



# FDIC Farm Bank Report CFTC Agricultural Advisory Committee April 11, 2024

Division of Risk Management Supervision



# Disclaimer

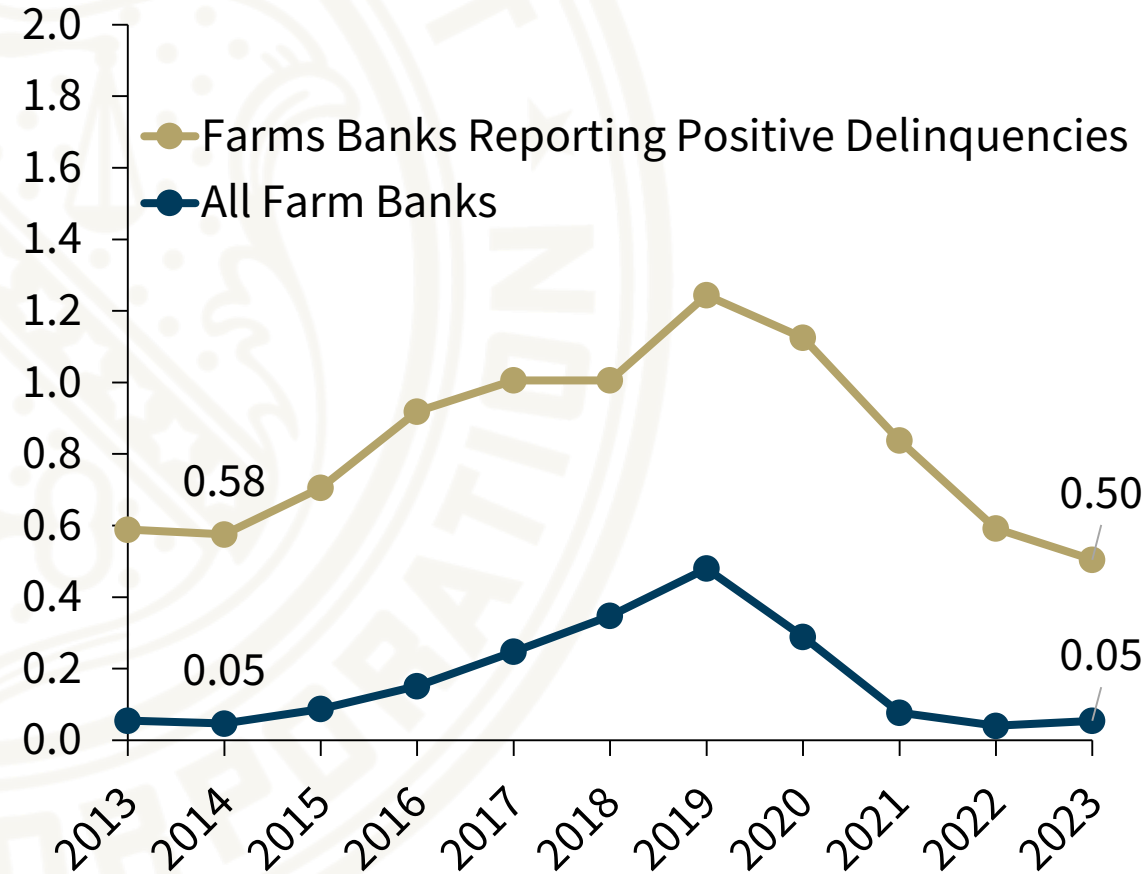
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# Farm Bank Highlights

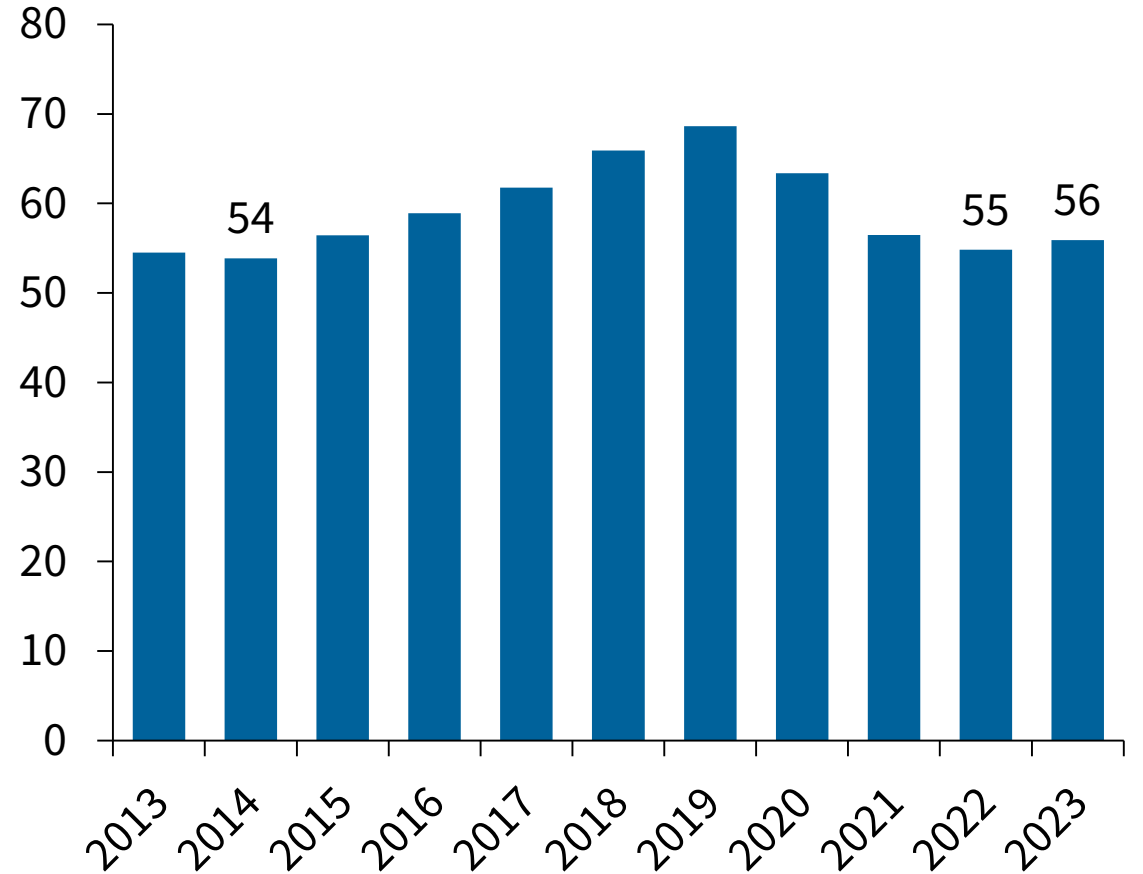
- Agricultural credit quality indicators are strong.
- Full-year net interest margin rose at more than half of farm banks.
- Deposit growth was flat between year-end 2022 and year-end 2023.
- Loan growth was concentrated in the agricultural production loan portfolio.
- Liquidity is normalizing and reliance on wholesale funding has increased.
- Farm bank capital balances and ratios were stable in 2023.

# Farm bank delinquency ratios continue to decline and are near their lowest level reported in over a decade.

Median Agricultural Loan Delinquency Rate  
Percent

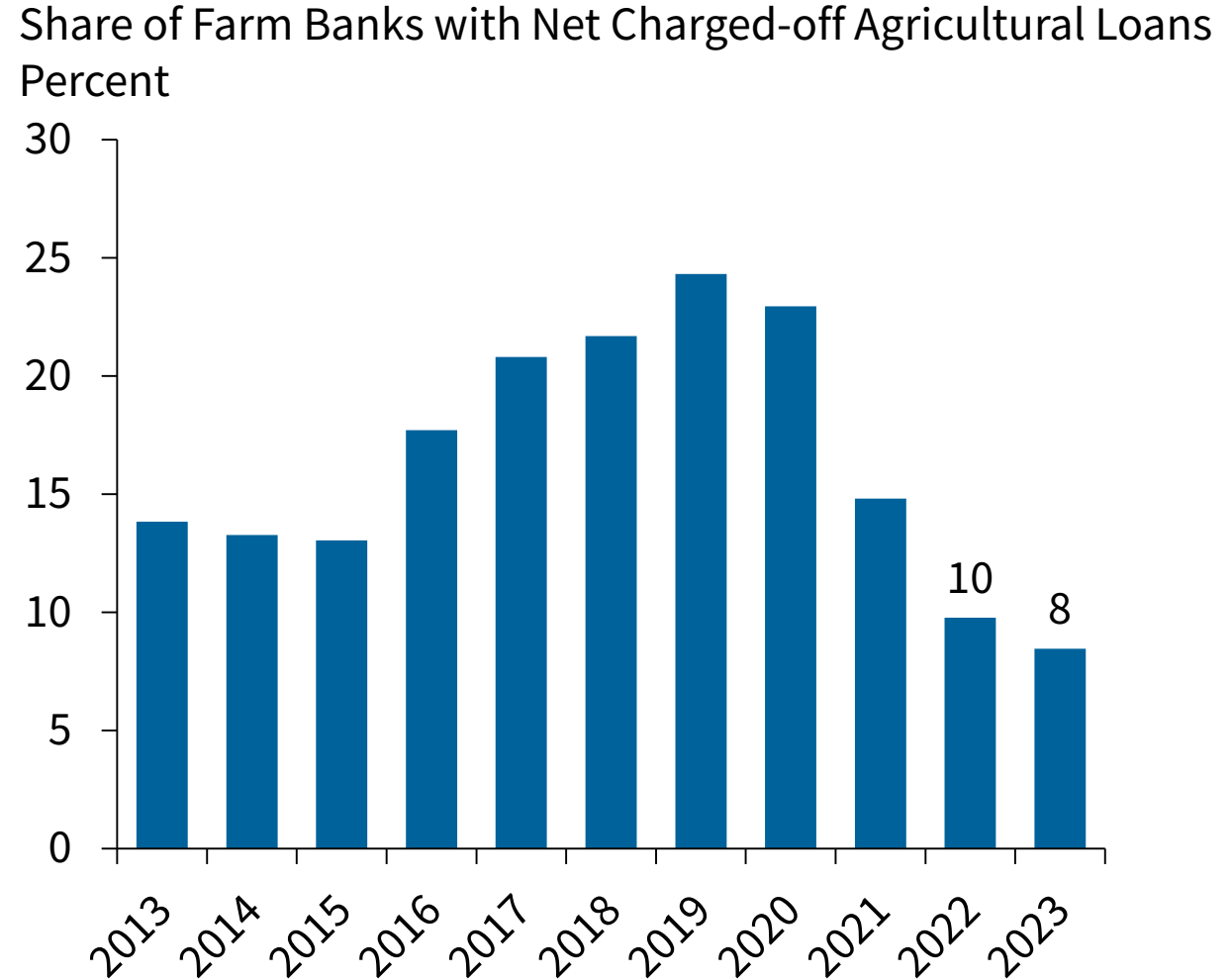
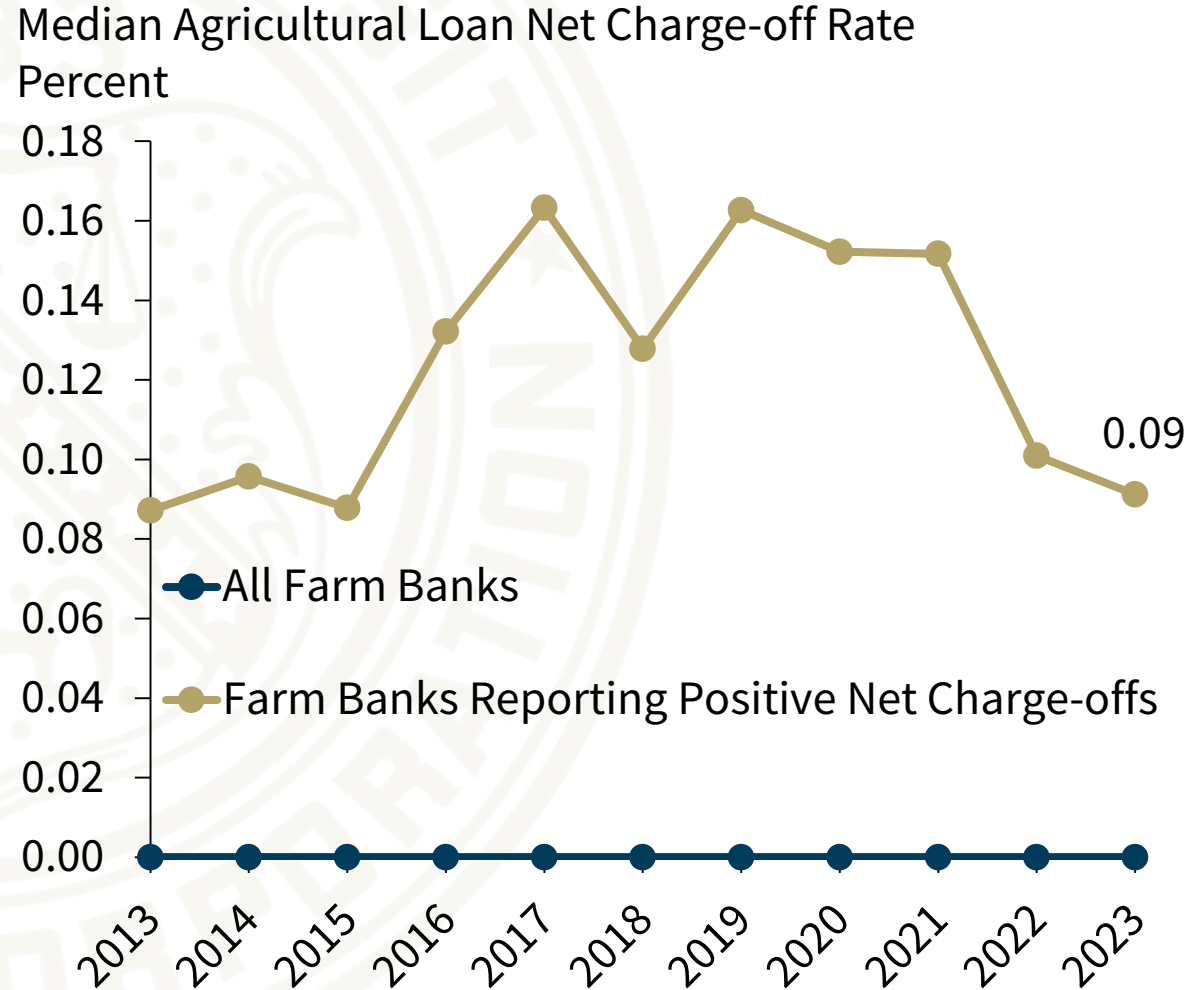


Share of Farm Banks with Delinquent Agricultural Loans  
Percent



Source: FDIC. Note: Data are fourth quarter figures.

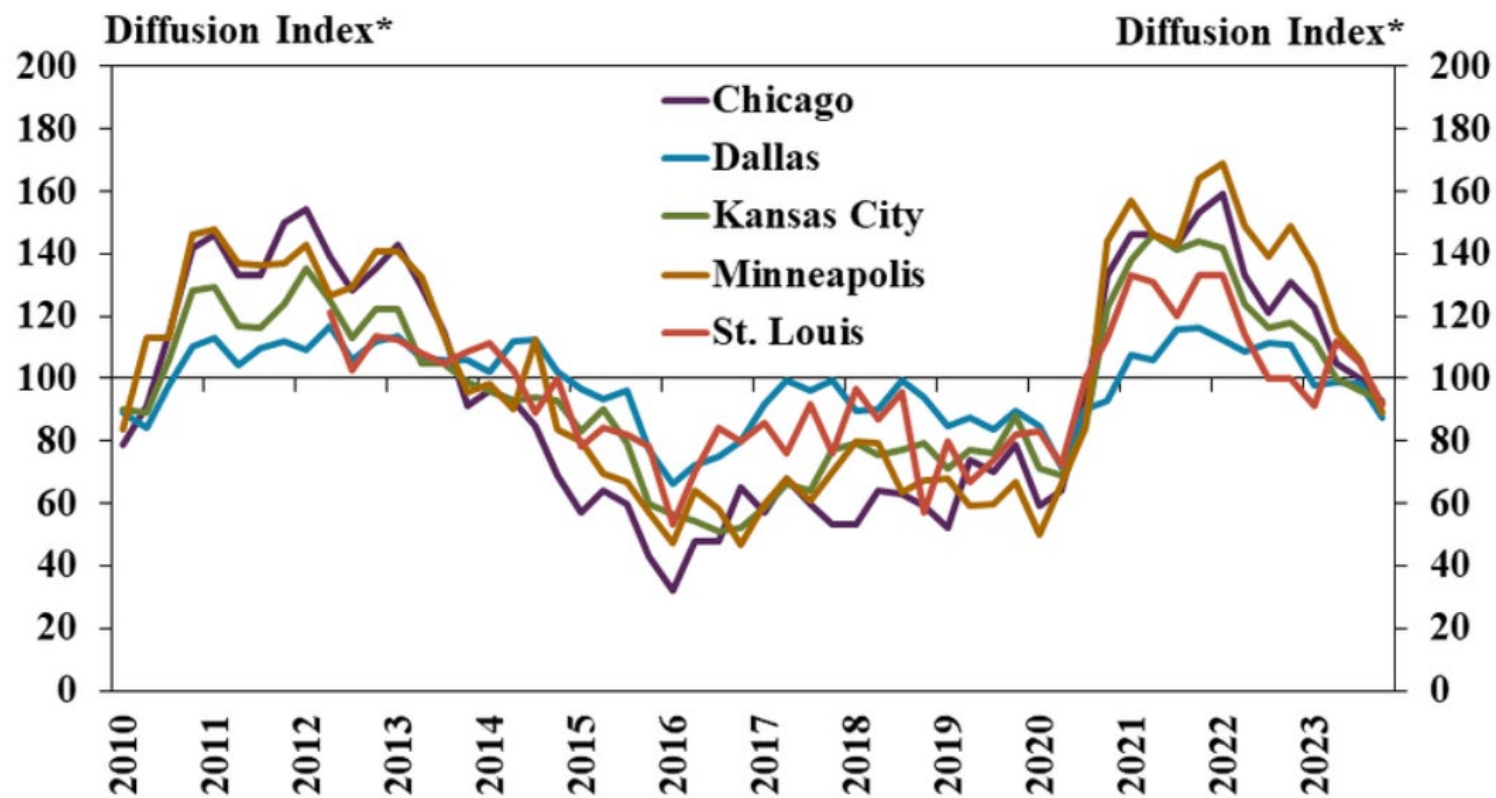
# A decade-low eight percent of farm banks reported agricultural loan charge-offs in fourth quarter 2023.



Source: FDIC. Note: Data are fourth quarter figures.

However, signs are emerging that credit quality may begin to weaken.

**Chart 4: Farm Loan Repayment Rates**



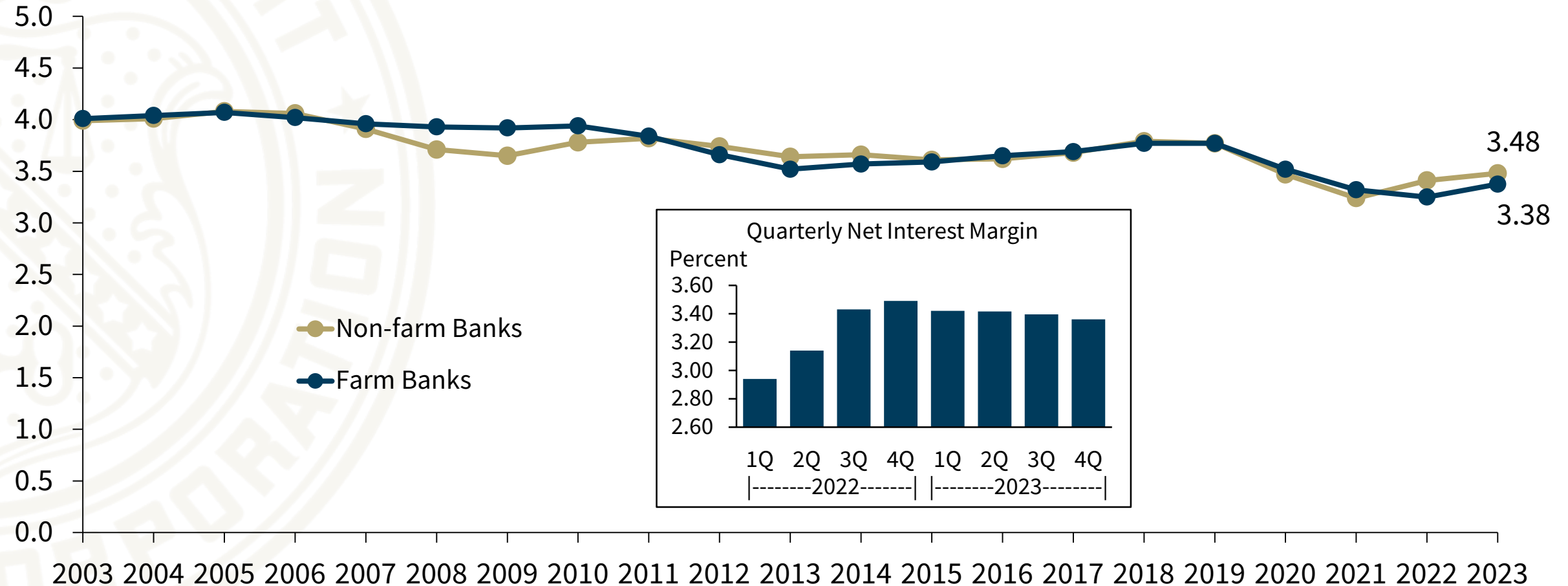
\*Bankers responded by indicating whether conditions during the current quarter was higher than, lower than or the same as in the year-earlier period. The index numbers are computed by subtracting the percentage of bankers who responded "lower" from the percentage who responded "higher" and adding 100.

Note: The St. Louis survey began in Q2 2012.

Sources: Federal Reserve District Surveys of Agricultural Credit Conditions

# Farm bank full year net interest margin rose 13 basis points from one year ago.

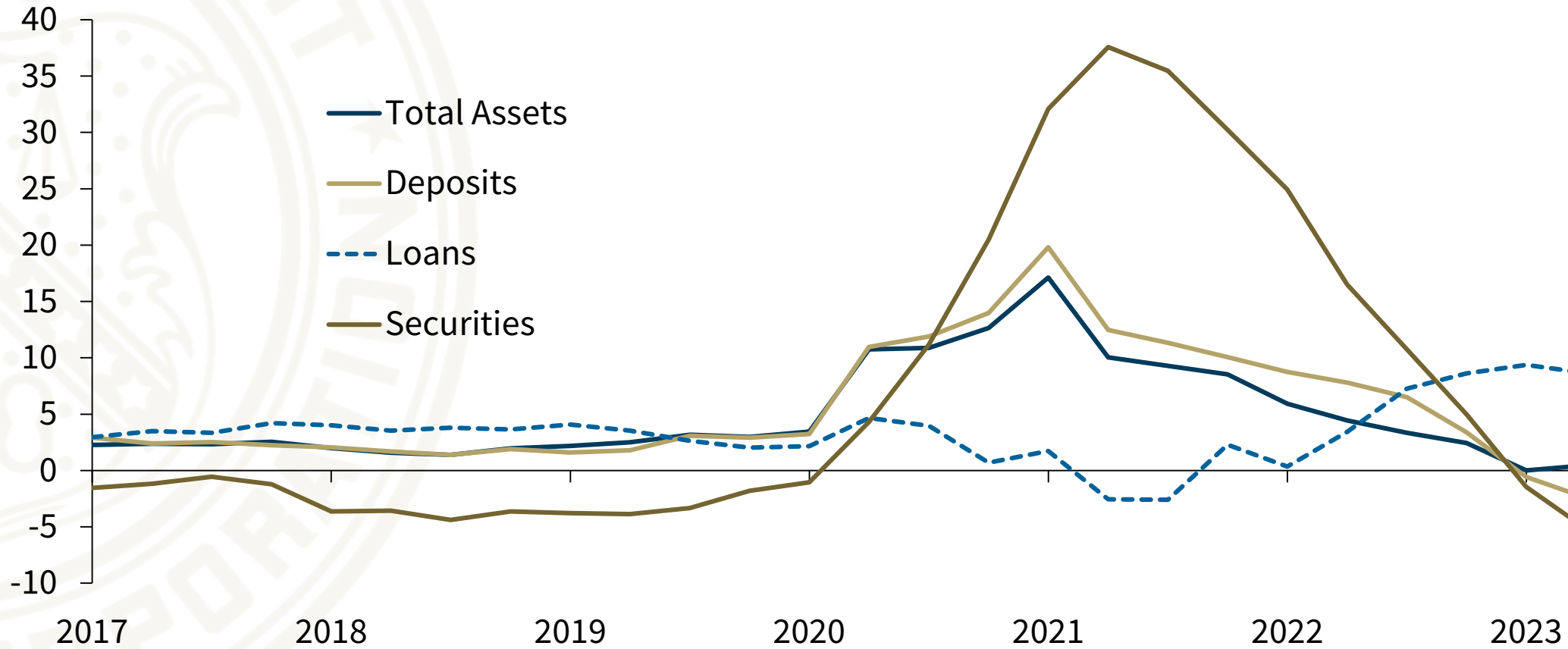
Median Full-Year Net Interest Margin



Source: FDIC. Note: Data are annual figures from fourth quarter 2003 through fourth quarter 2023.

# Farm Banks balance sheets rebalanced after the anomalous behavior of the pandemic-era.

Median Year-Over-Year Percent Change

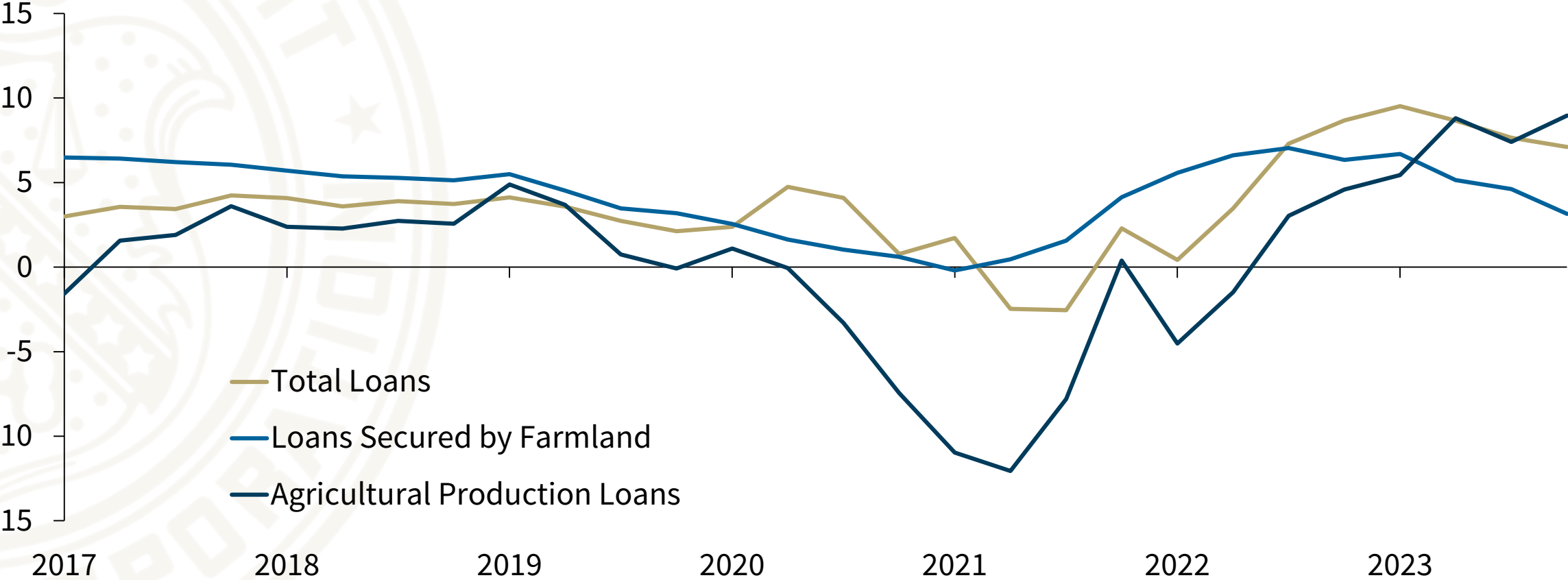


Source: FDIC. Note: Data are quarterly figures from first quarter 2017 through fourth quarter 2023.



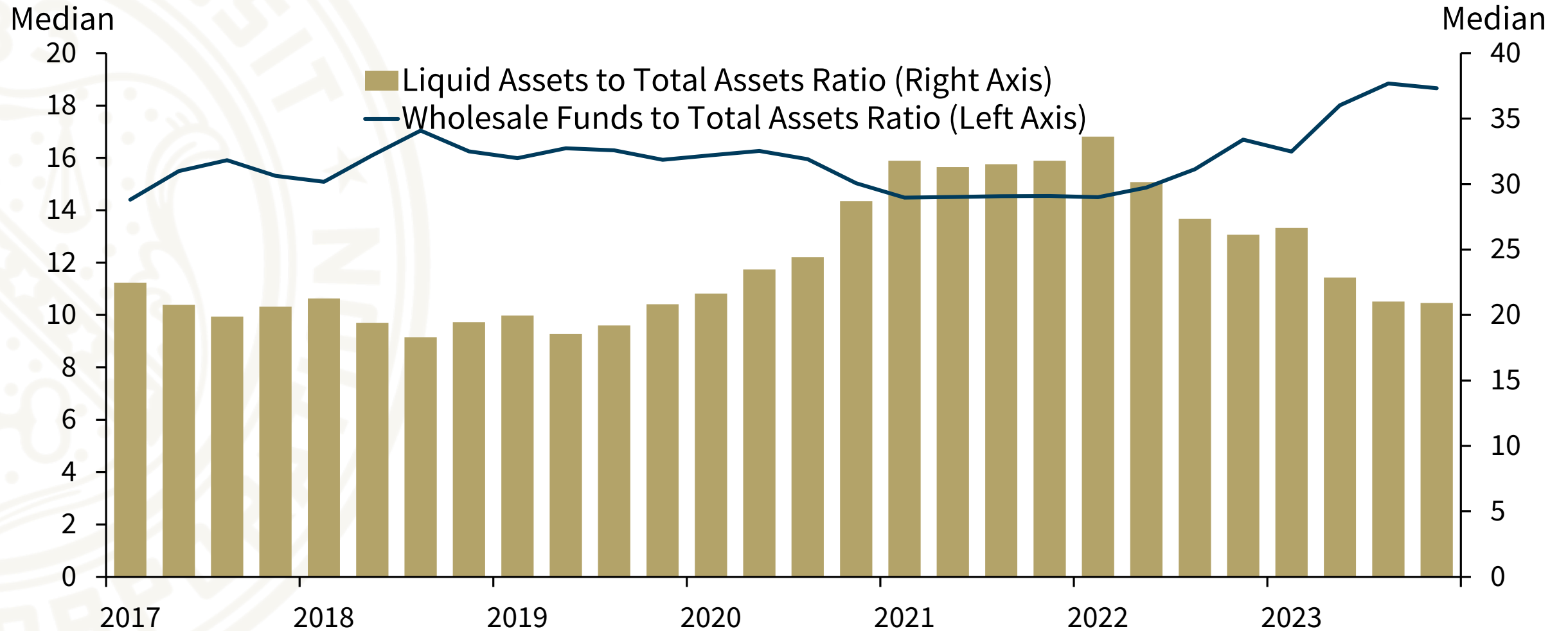
# Growth in ag production loans continued to strengthen while growth in other lending segments softened.

Median Year-Over-Year Percent Change



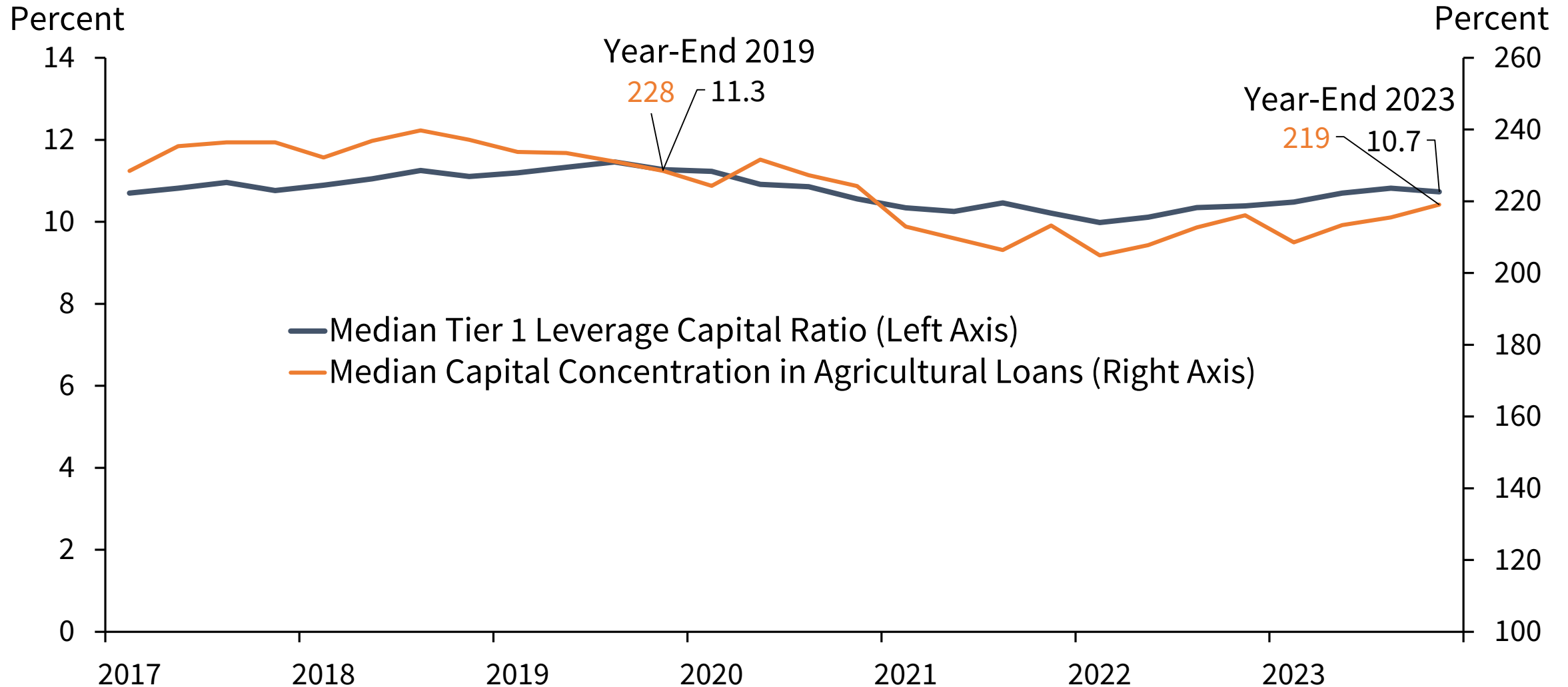
Source: FDIC. Note: Data are quarterly figures from first quarter 2017 through fourth quarter 2023.

# Reliance on wholesale funding has risen at farm banks as liquidity levels have normalized.



Source: FDIC. Note: Data are quarterly figures from first quarter 2017 through fourth quarter 2023.

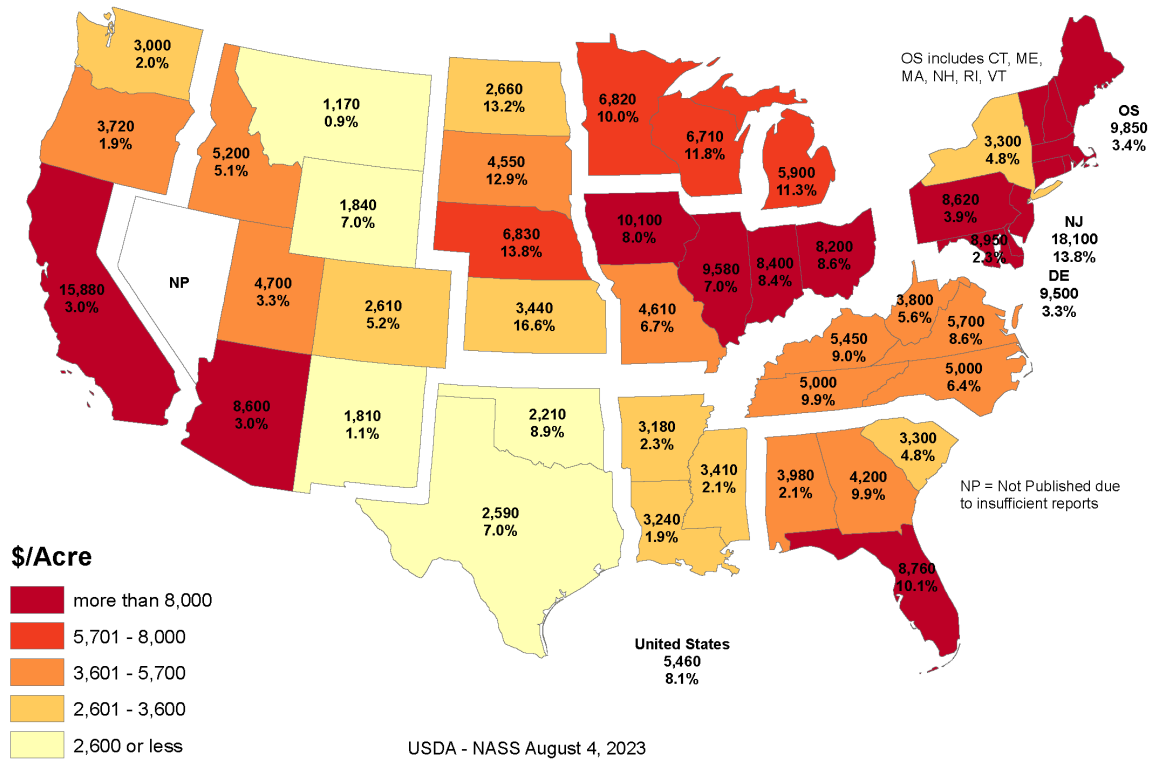
# Agricultural concentration ratios increased in 2023 as capital levels remained stable and agricultural loan growth continued.



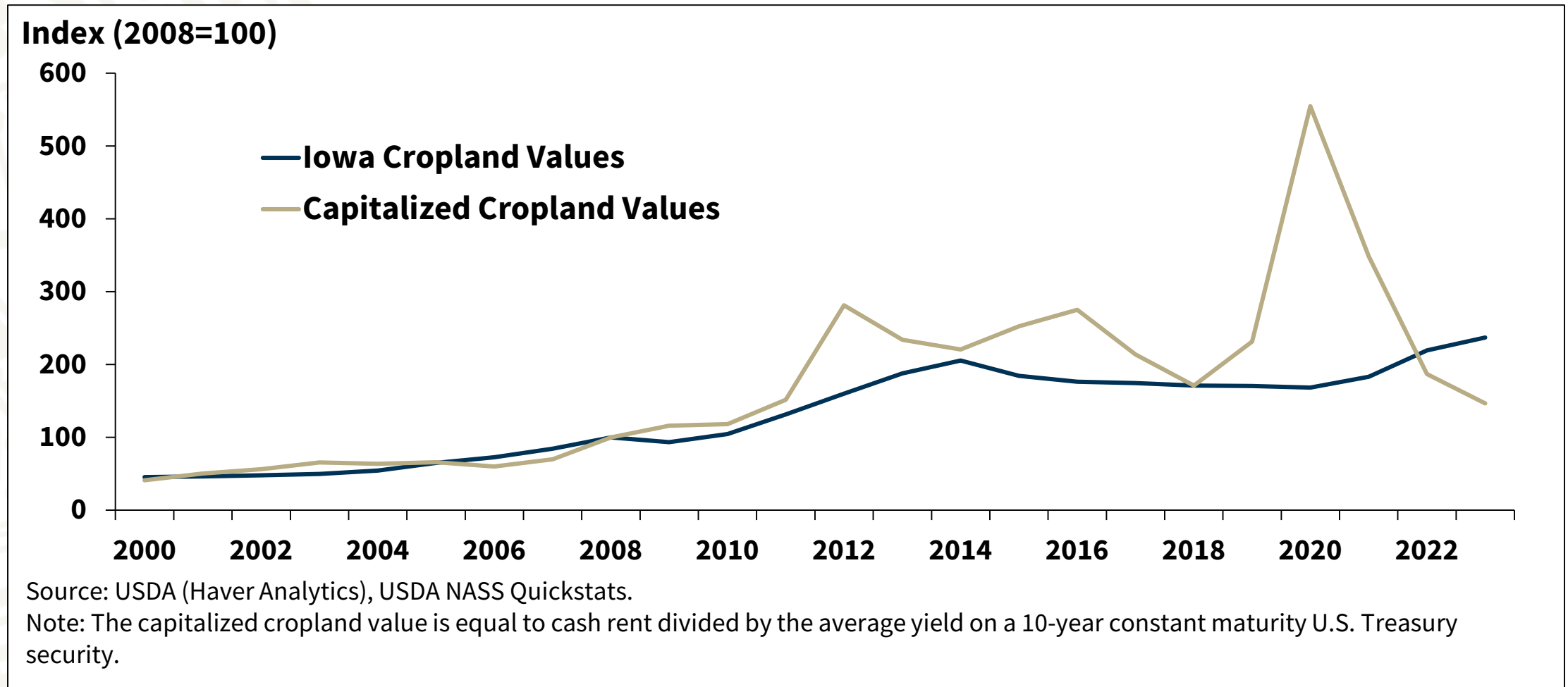
Source: FDIC. Note: Data are quarterly figures from first quarter 2017 through fourth quarter 2023.

# Despite rising interest rates and falling incomes, land values continued to rise throughout the region in 2024.

**2023 Cropland Value by State**  
Dollars per Acre and Percent Change from 2022



# Land values will provide support against any credit quality deterioration, but land values may be getting a bit stretched.



# Questions?

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