on highly leveraged borrowers. As a result, many lenders expressed concern that tighter financial conditions could contribute to further deterioration in agricultural credit quality.

Although concern about agricultural loan demand eased in 2026, it remained the fourth-highest concern cited by lenders. Concerns regarding demand were particularly concentrated among the smallest institutions, where agricultural lending often represents a significant share of business activity and local economic conditions can have a pronounced impact on borrowing needs. Respondents also continued to express concern about consolidation within the agricultural sector, both among farm operators and financial institutions. To help manage interest rate risk, liquidity needs, borrower concentration and portfolio growth objectives, lenders responded that their use of secondary market outlets increased in 2026. This trend was evident in the 2026 survey results. Seventy-two percent of survey respondents reported using Farmer Mac as a secondary market for agricultural real estate mortgages and USDA guarantee loans.

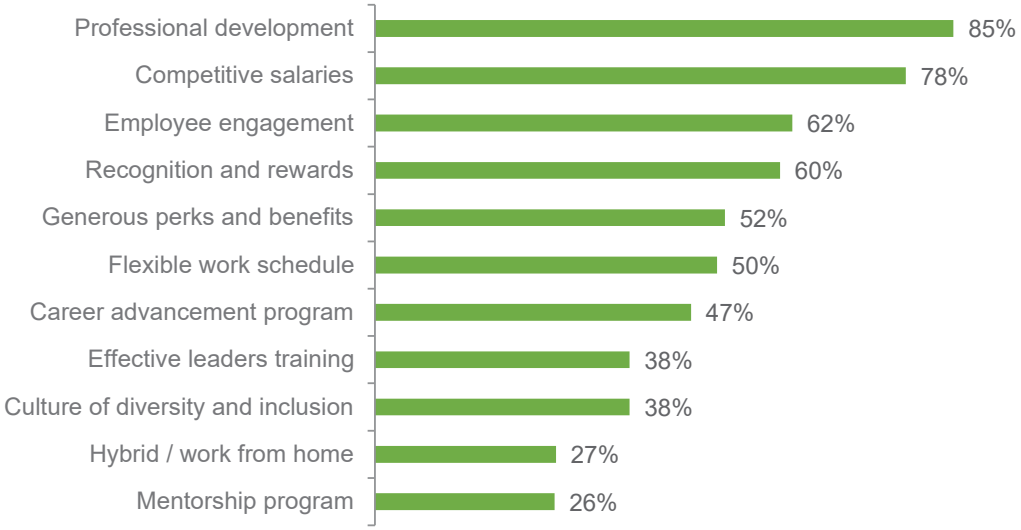
Concerns regarding regulatory burden have eased in recent years, ranking eighth among agricultural lender concerns in 2026. Despite ongoing compliance requirements, most respondents reported positive working relationships with their primary regulators. Nearly 80% rated their relationship with their primary regulator as either a four or five on a five-point scale, a result that was consistent across institutions of varying sizes. At the same time, respondents expressed a milder assessment regarding regulators' familiarity with the agricultural sector. On average, lenders rated regulators' understanding of agriculture 3.2 out of 5, up slightly from 3.1 the prior year, and nearly 20% of respondents assigned a rating of 1 or 2, down from 23%. These results suggest that relationships between agricultural lenders and their regulators remain generally constructive, while also highlighting opportunities for continued dialogue regarding the distinctive risks, operating cycles, and market dynamics of agricultural lending.

Workforce challenges also remained a persistent concern as lenders prepare for significant turnover in the years ahead. Survey respondents projected a 26% turnover rate among agricultural lending staff over the next five years, highlighting ongoing recruitment and retention challenges. Employee referrals, company websites, social media and professional networks were the most commonly cited recruitment tools. Retention efforts focused primarily on professional development, competitive compensation, employee engagement, recognition programs and attractive benefits packages.

Talent Recruitment Strategies



Talent Retention Strategies



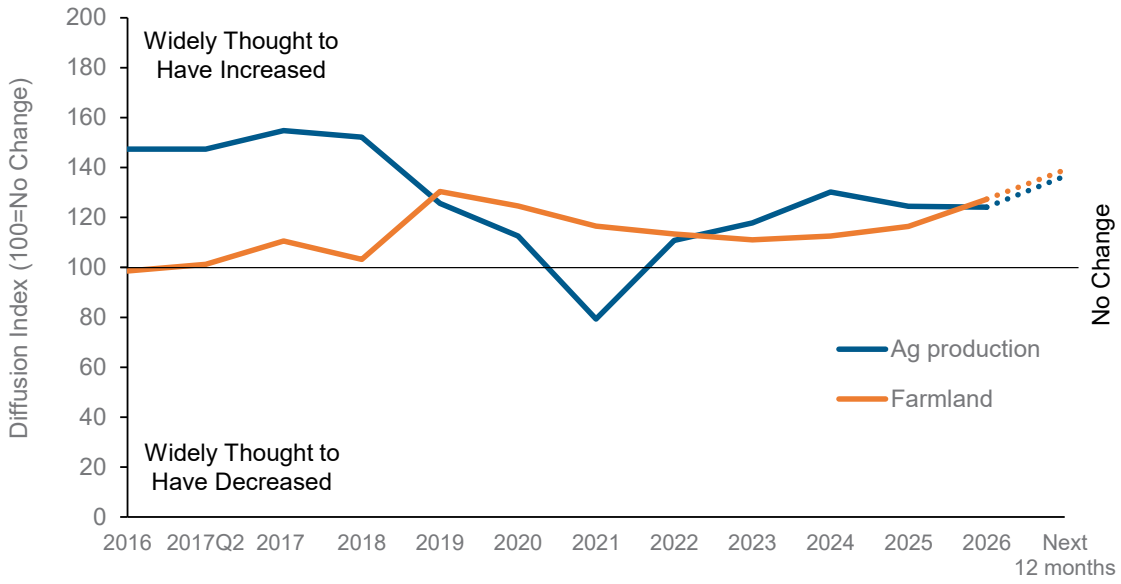
Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Mean response: Which of the following methods does your organization use to recruit/implement to retain employees? Select all that apply.

Lending Conditions

Many of the pressures affecting the farm economy in recent years persisted in 2026, and respondents reported that conditions have become increasingly challenging. Coming out of several years of reduced profitability, liquidity buffers have diminished and more producers are relying on government assistance and guaranteed loans to fund higher operating expenses. In addition, there is an increasing trend of refinancing existing obligations. These factors supported continued growth in agricultural loan demand despite a more cautious credit environment. Demand for both agricultural production loans and loans secured by farmland increased during the past year, reflecting producers' ongoing financing needs and the continued availability of collateral through resilient farmland values. Looking ahead, lenders expect credit demand to remain elevated over the next 12 months as producers navigate another year of compressed margins, and many lenders anticipate tightening underwriting standards in response to rising credit quality concerns.

Demand for agricultural lending remained strong in 2026 as farm businesses increasingly relied on debt to offset reduced working capital. Four out of five lenders (82%) reported that farm debt increased over the past 12 months. This is consistent with the USDA's 2026 forecast, and respondents reported similar experiences across institution sizes and loan concentration, suggesting that borrowing needs increased broadly across the sector. Through the end of the year, the agency projects farm real estate debt will increase 4.6% in nominal terms and 1.6% in inflation-adjusted dollars relative to 2025. Other farm debt is expected to increase 4.4% in nominal terms and 1.4% when adjusted for inflation. Lower working capital may require many producers to turn to credit to meet their financing needs. Looking ahead, 83% of lenders expect farm debt to increase further over the next 12 months.

Diffusion Index of Ag Loan Demand



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Mean response: 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?

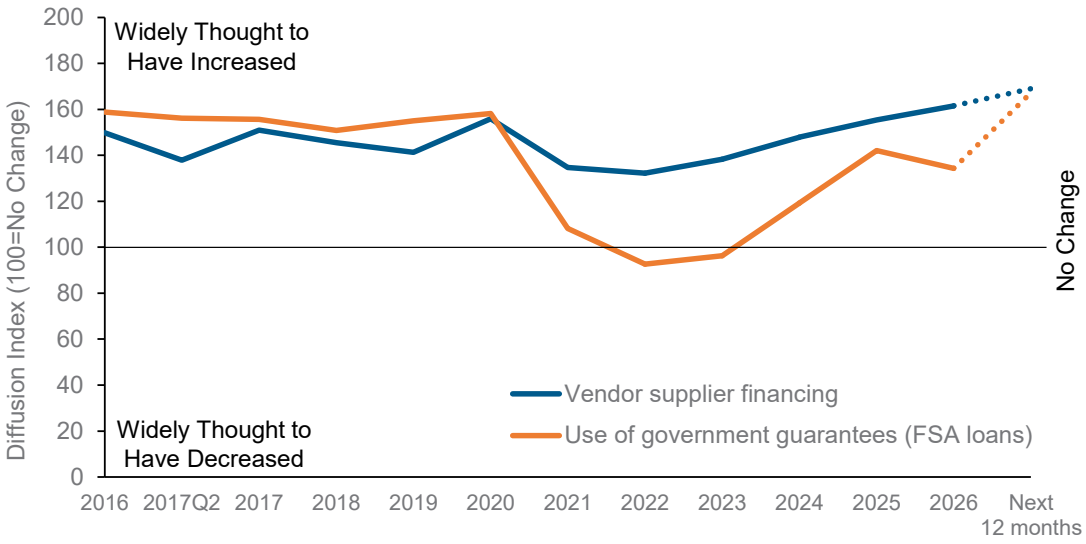
The diffusion index for agricultural production loan demand registered at 124 in 2026, virtually unchanged from 2025 and indicating continued expansion in borrowing activity across the agricultural sector. Although the pace of expansion has moderated since 2024, lenders continued to report solid growth in agricultural lending over the past 12 months. Even so, current growth remains below pre-pandemic norms, when the index averaged 145 between 2016 to 2019. Current growth, while healthy, has not fully regained the strength observed prior to recent shocks.

Survey results also revealed a strong relationship between loan demand and institution size. Larger agricultural lending respondents reported the most robust increases in production loan demand, likely reflecting greater exposure to larger farming operations and broader geographic markets. Smaller institutions generally reported growth as well, though at a more modest pace. Demand for farmland loans was stronger and more broad-based, with lenders of all asset sizes reporting strong growth.

With respect to borrower size, over two-thirds (72%) of responding lenders reported borrower loan size was not a strategic focus of their institution. This underscores that most respondents continue to prioritize relationships and market-based growth, regardless of operation size. At the same time, nearly 28% of responding lenders indicated loan size is a strategic focus their institutions are actively working toward. However, of that subset, 14% indicated that while they are targeting larger borrowing relationships, they face challenges in executing that strategy.

There was slight variation in reported loan demand across regions. Growth in agricultural production loan demand was most pronounced in the Plains (125) and Corn Belt (131), while the Northeast (110) and West (108) reported more moderate growth. Respondents from the South region reported flat performance over the past year (100). For farmland loans, overall demand remained healthy in every region, with the Northeast (110) reporting the softest increase.

Diffusion Index of Select Observations



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Mean response: 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?

Looking ahead, lenders remain optimistic about the agricultural credit environment, with loan demand expected to strengthen further over the next year. The diffusion index for expected agricultural production loan demand over the next 12 months registered 137, while the outlook index for farmland loan demand came in at 139, both firmly in expansion territory. More than 43% of respondents expect total agricultural lending to increase in the next 12 months. Future expectations generally mirrored current regional trends, with anticipated demand for agricultural loans strongest in the Plains (144) and Corn Belt (143). In contrast, lenders in the South reported a more subdued outlook, with an index reading of 110. Despite these regional differences, respondents expect continued growth in agricultural lending activity in 2027.

Respondents continued to report solid growth in vendor and supplier financing and steady increases in government-guaranteed loans. The diffusion index for vendor and supplier financing in 2026 registered a record high of 162, up 6 points from the previous year and the highest level in the survey's history. The increase suggests producers are increasingly relying on vendor-provided credit and alternative financing sources to meet growing liquidity needs. Lenders expect this trend to continue in 2027, with 70% of respondents anticipating an increase in vendor and supplier financing over the next 12 months and only 1% expecting a decline. These results indicate that vendor financing is likely to remain an important source of liquidity for agricultural producers.

A key dynamic behind government-guaranteed lending is the relationship between direct government assistance and producers' borrowing needs. During the pandemic, producers received unprecedented levels of direct and emergency government support, including relief payments and other assistance programs. These payments strengthened farm cash flows and, in many ways, reduced the need for additional credit or government-guaranteed loans. As those programs expired and farm profitability weakened, demand for guaranteed lending rebounded. The diffusion index for government-guaranteed lending came in at 134 in 2026, down 8 points from the previous year but representing a substantial improvement from the contractionary readings recorded in 2022 and 2023. Over 2 out of 3 respondents (68%) expect government-guaranteed lending to accelerate further over the next year.

Just over half of respondents (51%) report that government payments only comprise a small share of their borrowers' net income (less than 25%). Still, 41% of lenders report that a moderate share (25-74%) of their borrowers' net income is reliant on these government programs. Despite the importance of these programs to farm finances, nearly 4 out of 5 respondents (79%) reported that they do not incorporate expectations for future government payments into their cash flow analysis when underwriting farm loans.

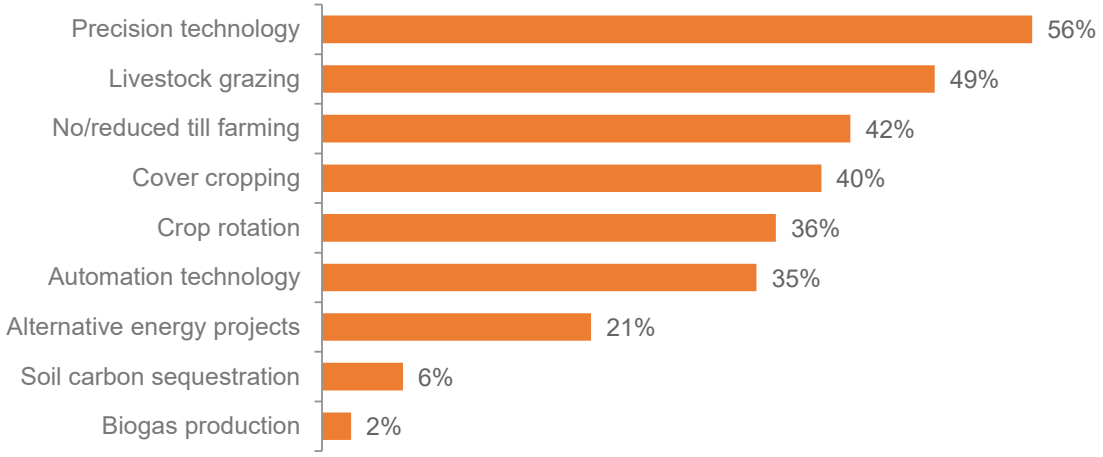
The growing use of these guaranteed loan programs highlights their role in maintaining access to capital for farmers and ranchers. Nearly 9 out of 10 lenders surveyed (88%) offer FSA-guaranteed loans. Participation in these programs allows lenders to serve a broader range of borrowers by reducing credit risk and helping producers access financing on competitive terms. Over a quarter of lenders also issue loans guaranteed by the USDA Rural Development office (27%). Of those who do, over two-thirds issue business and industry guaranteed loans (67%), almost half issue single-family guaranteed housing loans (49%) and a quarter issue community facility guaranteed loans (25%).

Over one-third of the respondents (36%) reported involvement in rural infrastructure financing in 2026, unchanged from last year but significantly higher than the 12% reported in 2024. Among participating lenders, water system projects were the most common area of financing (60%),

followed by renewable energy projects (44%). Road and transportation projects were financed by 28% of lenders, while 21% reported involvement in broadband and telecommunications initiatives. Interest in financing data center construction remained limited, with only 6% of lenders reporting related activity. Among lenders not currently involved in infrastructure financing, 38% expressed interest in participating in the future, while 51% remained uncertain.

Survey respondents also reported growing borrower interest in financing technological investments and regenerative agricultural practices. Over the past 12 months, nearly three-fifths of lenders (56%) reported receiving inquiries about financing precision technology, such as equipment guidance, automatic steering, yield monitoring or in-field electronic sensors. Almost half of lenders (49%) reported that a customer inquired about livestock grazing, and approximately 2 out of 5 lenders (40%) reported inquiries for reduced-till farming, cover cropping or crop rotation. More than one-third (35%) reported borrower interest in automation technology.

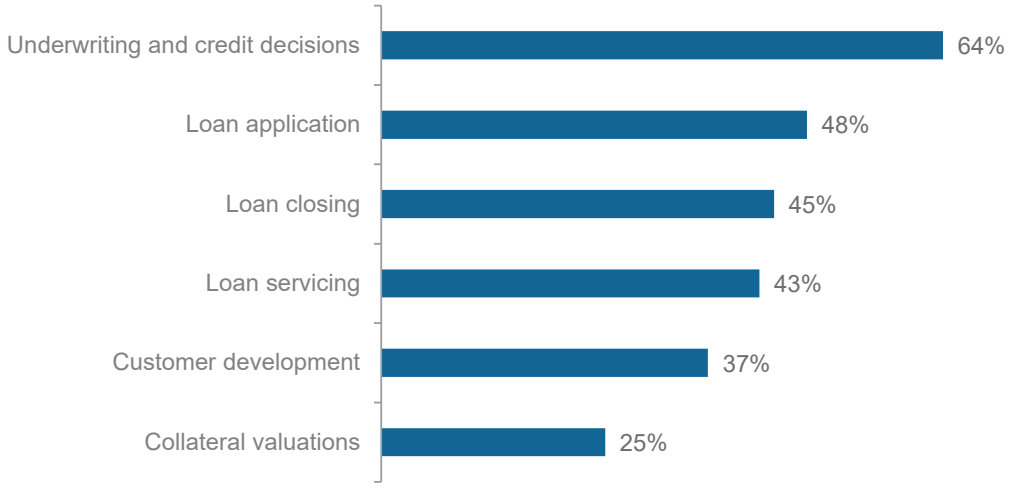
Demand for Alternative Financing Practices



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Mean response: In the last 12 months, approximately what percentage of your customers inquired about the following types of financing?

Borrowers aren't the only ones investing in technology. More than half of lenders (54%) reported that their institution implemented digitization or made technology investments in 2026. Among those institutions, 64% invested in tools to enhance underwriting and credit decisions. Loan application, closing and servicing processes were the next most common areas of investment, reflecting efforts to improve efficiency and borrower experience. Investments in customer development were also common, with 37% of respondents reporting efforts to strengthen customer outreach, relationship management and business development capabilities.

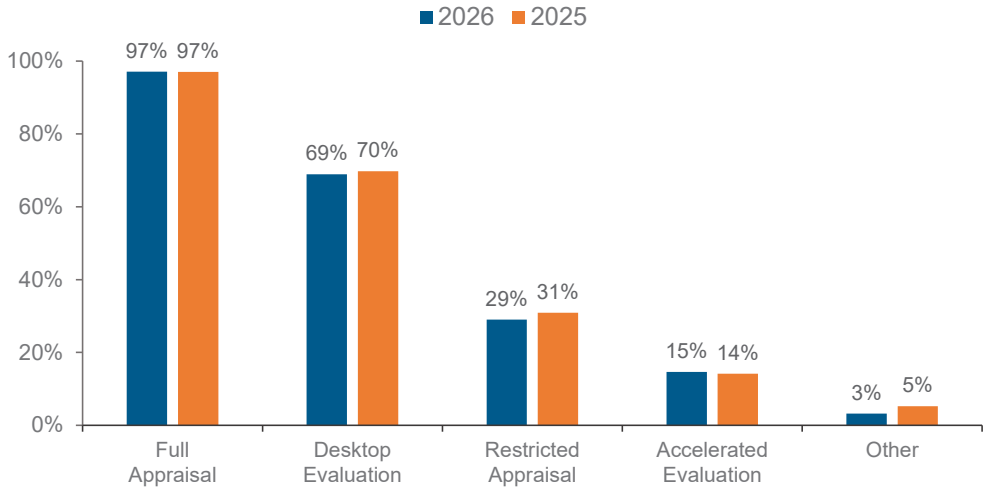
Digitization and Technology Investments



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Mean response: What aspect of the loan process have you digitized or made technology investments in over the last year?

While only one-quarter of lenders (25%) identified collateral valuation as a recent area of investment, the survey results suggest that many institutions continue to innovate in this area as part of broader efforts to modernize credit delivery. More than two-thirds of respondents (69%) reported using desktop appraisals or evaluations as an option for valuing collateral, making it the most widely adopted alternative to a traditional full appraisal. A smaller but still meaningful share reported using restricted appraisals and accelerated evaluations, highlighting a growing willingness to adopt more flexible valuation approaches when appropriate. The increased use of alternative valuation methods seems to align with a broader industry effort to streamline underwriting, as appraisals are often among the most time-consuming components of the credit-approval process.

Collateral Valuation Programs Utilized by Ag Lenders



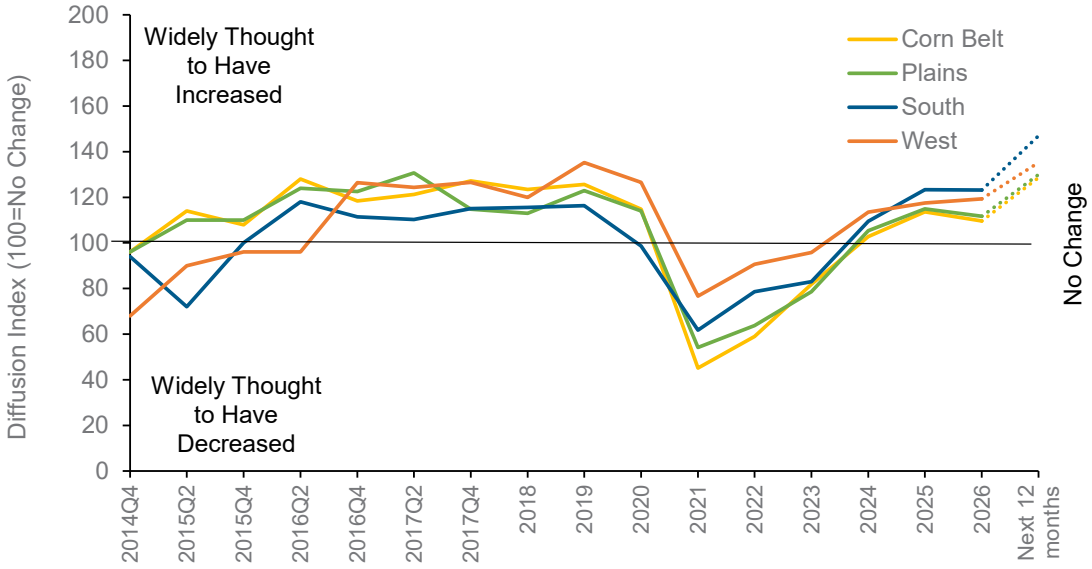
Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Mean response: What types of collateral valuation programs are used at your institution? Select all that apply.

Credit Quality

Credit quality conditions remained weak but generally stable in 2026, although several underlying indicators point to continued pressure on borrowers. Agricultural borrowers continue to face higher operating costs and weaker commodity prices, resulting in tighter profit margins and heightened concern regarding their ability to repay debt. Despite these challenges, the deterioration in credit quality was less widespread than many lenders reported a year ago. The diffusion indices for both agricultural production loans and farmland loans remained above the neutral threshold of 100, indicating that more lenders reported rising delinquency rates than declining rates. However, the majority of lenders reported that delinquency and charge-off rates for outstanding agricultural loans were unchanged in 2026, and the share reporting deterioration decreased relative to last year. For agricultural production loans, 29% of lenders reported an increase in delinquency rates, down from 34% in 2025. Among farm real estate loans, 15% of lenders reported higher delinquency rates, compared with 21% the previous year.

Despite the mild improvement, borrower performance remains under pressure and lenders maintain a cautious outlook going forward. Half of respondents (50%) expect delinquency rates for ag production loans to increase over the next 12 months, while a third (35%) expect higher delinquency rates for farmland loans.

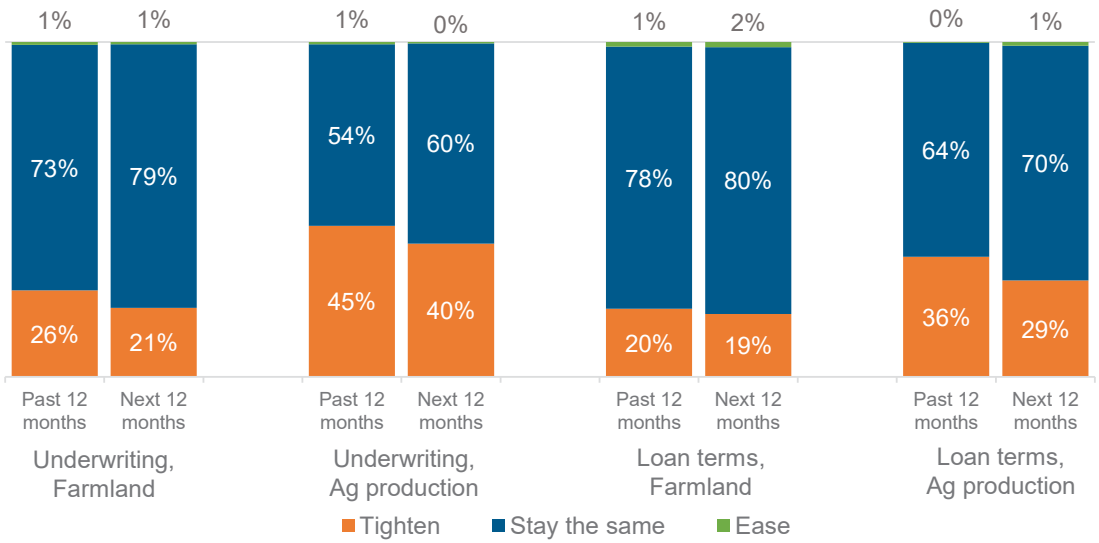
Diffusion Index for Delinquency Trends



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Prior to 2016Q4, results from Farmer Mac internal surveys provided for trend.
Mean response: 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?

Reported conditions for agricultural loan delinquencies largely mirrored regional variations in loan demand. The Corn Belt (109) and Plains (112) regions, while still seeing an increase in overall delinquencies, saw an improvement from the prior year and registered the lowest diffusion index readings. Conditions remained relatively flat in the West (119), while loan performance was weakest in the South (123).

Agricultural Credit Standards



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Share of total response: During the last 12 months (in the next 12 months) how have credit standards for the following agricultural loans changed for your institution?

In 2026, respondents continued to report tightening in underwriting standards. The trend was more pronounced for agricultural production loans, while tightening in farm real estate loans has moderated slightly relative to the previous year. Across both ag production loans and farm real estate loans, most lenders indicated that underwriting standards remained unchanged.

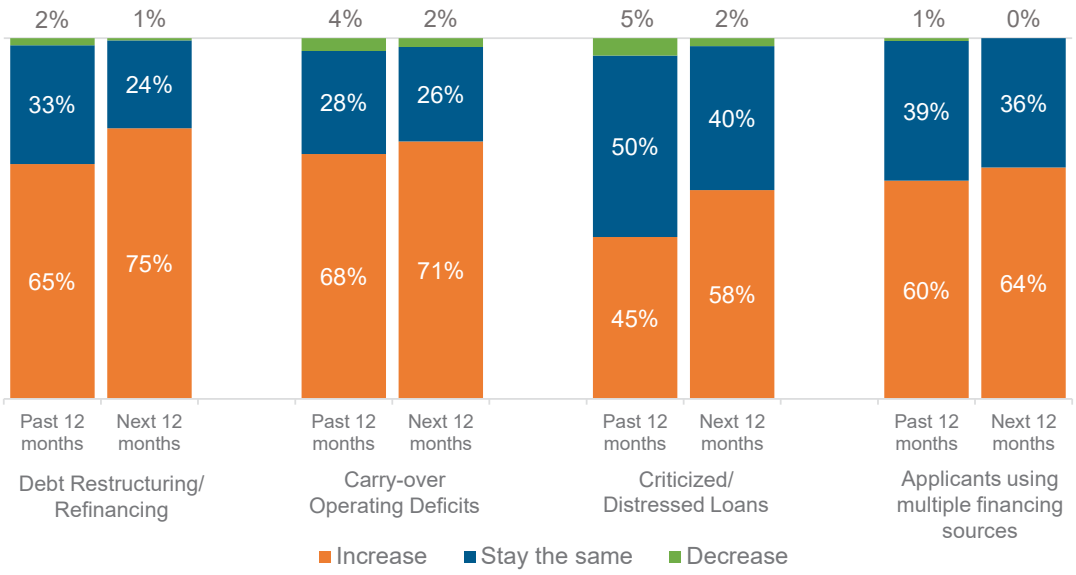
For agricultural production loans, 45% of lenders reported tightening underwriting standards during the prior 12 months, down from 49% in 2025. Even so, 2 out of 5 lenders (40%) expect additional tightening over the next year. A similar pattern emerged for farmland loans, where the share reporting tighter standards fell to 26% in 2026, from 29% in 2025. Expectations for tighter underwriting on farmland loans moderated more noticeably, with only 21% of lenders anticipating additional tightening over the next 12 months, down from 37% in 2025.

Loan terms tightened as well, with 36% of respondents reporting tightening on agricultural production loans in the past 12 months and 20% reporting tightening on farmland loans. These shares were largely unchanged from last year's survey. Looking ahead, fewer lenders expect additional tightening. Twenty-nine percent of respondents expect tighter terms on agricultural production loans over the next 12 months, down from 44% in 2025. For farmland loans, 19% expect tighter terms, compared to 31% in 2025.

Survey results point to several other indicators of financial stress among agricultural borrowers. Over the past 12 months, roughly two-thirds of lenders reported increases in debt restructuring and refinancing activity (65%) and borrowers carrying operating deficits into the next year (68%). Nearly half (45%) also reported a rise in criticized or distressed loans. Unlike with delinquency rates, these trends are expected to worsen into 2027. Three-quarters (75%) of respondents anticipate further increases in debt restructuring and refinancing activity, while 71% expect carry-over operating deficits to rise over the next 12 months. More than half (58%) of lenders also forecast additional increases in criticized and distressed lending.

Lenders also reported growing use of multiple financing sources by borrowers, suggesting that producers may be seeking additional liquidity as profitability remains under pressure. Nearly two-thirds of respondents (64%) expect borrowers' reliance on multiple financing sources to increase in the coming year.

Credit Risk Indicators



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Share of total response: During the last 12 months (in the next 12 months) how have the following conditions changed for your institution?

Even as lenders monitor rising credit risks, respondents report loan-to-value (LTV) ratios have remained stable. Survey respondents reported an average LTV ratio of 62% for loans secured by farmland and 66% for agricultural production loans in 2026, down from 63% and 68% last year, respectively. Continued strength in farmland values has also helped support collateral positions, contributing to steady LTV ratios across agricultural loan portfolios.

Lenders have continued to meet most credit needs of farmers and ranchers despite a more cautious credit environment. On average, respondents reported approving 82% of agricultural loan applications received over the past 12 months, consistent with last year's approval rate. Of those they denied, respondents estimate that 43% are being approved by competing institutions. Despite tighter credit standards, respondents anticipate approving 88% of borrowers' renewal requests in the next year.

Agricultural lenders maintain close relationships with their borrowers. Their deep understanding of the needs of farmers and ranchers often extends beyond professional expertise, with many having personal experience in agriculture. More than half of respondents said that they also farm themselves (52%).

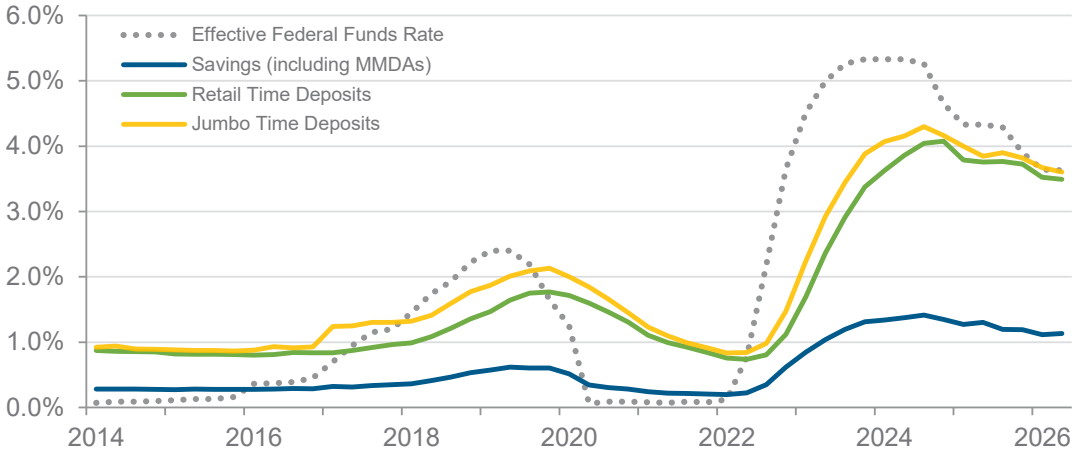
Interest Rate Environment

Interest rate expectations shifted considerably over the past year as evolving economic conditions led the Fed to return to a more restrictive monetary policy stance. Shortly after the 2026 survey concluded, the Federal Open Market Committee raised the federal funds target rate by 25 basis points following their most recent September 2026 meeting, citing persistent inflationary pressures and resilient economic growth. As a result, interest rates remain elevated by historical standards, and lenders have adjusted their outlook accordingly. Unlike last year's survey, when most respondents expected rates to decline, lenders in 2026 generally expect short-term (44%) and long-term (45%) interest rates to rise over the coming year. No rate hikes occurred when the survey was conducted in the summer of 2026.

The higher-rate environment continues to create both benefits and challenges for agricultural lenders. Elevated loan yields may have supported net interest income and profitability, while funding costs remain above pre-tightening-cycle levels despite some moderation from their peak. For farmers and ranchers, sustained higher borrowing costs have added to the financial pressures they already face from higher operating credit needs. Many survey respondents indicated that borrower liquidity positions have deteriorated in recent years, increasing reliance on other forms of financing. If rates remain elevated, financial pressure could intensify for producers facing continued declines in farm income.

Looking ahead, the interest rate outlook remains a key source of uncertainty for both lenders and borrowers. Although rate volatility has eased compared with the rapid policy shifts of recent years, respondents generally expect borrowing costs to remain elevated or move higher over the coming year. For lenders, persistently high rates continue to support asset yields but also limit any relief in funding costs. For agricultural borrowers, higher financing expenses are expected to remain a significant headwind to already elevated credit needs. Reflecting these dynamics, interest rates and their impact on borrower repayment capacity remained among the top concerns cited by respondents in 2026.

Agricultural Bank Funding Costs (Quarterly Average)

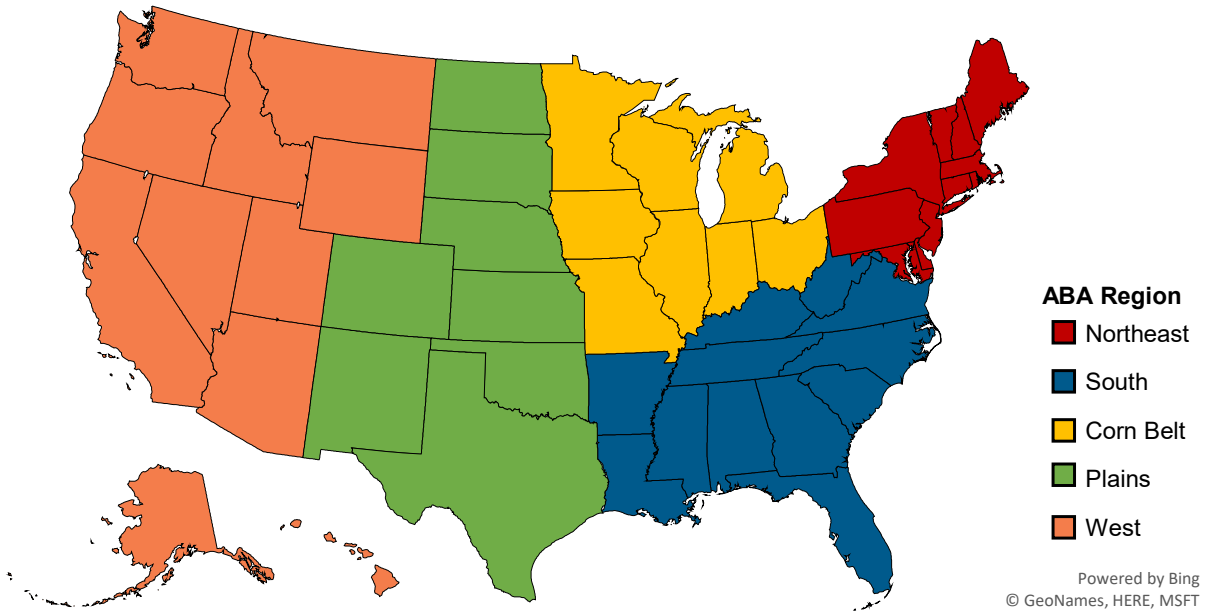


Source: FFIEC Call Report, Federal Reserve, ABA analysis
ABA defines agricultural banks as any bank whose farm loan concentration was greater than or equal to the unweighted industry average.

About the Survey Respondents

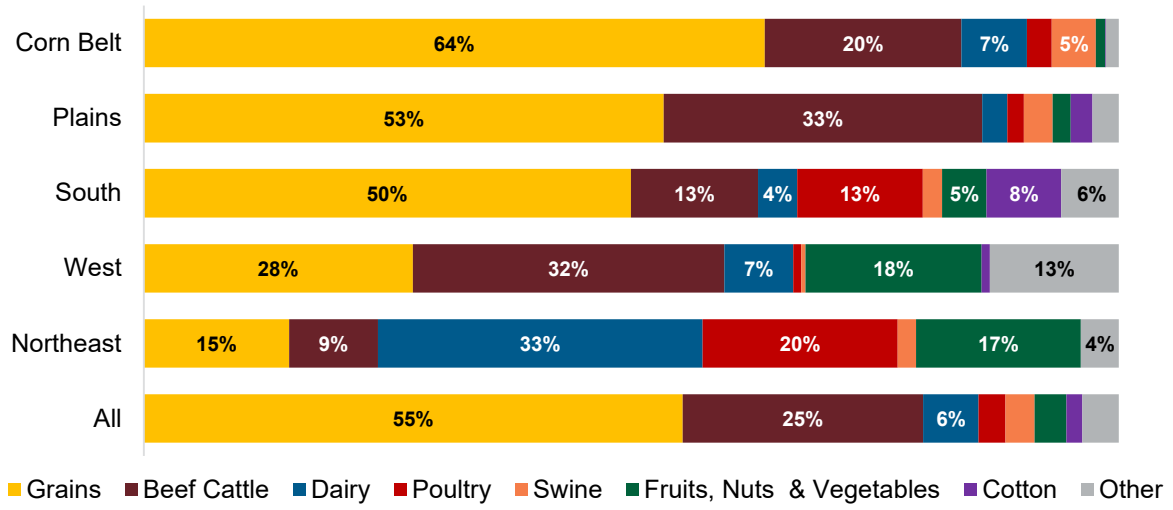
More than 600 agricultural lenders completed the ABA-Farmer Mac Agricultural Lender Survey in August. The responses came from a diverse set of institutions, ranging from those with under $50 million in assets to those with more than $1 billion in assets. Forty-two percent of responses came from lenders at institutions with $500 million or less in assets. Regionally, the responses were concentrated in the Corn Belt and Plains (47% and 33%, 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 concentration 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.

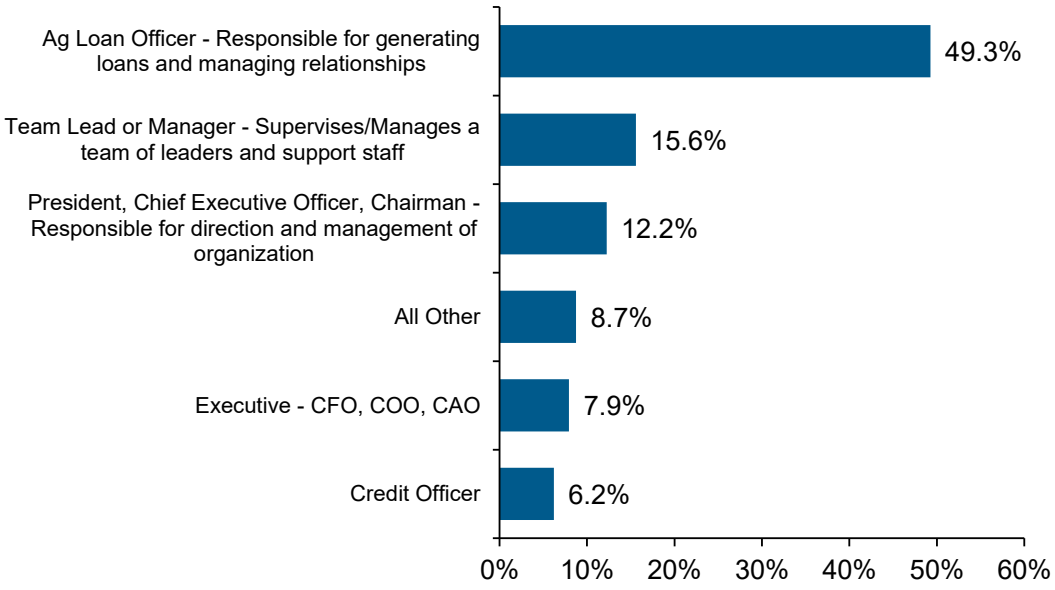
Lender Portfolios Vary by Region



Source: ABA-Farmer Mac Agricultural Lender Survey, August 2026
Mean response: 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 (49%). Other titles include managers, presidents, executives and credit officers. 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 Lender Survey, August 2026
Mean response: What is your role at your institution?

About ABA and Farmer Mac

The American Bankers Association is the voice of the nation's $26.5 trillion banking industry, which is composed of small, regional and large banks that together employ over 2 million people, safeguard $20.7 trillion in deposits and extend $13.9 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. The secondary market served by Farmer Mac 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 the 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 for America's rural and agricultural communities. Additional information about Farmer Mac is available on our 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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