2022 FARM BANK PERFORMANCE REPORT

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American Bankers Association®

2022 Farm Bank Performance Report

Key Findings

- The banking industry is the nation's most important supplier of credit to agriculture, providing over a third of all farm loans in the U.S.—$190 billion outstanding as of December 2022.

- Small loans continue to make up over a third of banks' farm and ranch lending with $69 billion in farm and ranch loans under $500,000 on the books at the end of 2022.

- The nation's 1,488 farm banks recorded strong asset quality and capital levels in 2022 through serving their communities and commitment to strong banking practices: a focus on the fundamentals of credit, solid underwriting standards and knowledge of the customer's business.

- Farm banks have deep roots in their communities. The median farm bank was 112 years old in 2022. There were 2 new farm banks established in 2022.

- Farm banks' asset quality improved in 2022, as measures of loan delinquency remained low by historical standards. Noncurrent agricultural loans as a share of total agricultural lending dropped by 17 basis points to 0.37% in 2022.

- While equity capital at farm banks – a more conservative form of capital – fell 15.4% to $41.9 billion in 2022, high-quality capital continued to grow consistently. Tier 1 capital at farm banks rose 8.7%, to $50.9 billion in 2022.[1]

- Employment at farm banks grew by 1.1% in 2022, adding over 800 jobs, and employing over 75,000 rural Americans. Farm banks added nearly 15,000 jobs over the last ten years.

- In 2022, 98.4% of farm banks were profitable, with 48.7% reporting an increase in earnings.

The ABA definition of "farm bank" for the purposes of this report has changed over time. In 2012, ABA made the decision to include institutions, previously excluded, with more than $1 billion in assets as these institutions grew in number and importance to our country's farmers and ranchers. In addition, due to changing reporting requirements and improved availability of data, ABA began to include savings and loan associations in this report.

[1] Equity capital is invested capital; it consists of the funds invested in a bank on a long-term basis. Such capital is obtained by issuing preferred or common stock or retaining a portion of earnings.

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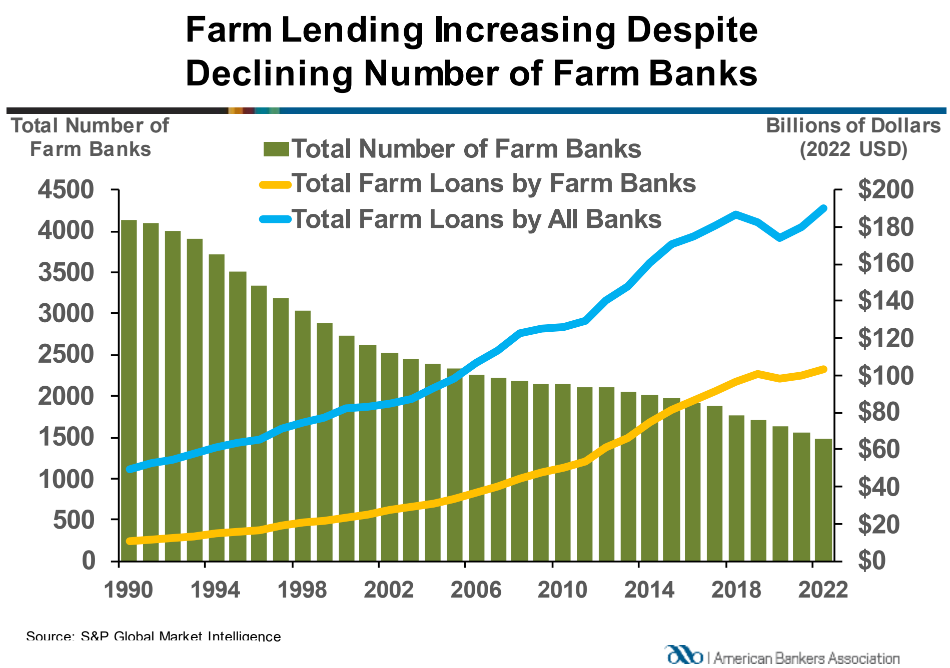


The U.S. banking industry is a critical provider of credit to the agricultural sector. Banks had nearly $190 billion in farm loans outstanding in 2022, accounting for over 35% of total agricultural credit outstanding in the U.S.

The banking industry, and farm banks[2] in particular, are also a major source of credit to small farmers. Banks reported holding over 1.1 million small farm loans worth $69 billion at the end of 2022. This included more than 693,000 microloans worth over $16 billion.[3]

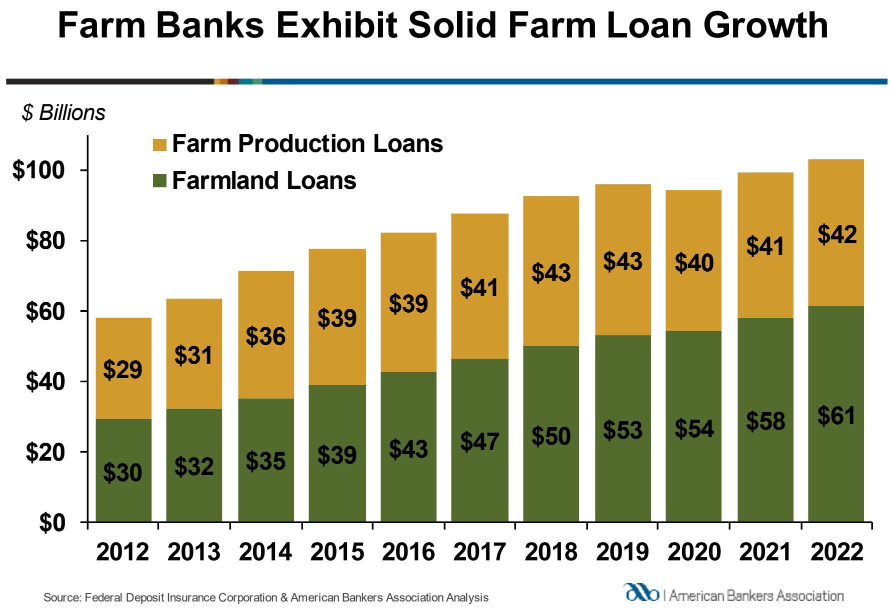
The agriculture sector faced continued headwinds in 2022 due to remaining COVID-19 induced supply chain disruptions, shocks to supply and demand, volatility in commodity prices, and geopolitical uncertainty. However, robust federal support of the agricultural economy, careful portfolio management, and consistent growth in high-quality capital have kept banks healthy and ready to continue supporting America's farmers and ranchers.

This paper examines the performance of the 1,488 banks that specialize in lending to agriculture and met ABA's criteria for classification as a farm bank in 2022. Most farm banks are small institutions. The median-sized farm bank, for example, had $176 million in assets in 2022. However, there are 81 farm banks with more than $1 billion in assets.

Farm banks have 7,257 offices and employ over 75,000 workers. Employment at farm banks increased by 1.1% in 2022. Since the end of 2010, employment at farm banks is up 30.4%.

[2] Farm banks are defined by the American Bankers Association as banks whose ratio of domestic farm loans to total domestic loans is greater than or equal to the industry average. In 2022 this was 14.56%. Studies before 2012 did not include banks with more than $1 billion in assets, nor savings and loan associations.
[3] A small farm loan is defined as a loan with an original value of $500,000 or less. A micro farm loan is a loan with an original value of $100,000 or less.

Farm Banks Held Nearly $104 Billion of Agricultural Loans in 2022



Total agricultural lending by farm banks increased 8.1% in 2022 to $103.1 billion, up from $95.4 billion in 2021.[4] The change was attributable to a 9.7% increase in outstanding loans secured by farmland, from $55.9 billion in 2021 to $61.3 billion. Meanwhile, agricultural production loans increased 5.9% to $41.8 billion.

Large fiscal stimulus payments following the pandemic enabled agricultural producers to pay down existing loan balances; these payments also depressed loan demand in 2021. With direct government payments now returning to pre-pandemic levels, agricultural lenders experienced a surge in loan demand in response to elevated production costs and volatility in commodity pricing. Land values saw growth in 2022 after plateauing for several years. Farmland continues to provide a strong equity base for producers to tap.

Farm banks make up the largest share of bank loans to farmers, holding nearly $103 billion of the total $190 billion in farm loans by banks.

Farm banks are also a major source of credit to small farmers, holding more than $43.8 billion in small farm loans, including $9.3 billion in micro farm loans at the end of 2022. This represents 63.0% and 59.8% of all small and micro farm loans originated by banks in the United States, respectively. The number of outstanding small farm loans at farm banks totaled 644,925, including 384,272 loans with origination values less than $100,000.

In addition to meeting the credit needs of their agricultural customers, farm banks experienced strong overall loan growth in 2022. Total loans at farm banks increased 13.0% over the year to $308 billion, compared to overall industry loan growth of 8.8% for the year.

[4] Because the ABA definition of farm banks changes from year to year, the historical data reflected in the figure may differ from year-over-year comparisons of the most recent cohort of farm banks.

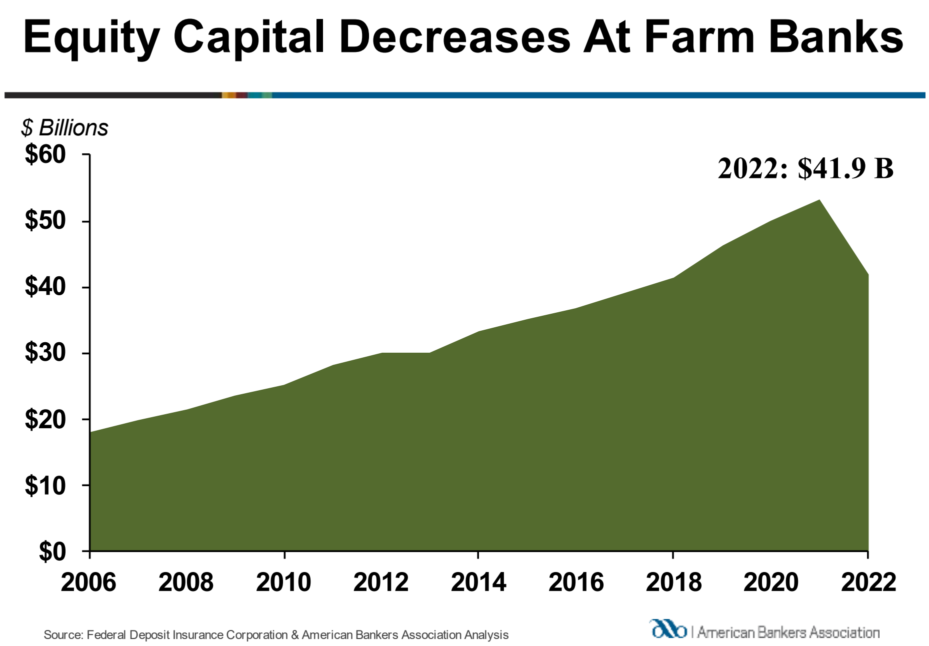
Deposits Grow at Farm Banks

Farm banks experienced strong deposit growth in 2022 relative to the broader banking sector. Farm banks held $427 billion in deposits in 2022, up 4.8% or $19.6 billion year-over-year. In comparison, deposits for the overall banking industry fell 2.5% in 2022.

Due to a surge in loan demand, the loan-to-deposit ratio for farm banks increased 5.2 percentage points, from 66.9% at the end of 2021 to 72.1% at the end of 2022. Farm banks continue to have ample ability to meet the future credit needs of America's farmers and ranchers.

Farm Banks Decrease Equity Capital, But Remain Well-Capitalized

Equity capital at farm banks decreased 15.4%, or $7.6 billion, to $41.9 billion in 2022. Meanwhile, tier 1 capital increased by 8.7%, or $4.1 billion, to $50.9 billion.[5]



Aggregate tier 1 leverage ratios[6] increased 24 basis points (bps) in 2022 to 10.3%. This was largely due to rising deposit balances, which inflated bank assets. However, because farm banks primarily deployed excess deposits into low-risk assets, aggregate tier 1 capital ratios (assessed on risk-based assets) fell to 14.56%, down 55 bps from 2021 but still well-capitalized.[7] Farm banks' median tier-1 leverage ratio remains 36 bps above where it was before the start of the Great Recession.

In 2020-2021, banks experienced an unprecedented influx of deposits, alongside a pullback in loan demand. This led many banks to increase their holdings of long-term assets such as Treasury securities. When the Federal Reserve began rapidly raising the federal funds rate over the course of 2022, the market value of those bonds fell in the rising interest rate environment. Under tangible capital calculations, unrealized gains and losses are recorded as though the bank

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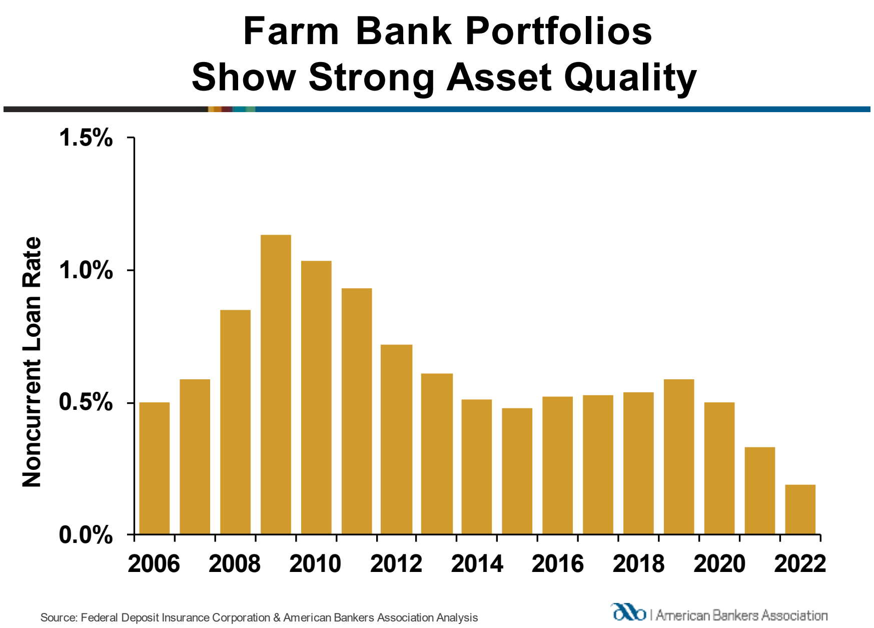
[5] Equity capital is invested capital; it consists of the funds invested in a bank on a long-term basis. Such capital is obtained by issuing preferred or common stock or retaining a portion of earnings.
[6] Tier-1 leverage ratio is Tier-1 capital divided by total average assets for leverage capital purposes.
[7] In 2022, 666 farm banks opted into the community bank leverage ratio and did not report risk-based capital ratios.

intends to sell those securities immediately at market value. This volatility in market valuations can distort assessment of a bank's financial health; post Dodd Frank, regulatory capital has replaced equity capital as a reliable measure of the capital available at banks to absorb shocks.

Farm banks have built strong, high-quality capital reserves and remain liquid and well-insulated from risks associated with the agricultural sector.

Farm Bank Asset Quality Remains Healthy

Farm banks saw an initial uptick in noncurrent loans at the start of the pandemic in 2020. However, significant federal support for farmers in the form of direct cash payments and loan forbearance helped buoy borrower balance sheets, which led to an increase in asset quality at farm banks.

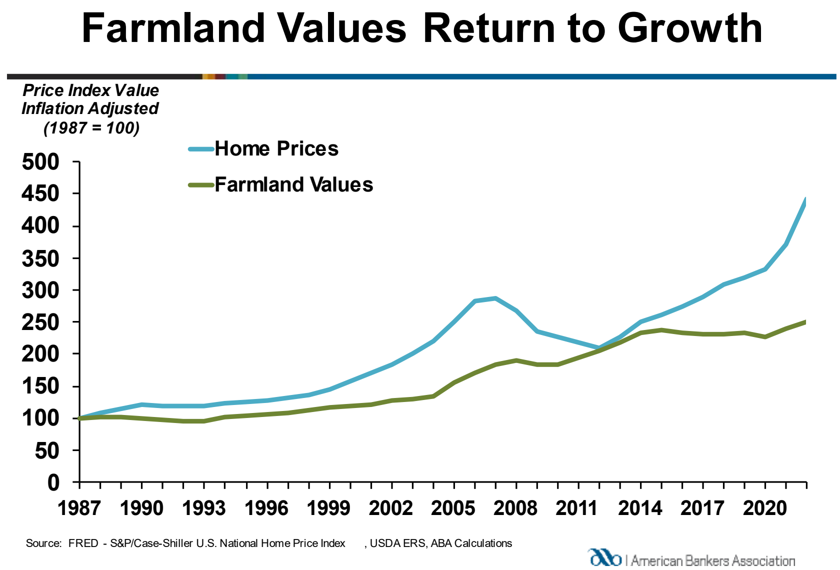


Noncurrent loans at farm banks (loans 90 days or more past due and loans in nonaccrual status) stood at $1.5 billion at year-end 2022, representing 0.49% of the loan portfolio of farm banks. The median noncurrent loan ratio for farm banks dropped by 14 basis points to 0.19%. By comparison, the noncurrent loan ratio for the broader banking sector was 0.24%.[8]

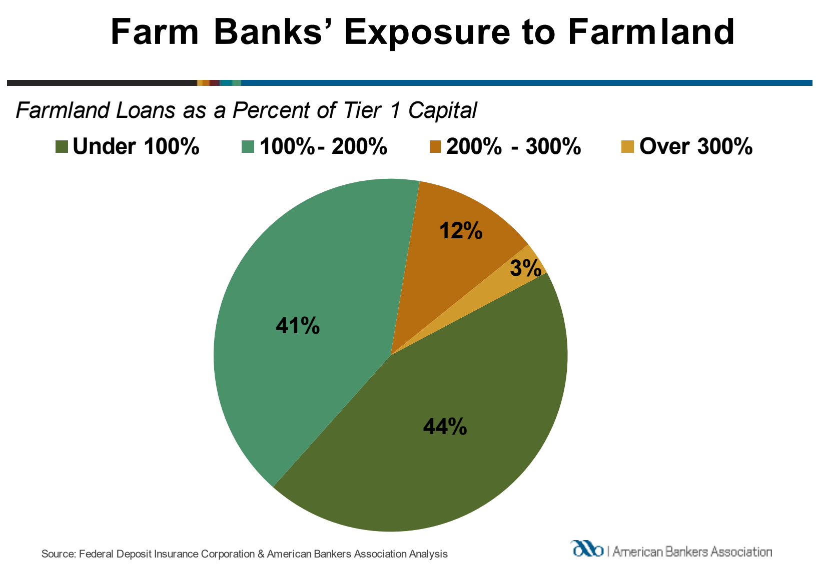
[8] Because the ABA definition of farm banks changes from year to year, the historical data reflected in the figure may differ from year-over-year comparisons.

Farmland Values Show Solid Recovery

In 2022, real land values continued their recovery after years of stagnation. Farm real estate generally forms the significant majority, approximately 84%, of U.S. farm assets. Farmland values across the country experienced solid gains in 2022, returning to growth after plateauing in recent years. Farm banks and other agricultural lenders report positive expectations for both short and long-term growth, and farmland continues to provide a strong equity base for producers.



According to the USDA NASS, agricultural land values experienced significant upward price movements in 2022 across all regions, with large gains focused in the Pacific coast, Northern Plains, Southern Plains, Lake States, and Corn Belt regions. In the most recent ABA/Farmer Mac Agricultural Lender Survey report, lenders noted that despite the uncertainty throughout 2022, land value was not significantly different by region or primary commodity. Higher farmland prices are consistent across regions, and lenders believe higher prices will entice more land to come to market.



Over the last several years, farmland loans at farm banks have represented over half of total farm loans. In 2022, very few farm banks were heavily concentrated in farm real estate loans relative to Tier 1 capital. Most farm banks had a farmland concentration ratio of under 200%, a level that has not raised supervisory concerns.

Farm Banks Post Solid Earnings

Farm banks reported total net income of $5.9 billion in 2022, a decrease of 0.1% from one year prior. The majority of farm banks, 98.4%, were profitable in 2022, with nearly half (48.7%) reporting an increase in earnings compared to a year earlier.

Net interest income at farm banks rose during 2022 by 7.7% to $15.2 billion. Noninterest income at farm banks fell over the year, by 10.5% to $3.0 billion. For the larger banking industry, net interest income rose by 20.0% and noninterest income fell by 2.8% over the same timeframe.

Given the unprecedented increase in policy rates by the Federal Reserve to fight inflation, interest expenses for farm banks rose during 2022 by 33.6% to $2.0 billion, while noninterest expenses rose 5.3% to $11.1 billion. In comparison, interest expenses for the entire banking industry rose 226.4% and noninterest expenses rose 5.5% over the same timeframe. Salary and employee benefits at farm banks grew by 4.5% to $6.5 billion in 2022. Salaries and employee benefits represented 58.7% of all noninterest expenses over the same timeframe.

The median return on average assets (ROA) for farm banks fell by 9 basis points to 1.06% in 2022. In comparison, the median ROA for the broader banking sector fell by 5 basis points to 1.04% in 2022.

Outlook for 2023 — Declining Cash Receipts, Rising Production Expenses

According to the February 2023 USDA Farm Sector Income Forecast, farm sector profitability is expected to decrease in 2023. The USDA forecasts inflation-adjusted net farm income in 2023 of $136.9 billion.[9] This would indicate a fall of 18.2% from the previous year but is 26.6% above the 2002-2021 average of $108.1 billion. Inflation-adjusted net cash farm income is forecast to decrease $44.7 billion (22.9%) from a forecast record high of $195.3 billion in 2022, to $150.6 billion in 2023. This would be 15.4% above its 2002-2021 average ($130.5 billion).[10]

Sales of animal and animal product are projected to decrease by 5.7% or $23.6 billion to $243.0 billion, following declines in sales for milk, eggs, broilers, and hogs. The USDA forecasts total crop sales to decrease 3.1% or $8.9 billion to $276.9 billion in 2022. Those specializing in dairy and hogs are expected to see the largest decline relative to 2022. Crop sales for soybeans and corn are forecast to decrease (8.1% and 4.5% respectively), while sales for wheat and hay are forecast to increase (4.0% and 6.1% respectively).

Farm sector production expenses are forecast to increase by $18.2 billion (4.1%) to reach $459.5 billion in 2023. This follows a 5.1% increase in nominal expenses in 2022. If these forecasts are realized, 2023 production expenses would be the highest on record since 1970. Interest expenses and livestock/poultry purchases are expected to increase in 2023 while spending on feed and fuels/oils is expected to decline relative to 2022.

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[9] Net farm income reflects a broader measure of profitability as it includes noncash values such as inventory flows, economic depreciation and gross imputed rental income.
[10] Net cash farm income reflects all cash receipts from farming and farm-related income, minus cash expenses.

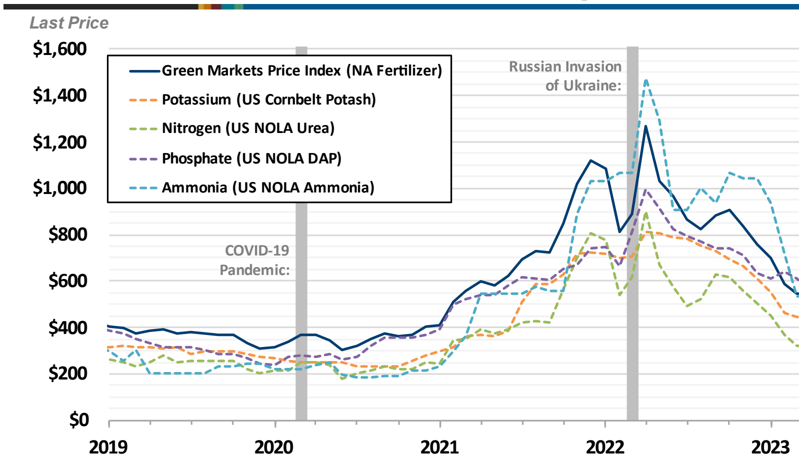
Overall, the USDA forecasts total agricultural sales to decrease $23.6 billion (4.3%) to $519.9 billion in 2023. Direct government payments are forecast to decrease by $5.4 billion or 34.4% because of lower supplemental and ad hoc disaster assistance to farmers and ranchers compared with past years. After reaching a record high of $45.6 billion in calendar year 2020, direct Government farm program payments decreased to $25.9 billion in 2021. They are forecast to decrease further to $15.6 billion in 2022 and $10.2 billion in 2023.

Geopolitical Risks

In February 2022, Russian forces initiated a widespread invasion of Ukrainian territory, including attacks from Russian soldiers deployed in Belarus. In response, the United States and other countries have imposed financial and trade sanctions against Russia and Belarus. The combined impacts of the invasion, sanctions, and disruptions to Ukrainian exports will further exacerbate supply chains for the global agricultural industry, particularly for certain agricultural commodities and fertilizers. Ukraine and Russia are major global exporters of wheat, corn, barley, sunflower seed oil, and grapeseed oil, and Russia and Belarus are leading exporters of ammonium, potassium, nitrogen, and phosphate fertilizers.

Currently, both the United States and the European Union have specified exemptions to their trade sanctions for food supplies and other agricultural commodities, including fertilizers. In July, the U.S. Treasury Department issued new guidelines clarifying that the production, sale, and transport of agricultural commodities and equipment are exempt from U.S. sanctions on the Russian Federation. Similarly, E.U. sanctions exempt Russian exports of agricultural commodities to both E.U. and third-party markets. While this permits the import of Russian and Belarusian fertilizers, the import of potash fertilizers is a notable exception. This is due to the significant role of potash in the Belarusian economy, composing 8.4% of their total exports in 2019.

Fertilizer Futures Fall Amidst Renewed Ukrainian Exports

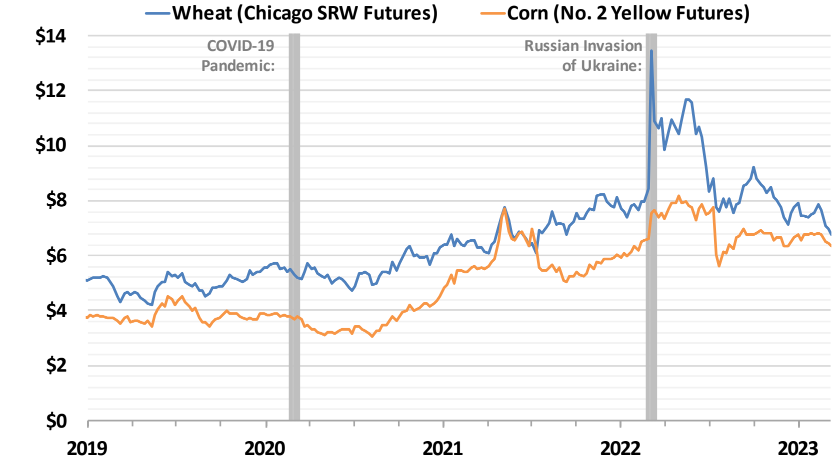


Source: Green Markets North America Fertilizer Price Index, Bloomberg | American Bankers Association

According to Bloomberg's Green Markets Fertilizer Price Index, fertilizer prices had tripled over 2021 for a variety of pandemic-related factors, and rose an additional 40% in the immediate months after fighting began in Ukraine. Fertilizer costs have declined substantially through the remainder of the year, but prices in 2022 and later remain above their pre-pandemic level. Fertilizer accounts for more than a third of operating costs for corn and wheat farmers and has significantly raised production costs. This prompted some farmers to transition away from wheat and corn to soybeans and other crops that rely less on fertilizer.

Daily U.S wheat futures prices in early 2022 were also at historically elevated levels prior to the Russian invasion of Ukraine, due to drought in the United States and Canada, increased demand from China and other countries, the continuing impacts of the COVID-19 pandemic, among other factors. These factors similarly affected futures prices of corn. Following the invasion, wheat futures spiked to above $12/bushel, and corn futures peaked just north of $8/bushel. In July 2022, a United Nations brokered trade agreement allowed Ukraine to resume agricultural exports from Black Sea ports, and the deal was renewed for an additional four months in November. Grain futures fell on the news as an influx of Ukrainian exports helped alleviate global shortages, bringing wheat futures down to $7.10/bushel, as of the first-week of March 2023. This is its lowest level since September 2021. Corn futures have returned to their level prior to the Russian invasion, currently at $6.40/bushel as of the first-week of March 2023. The outlook remains uncertain, however, as the Black Sea Grain Initiative is set to expire in mid-March, although negotiations for a one-year renewal of the deal are ongoing. Regional and global production is improving, but stockpiles are low following lower crop yields in the U.S. and Argentina in early 2022, due to drought.

Grain Futures Return to Levels Prior to Russian Invasion of Ukraine



Source: Chicago Mercantile Exchange, Bloomberg

American Bankers Association

Northeast:
CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT

Northeast	Median	Top 25%	Bottom 25%
Number of Full-Time Employees	50	209	20
Total Assets ($ in Mil)	$376.8	$1,494.4	$192.7
Total Loans & Leases ($ in Mil)	$291.4	$1,089.9	$134.2
Total Deposits ($ in Mil)	$344.6	$1,268.7	$165.3
Tier 1 Common Equity Risk-Based Capital Ratio	11.61%	13.38%	NA**
Tier 1 Leverage Ratio	10.60%	15.17%	9.64%
Return on Average Assets	1.11%	1.43%	0.75%
Return on Average Equity	12.05%	12.86%	9.16%
Net Interest Margin	3.12%	3.53%	2.98%
Total Interest Expense/Average Assets	0.39%	0.22%	0.59%
Total Interest Income/Average Assets	3.58%	3.88%	3.21%
Total Noninterest Income/Average Assets	0.32%	0.43%	0.18%
Efficiency Ratio	55.20%	48.66%	64.37%
Noncurrent Loans*/Total Loans	0.40%	0.08%	1.22%
Net Charge-Offs/Average Loans	0.01%	-0.01%	0.04%
Loan Loss Reserves/Gross Loans	1.08%	1.25%	0.87%
Farmland Loans/Total Loans & Leases	20.04%	40.36%	17.88%
Agricultural Production Loans/Total Loans & Leases	2.03%	2.92%	0.32%

* Noncurrent loans are defined as past 90 days due and loans in nonaccrual status.
** Insufficient number of reporting institutions to calculate quartiles.

The 9 farm banks in the Northeast region reported a 13.08% increase in farm loans from a year ago, rising $145 million to $1.3 billion. Agricultural production loans fell 2.96% from a year ago to $89 million, while farmland loans increased 14.53% to $1.2 million.

Farm bank profitability improved in the Northeast in 2022. The median return on assets rose slightly to 1.11% from 1.10%, while the median return on equity rose from 10.49% to 12.05%. The median Tier 1 risk-based capital ratio for farm banks in the Northeast region was 11.61%. Northeast farm banks employed 954 full-time employees in 2022, an increase of 83 employees from 2021.

South:
AL, AR, FL, GA, KY, LA, MS, NC, SC, TN, VA, WV

South	Median	Top 25%	Bottom 25%
Number of Full-Time Employees	40	72	23
Total Assets ($ in Mil)	$191.4	$398.1	$123.6
Total Loans & Leases ($ in Mil)	$122.5	$231.5	$63.0
Total Deposits ($ in Mil)	$169.6	$351.3	$113.5
Tier 1 Common Equity Risk-Based Capital Ratio	15.53%	20.27%	13.06%
Tier 1 Leverage Ratio	10.29%	12.34%	9.56%
Return on Average Assets	1.23%	1.46%	0.95%
Return on Average Equity	13.32%	17.57%	10.40%
Net Interest Margin	3.59%	4.06%	3.22%
Total Interest Expense/Average Assets	0.37%	0.22%	0.50%
Total Interest Income/Average Assets	3.82%	4.33%	3.38%
Total Noninterest Income/Average Assets	0.54%	0.73%	0.40%
Efficiency Ratio	63.04%	57.07%	69.55%
Noncurrent Loans*/Total Loans	0.32%	0.16%	1.04%
Net Charge-Offs/Average Loans	0.03%	0.00%	0.08%
Loan Loss Reserves/Gross Loans	1.35%	1.67%	1.11%
Farmland Loans/Total Loans & Leases	16.91%	24.57%	13.63%
Agricultural Production Loans/Total Loans & Leases	6.13%	11.45%	2.49%

* Noncurrent loans are defined as past 90 days due and loans in nonaccrual status.

The 137 farm banks in the South region increased farm loans by 11.98% or $903 million from a year ago, rising to $8.5 billion in 2022. Agricultural production loans rose 14.87% from a year ago, to $2.2 billion, while farmland loans rose by 11.00% to $6.3 billion.

Farm banks in the South remained solidly profitable in 2022. The median return on assets rose to 1.23% from 1.13% a year ago, with the top quartile of farm banks boasting a return on average assets (ROAA) of 1.46%. The median return on equity rose to 13.32%, from 12.01% a year ago. The region's farm banks' median Tier 1 risk-based capital ratio was 15.53%, representing healthy banks in the region. Farm banks in the South region employ 9,112 men and women, an increase of 309 employees from the previous year.

Cornbelt:

IA, IL, IN, MI, MN, MO, OH, WI

Cornbelt

	Median	Top 25%	Bottom 25%
Number of Full-Time Employees	27	53	14
Total Assets ($ in Mil)	$180.8	$365.1	$94.9
Total Loans & Leases ($ in Mil)	$108.9	$217.8	$53.1
Total Deposits ($ in Mil)	$158.2	$317.2	$84.2
Tier 1 Common Equity Risk-Based Capital Ratio	13.76%	17.53%	11.80%
Tier 1 Leverage Ratio	10.20%	11.91%	9.03%
Return on Average Assets	1.03%	1.32%	0.77%
Return on Average Equity	11.49%	15.17%	8.56%
Net Interest Margin	3.13%	3.46%	2.75%
Total Interest Expense/Average Assets	0.35%	0.25%	0.49%
Total Interest Income/Average Assets	3.36%	3.72%	3.00%
Total Noninterest Income/Average Assets	0.38%	0.56%	0.25%
Efficiency Ratio	62.80%	55.17%	70.14%
Noncurrent Loans*/Total Loans	0.19%	0.03%	0.58%
Net Charge-Offs/Average Loans	0.00%	0.00%	0.04%
Loan Loss Reserves/Gross Loans	1.22%	1.49%	1.00%
Farmland Loans/Total Loans & Leases	21.15%	30.09%	15.04%
Agricultural Production Loans/Total Loans & Leases	12.74%	20.76%	7.13%

* Noncurrent loans are defined as past 90 days due and loans in nonaccrual status.

The 694 farm banks in the Cornbelt region increased farm loans by 8.83%, or $4.0 billion, from a year ago to $49.0 billion in 2022. Agricultural production loans rose by 7.44% from a year ago to $19.9 billion, while farmland loans rose by 9.80% to $29.2 billion.

Farm banks in the Cornbelt region maintained their profitability in 2022. The median return on equity rose to 11.49%, while the median return on assets fell slightly to 1.03%, with the top quartile reporting a return on average assets of 1.32%. The region’s median Tier 1 risk-based capital ratio fell slightly to 13.76%. Farm banks in the Cornbelt region employ 32,254 men and women, an increase of 126 compared to 2021 employment levels.

Plains:

CO, KS, ND, NE, NM, OK, SD, TX

Plains	Median	Top 25%	Bottom 25%
Number of Full-Time Employees	22	51	12
Total Assets ($ in Mil)	$153.9	$356.0	$74.7
Total Loans & Leases ($ in Mil)	$82.9	$200.7	$34.3
Total Deposits ($ in Mil)	$137.4	$308.1	$64.7
Tier 1 Common Equity Risk-Based Capital Ratio	15.44%	19.89%	12.76%
Tier 1 Leverage Ratio	10.47%	12.37%	9.40%
Return on Average Assets	1.05%	1.37%	0.74%
Return on Average Equity	11.93%	16.76%	7.79%
Net Interest Margin	3.22%	3.68%	2.82%
Total Interest Expense/Average Assets	0.34%	0.24%	0.49%
Total Interest Income/Average Assets	3.48%	3.92%	3.02%
Total Noninterest Income/Average Assets	0.38%	0.59%	0.23%
Efficiency Ratio	63.55%	55.54%	71.91%
Noncurrent Loans*/Total Loans	0.15%	0.00%	0.62%
Net Charge-Offs/Average Loans	0.00%	-0.01%	0.04%
Loan Loss Reserves/Gross Loans	1.41%	1.82%	1.14%
Farmland Loans/Total Loans & Leases	19.43%	28.73%	12.63%
Agricultural Production Loans/Total Loans & Leases	18.87%	31.59%	10.30%

* Noncurrent loans are defined as past 90 days due and loans in nonaccrual status.

The 574 farm banks in the Plains region increased their farm loans by 5.98%, or $2.1 billion, from a year ago to $37.7 billion in 2022. Agricultural production loans rose 2.51% from a year ago to $17.2 billion, while farmland loans increased 9.07% to $20.5 billion.

Farm banks in the Plains experienced remained solidly profitable in 2022. The median return on assets fell slightly to 1.05% from 1.15%%, while the median return on equity rose to 11.93% from 10.21%. The region’s farm banks had a median Tier 1 risk-based capital ratio of 15.33% – a slight decrease from 15.71% in the previous year. Farm banks in the Plains region employ 26,852 men and women, an increase of 167 compared to 2021.

West:
AK, AZ, CA, HI, ID, MT, NV, OR, UT, WA, WY

West	Median	Top 25%	Bottom 25%
Number of Full-Time Employees	54	127	20
Total Assets ($ in Mil)	$271.8	$829.0	$144.1
Total Loans & Leases ($ in Mil)	$158.1	$427.8	$51.5
Total Deposits ($ in Mil)	$251.5	$763.4	$130.4
Tier 1 Common Equity Risk-Based Capital Ratio	15.14%	19.53%	12.48%
Tier 1 Leverage Ratio	9.58%	11.22%	9.00%
Return on Average Assets	1.16%	1.45%	0.85%
Return on Average Equity	13.51%	17.33%	9.94%
Net Interest Margin	3.34%	3.93%	2.93%
Total Interest Expense/Average Assets	0.22%	0.44%	0.13%
Total Interest Income/Average Assets	3.52%	3.89%	3.07%
Total Noninterest Income/Average Assets	0.33%	0.51%	0.22%
Efficiency Ratio	61.98%	54.33%	71.25%
Noncurrent Loans*/Total Loans	0.47%	0.05%	1.15%
Net Charge-Offs/Average Loans	0.01%	-0.02%	0.04%
Loan Loss Reserves/Gross Loans	1.54%	1.88%	1.16%
Farmland Loans/Total Loans & Leases	15.20%	21.63%	9.83%
Agricultural Production Loans/Total Loans & Leases	11.69%	21.23%	7.84%

* Noncurrent loans are defined as past 90 days due and loans in nonaccrual status.

The 45 farm banks in the West region increased their farm loans by 10.47%, or $496 million, from a year ago to $5.2 billion in 2022[11]. Agricultural production loans rose by 13.86% from a year ago to $2.1 billion, and farmland loans rose 8.27% to $3.1 billion.

Farm banks in the West remained very profitable in 2022. The median return on equity rose to 13.51% while return on assets fell slightly to 1.16%. The median Tier 1 risk-based capital ratio for farm banks in the West region fell slightly to 15.14%. Farm banks in the West region employ 4,505 men and women, up 2.53% from the previous year.

[11] This number may vary significantly from prior years due to M&A activity

ABA's Agricultural & Rural Banking Resources

ABA's Agricultural Banking Experts

Ed Elfmann, Senior Vice President, Agriculture and Rural Banking Policy

Sarah Grano, Vice President, Public Relations

Ryan Lee, Associate, Economic Policy & Research

Tyler Mondres, Senior Director, Economic Policy & Research

Resources for Agricultural Banks

ABA Newsbytes: Ag Banking

Agricultural Banks Performance Scorecard

ABA/ Farmer Mac Agricultural Lender Survey Report

Introduction to Agricultural Lending Facilitated Course

Farmer Mac Alliance