

AGRICULTURAL FINANCE DATABOOK

Section A: Amount and Characteristics of Farm Loans Made by Commercial Banks

These data are for non-real-estate farm loans of \$1,000 or more made by commercial banks. They are derived from quarterly sample surveys conducted by the Federal Reserve System during the first full week of the second month of each quarter. Data obtained from the sample are expanded into national estimates for all commercial banks.

Since May 1997, the Federal Reserve has collected data on the assessment by the lender of the risk associated with each loan, the next date that the rate of interest could be adjusted, whether the loan was callable by the bank, and whether the borrower could prepay the loan without penalty. Over time, the data on the lender's perception of the riskiness of farm loans should help provide a better picture of the effect of fluctuations in the creditworthiness of farm borrowers as farm financial conditions or the broader economic environment changes. The new data on loan repricing dates, the callability of the loan, and the existence of prepayment penalties should help to refine estimates of the duration of farm loans made by commercial banks.

Tables A.8 through A.13 contain most of the new data, whereas tables A.1 through A.7 attempt to show estimates that are comparable to those that have been presented for a number of years. However, for several quarters while the new survey was being designed, banks that left the survey panel were not replaced immediately because new replacement banks would soon have been forced to revise their newly instituted reporting procedures when the new survey form went into effect. As a result, the size of the survey panel dwindled through early 1997, and an unusually large number of new reporters (about 25) were added with the May 1997 survey. This change did not affect the validity of the May survey information, but it likely introduced sampling error, especially when the May survey results are compared with those of previous quarters.

Since November 1991, several survey statistics have been estimated for each of ten farm production regions as defined by the United States Department of Agriculture. These statistics, which are presented in table A.14, should be treated with some caution. Although an effort was made to choose a good regional mix of banks for the panel, the panel never has been stratified by region. Consequently, the survey results are less precise for each region than for the totals for the nation. More-detailed results from each quarterly survey were previously published in the Federal Reserve Board of Governors Statistical Release E.2A, Survey of Terms of Bank Lending to Farmers. Since February 1992, these results have been included at the end of section A of the Agricultural Finance Databook. The E.2A was discontinued February 1992.

AGRICULTURAL FINANCE DATABOOK

Section B: Selected Statistics from the Quarterly Reports of Condition of Commercial Banks

The data in tables B.1 through B.8 are prepared using data from the quarterly reports of condition and income for commercial banks. These reports changed substantially beginning in March 2001, and the information on the delinquencies and charge-offs of farm non-real-estate loans after that date is not directly comparable to that shown in earlier editions of the Agricultural Finance Databook. Under the new system, banks with more than \$300 million in assets or banks with foreign offices report the same information as before. However, smaller banks at which farm production loans account for more than 5 percent of total loans now report the same information on delinquencies and charge-offs of farm production loans that larger banks do. In the new reporting system, small banks at which farm production loans account for less than 5 percent of total loans are excused from reporting delinquencies or charge-offs of farm production loans. Before March 2001, these small banks had reported delinquencies and charge-offs of "agricultural loans" according to each bank's own definition, and these responses were used to help estimate total delinquencies of farm production loans. Under the new reporting system, the totals for the nation as a whole include estimates of delinquencies and charge-offs of non-real-estate farm loans for small banks that hold about 35 percent of the volume of such loans that is outstanding. All banks continue to report delinquencies and charge-offs of loans that are secured by farm real estate, which are shown in tables B.4 and B.5.

Examination of total lending at banks that have a high exposure to agricultural loans provides an alternative perspective on the agricultural lending situation. Agricultural banks in table B.4 through table B.9 are those that have a proportion of farm loans (real-estate plus non-real-estate) to total loans that is greater than the unweighted average at all banks. The current estimate of this average can be found in the far right column of table B.8.

Information about failed banks presented in table B.9 is obtained from news releases of the Federal Deposit Insurance Corporation, with agricultural banks in our tabulation defined as in the previous paragraph.

AGRICULTURAL FINANCE DATABOOK

Section C: Reserve Bank Surveys of Farm Credit Conditions and Farm Land Values

Data are from quarterly surveys of agricultural credit conditions at commercial banks. Currently, these surveys are conducted during each quarter in seven Federal Reserve Districts. The surveys differ considerably in size, as is noted in the information below. They also differ in subject matter covered (as is evident in the tables), wording of basically similar questions, and type of banks covered. Most of the differences in wording are reflected in the use of different column headings on the pages of each table. The states included in each District are indicated in the table headings; states that fall only partly within a given District are marked with asterisks.

In the second quarter of 2002, the Kansas City and Minneapolis Federal Reserve Banks revised their surveys. Questions were changed, and it was not always possible to match the data to the categories that were shown in previous editions of the Agricultural Finance Databook. Whenever possible, the data from the revised survey were fit into the older format. Series that were discontinued show no data for the second quarter, whereas new series show no data for the previous quarters. When a significant break in the data occurred, the new data were included and a footnote was added to highlight the changes.

Research departments at six Federal Reserve Banks issue more-detailed quarterly reports on their survey results; these reports are available at the addresses and websites given below.

Federal Reserve Bank of Chicago, Box 834, Chicago, Illinois 60690

http://www.chicagofed.org/webpages/research/data/ag_conditions/index.cfm

The sample includes member banks at which farm loans represented 25 percent or more of total loans as of June 1972 (a 10 percent standard is used for banks in the state of Michigan). The sample has undergone periodic review. The latest survey results were based on the responses of about 450 banks.

Federal Reserve Bank of Kansas City, 1 Memorial Drive, Kansas City, Missouri 64198

<http://www.kansascityfed.org/research/indicatorsdata/agcredit/index.cfm>

The original sample chosen in 1976 had 181 banks selected from banks at which farm loans constituted 50 percent or more of total loans, with appropriate representation of all farm areas. The sample was redrawn and significantly expanded in 1987, with agricultural banks defined as having more than approximately 15 percent of their total loans in farm loans; in recent surveys, roughly 250 banks responded.

Federal Reserve Bank of Minneapolis, Minneapolis, Minnesota 55480

http://www.minneapolisfed.org/publications_papers/agcredit/index.cfm

Before 1987, the sample provided a cross-section of banks of all sizes that were engaged in farm lending. Members of the Upper Midwest Agricultural Credit Council formed the core of the survey panel. In 1987, the sample was redrawn to include only banks at which farm loans

represented 25 percent or more of total loans. As outlined above, the Minneapolis survey changed considerably beginning in the first quarter of 1994. In recent surveys, about 120 banks responded.

Federal Reserve Bank of Dallas, P.O. Box 655906, Dallas, Texas 75265-5906

<http://www.dallasfed.org/research/agsurvey/index.html>

The sample is stratified regionally and includes banks at which farm loans are relatively important or that hold a major portion of bank loans in their region. The sample was enlarged in the first quarter of 1985 and was redrawn in the second quarter of 1989. In 2011, data regarding referrals to correspondent banks or non-bank credit agencies and the percentage of farm loans refused due to a shortage of loanable funds was no longer reported. In addition, the indices were no longer weighted, and weights for calculating land values were updated and no longer reported as moving averages. The results for the most recent quarter were based on the responses from about 200 respondents.

Federal Reserve Bank of Richmond, Richmond, Virginia 23261

http://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/agricultural_credit/index.cfm

The number of agricultural banks in this District is much smaller than that in the other Districts. When the survey was initiated in 1975, the sample consisted of forty-three banks of all sizes; banks with larger amounts of farm loans were sampled more heavily. More recently, the sample has consisted of about thirty banks, roughly three-fourths of which typically respond to the quarterly surveys.

Federal Reserve Bank of St. Louis, St. Louis, Missouri 63166

<http://research.stlouisfed.org/publications/afm/2012/afmq2.pdf>

In the second quarter of 2012, the St. Louis Federal Reserve Bank launched a survey with questions modeled after the Kansas City, Minneapolis and San Francisco surveys. About two-thirds of the approximately 130 agricultural banks in the sample responded to the initial survey. Agricultural banks were defined as banks having more than approximately 15 percent of their total loans in farm loans.