



Agricultural Finance Update

Farm Debt at Ag Banks Climbed in 2024

by: Francisco Scott and Ty Kreitman

March 27, 2025

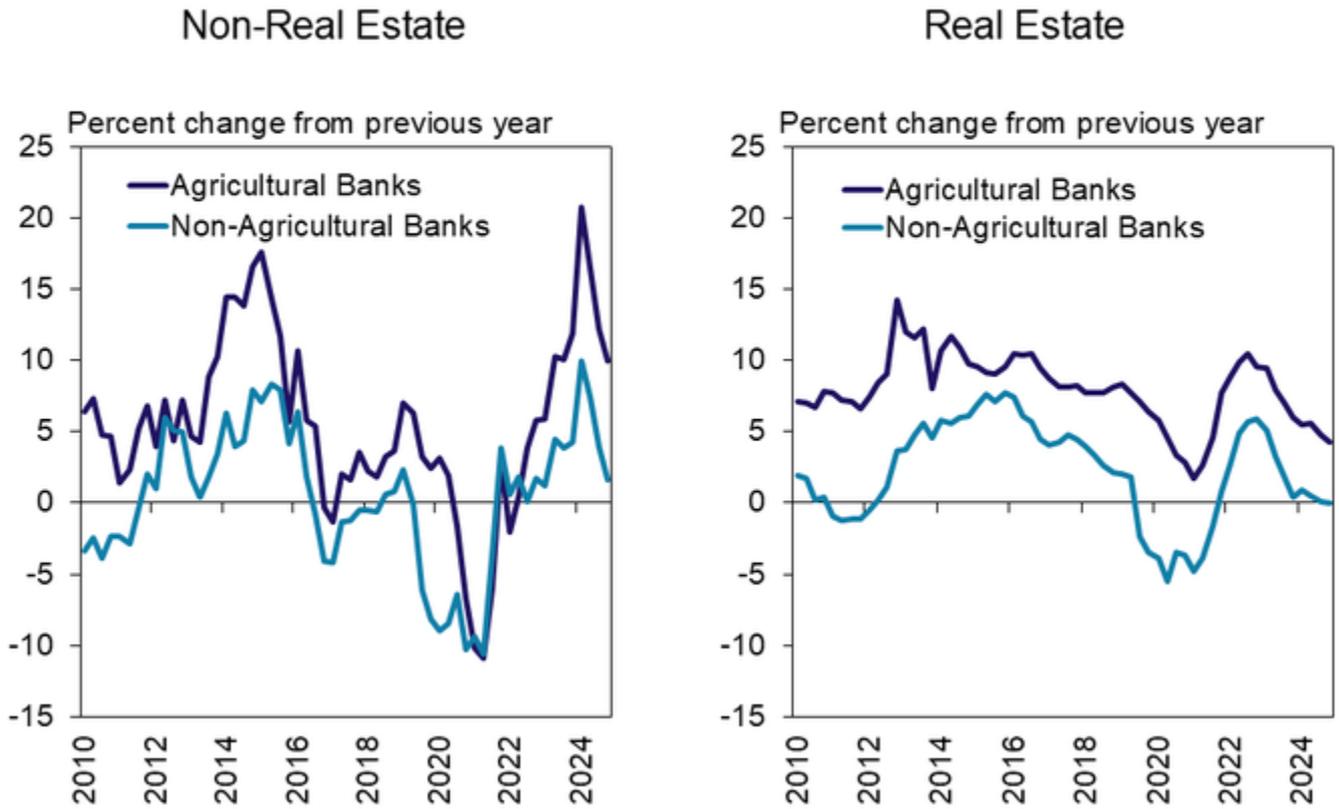
Farm debt at agricultural banks grew considerably in 2024 and delinquency rates increased from historic lows.

Farm debt at agricultural banks grew considerably in 2024 and delinquency rates increased from historic lows. According to commercial bank call report data, farm debt at banks with concentrations in agricultural lending grew about 7% from a year earlier. Debt increased alongside weaker conditions in the agricultural economy that increased demand for production loans and led to slightly higher farm loan delinquency rates. Loan growth was accompanied by improved interest margins and slightly higher capital ratios for farm lenders. The outlook for the agricultural sector remained relatively subdued alongside low crop prices, but ad hoc government payments related to the American Relief Act could support the sector and limit financial stress for some producers in early 2025.

Fourth Quarter Commercial Bank Call Report Data

Farm debt continued to increase through the end of 2024 and was particularly strong at agricultural banks. Non-real estate loans at agricultural banks increased 10% from the previous year and, at non-agricultural banks, ended 2024 less than 2% higher (Chart 1). Real estate debt was unchanged at non-agricultural lenders and increased about 4% at farm banks.

Chart 1: Farm Debt Outstanding at Commercial Banks

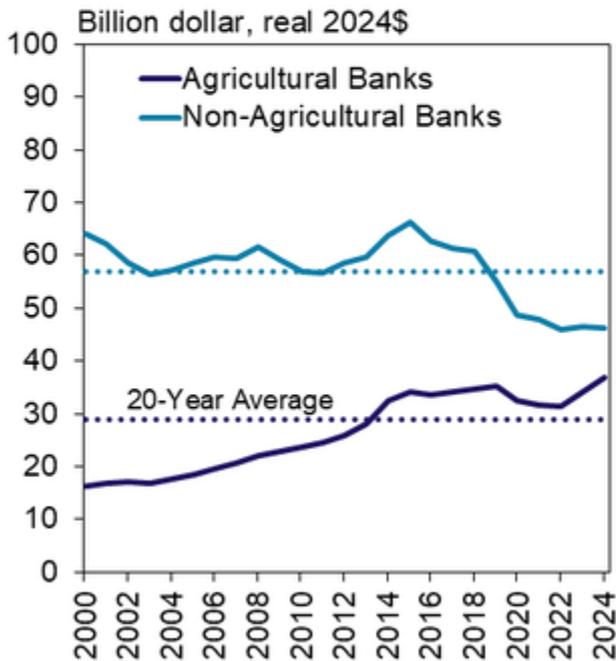


Note: Agricultural Banks are defined as banks with total agricultural loans comprising at least 25% of total loans. Figures above are calculated using the same group of 970 agricultural banks from Q4 2024 in every quarter.
Sources: Reports of Condition and Income and Federal Reserve Board of Governors

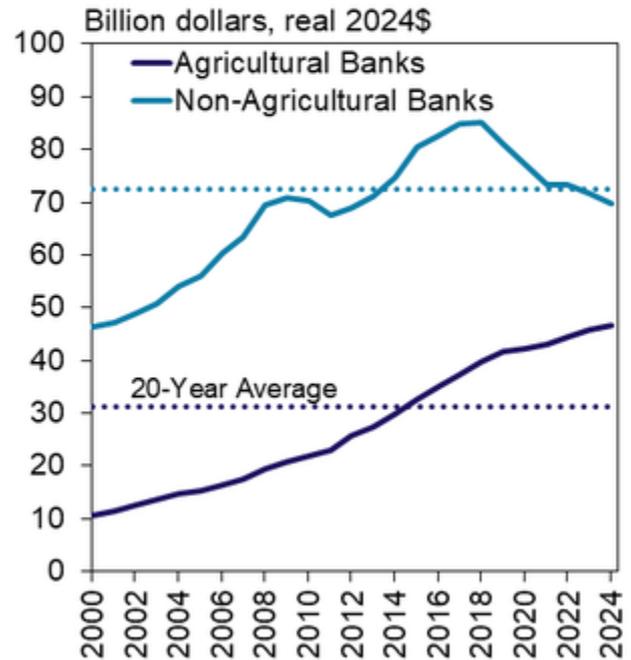
Strong loan growth pushed debt levels at agricultural banks well above historic averages. When adjusted for inflation, real estate and non-real estate loan balances at agricultural banks ended the year considerably above the average of the past 20 years (Chart 2). Production loans at non-agricultural lenders were largely flat and remained well below average while real estate debt among those banks dropped to the lowest level since 2012.

Chart 2: Balance of Farm Debt Outstanding, Q4

Non-Real Estate



Real Estate

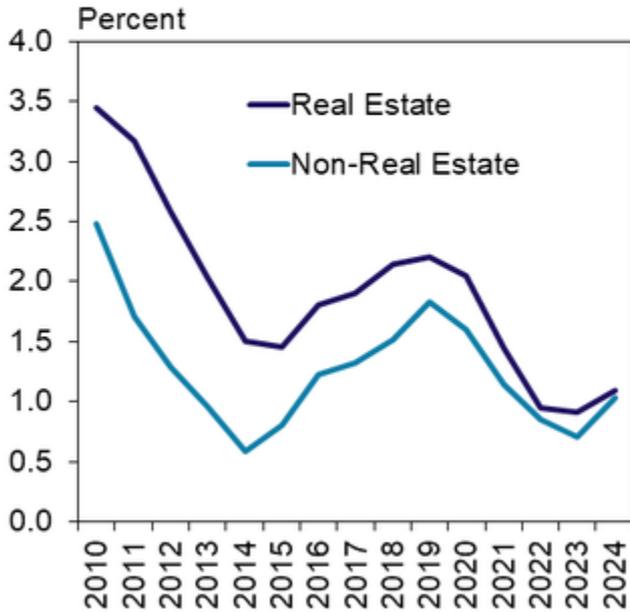


Note: Agricultural Banks are defined as banks with total agricultural loans comprising at least 25% of total loans. Figures above are calculated using the same group of 970 agricultural banks from Q4 2024 in every quarter.
Sources: Reports of Condition and Income and Federal Reserve Board of Governors

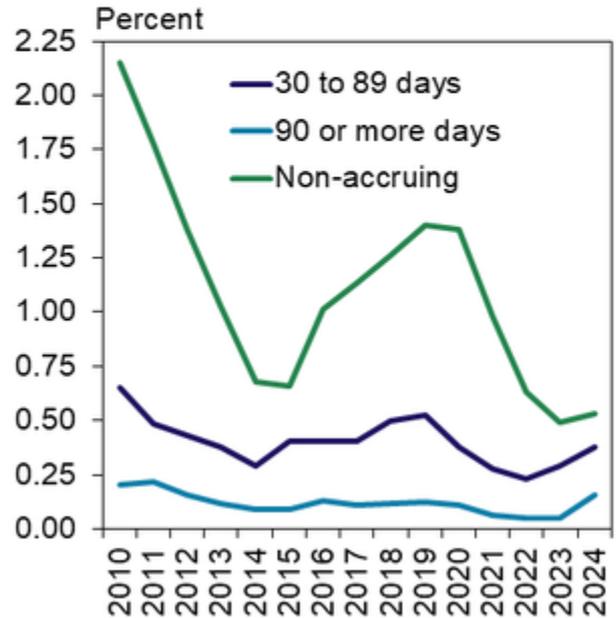
As farm debt grew and conditions in the farm economy weakened, delinquency rates increased modestly from historic lows. Delinquency rates for both real estate and non-real estate loans climbed above 1%, reversing the downward trend that began in late 2020 (Chart 3, left panel). While non-accruing debt increased only slightly, the volume of loans that were delinquent for more than 90 days more than tripled compared to the previous year, albeit from historically low levels.

Chart 3: Farm Loan Delinquency Rates at Commercial Banks, Q4

Delinquency Rate by Loan Type



Delinquency Rate by Past Due Duration

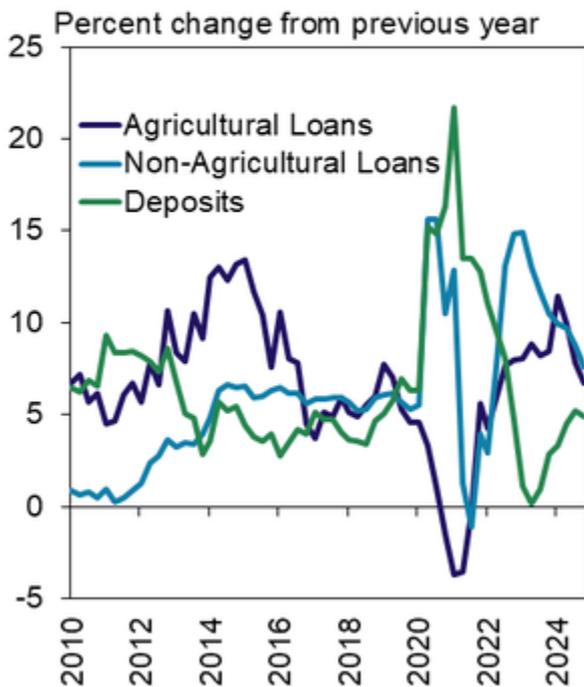


Sources: Reports of Condition and Income and Federal Reserve Board of Governors.

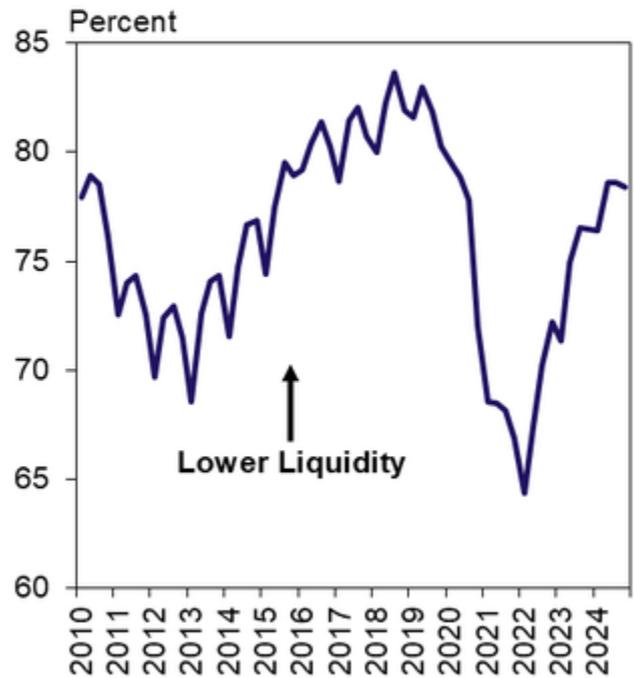
Liquidity at agricultural banks moderated alongside strong loan growth. Agricultural and non-agricultural loans grew by an average of 7% over the past year, slowing from double-digit growth in 2023 and early 2024 (Chart 4, left panel). Meanwhile, deposit growth remained strong at 5% year-over-year. The continued rise in outstanding loans relative to deposits further contributed to declining liquidity at agricultural banks (Chart 4, right panel).

Chart 4: Liquidity at Agricultural Banks

Loan and Deposit Balances



Loan-to-Deposit Ratio

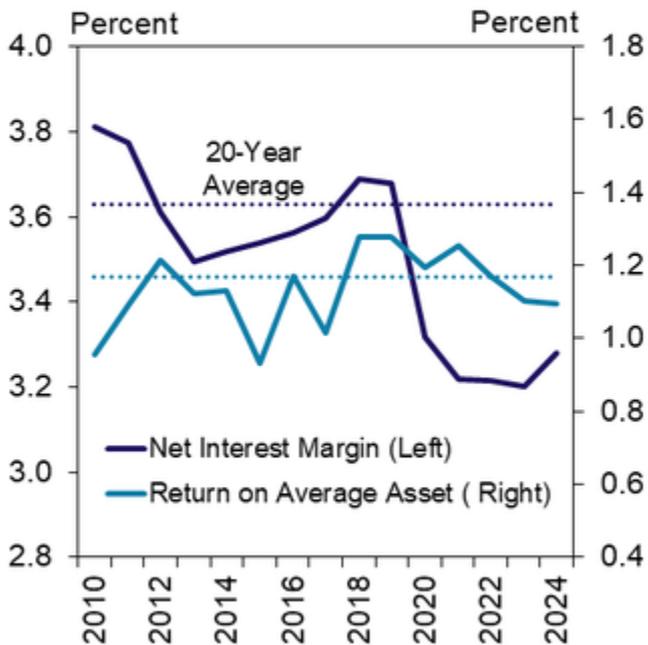


Note: Agricultural Banks are defined as banks with total agricultural loans comprising at least 25% of total loans. Figures in the left panel are calculated using the same group of 970 agricultural banks from Q4 2024 in every quarter.
Source: Reports of Condition and Income and Federal Reserve Board of Governors

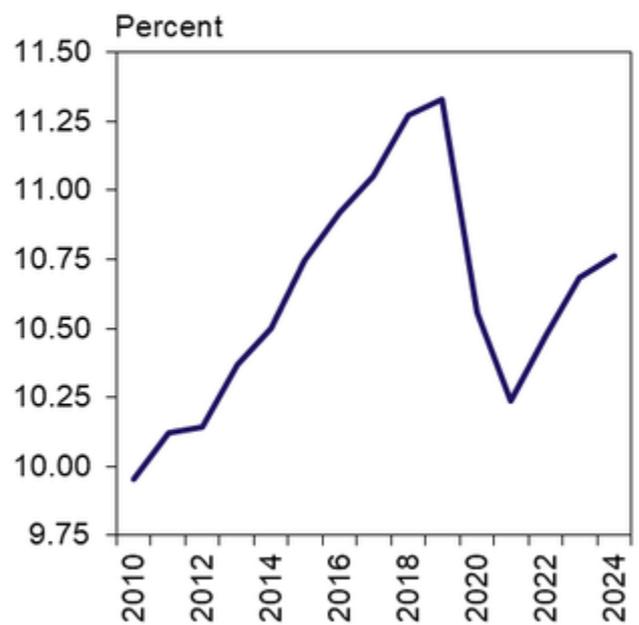
Interest margins improved along with loan growth and supported bank capital ratios. Despite a 2% increase in net interest margins over the past year and stable returns on average assets, earnings for agricultural banks remained below historical averages (Chart 5, left panel). Nevertheless, core capital levels continued to grow, underscoring the ability of agricultural banks to navigate possible economic uncertainties ahead (Chart 5, right panel).

Chart 5: Financial Indicators at Agricultural Banks, Q4

Earnings Ratios



Tier 1 Leverage Capital Ratio*



*This capital ratio excludes unrealized gains (losses) and is not reported in Ag Finance Update tables. Banks may elect to "opt-out" of including AOCI in the calculation of Tier 1 Leverage Capital utilized for regulatory purposes. However, these amounts are included in the calculation of the equity capital variable utilized in the Ag Finance Update – Commercial Bank Call Report data tables.

Note: Agricultural banks are defined as banks with total agricultural loans comprising at least 25% of total loans. Figures in the right panel are calculated using the same group of 970 agricultural banks from Q4 2024 in every quarter.

Sources: Reports of Condition and Income and Federal Reserve Board of Governors

[Commercial Bank Call Report Historical Data](#)

[Commercial Bank Call Report Data Tables](#)

[About Commercial Bank Call Report Data](#)

Authors



Francisco Scott Senior Economist

Francisco Scott is a senior economist at the Economic Research Department of the Federal Reserve Bank of Kansas City. His current research focuses on agricultural industrial organization, industry consolidation and market power, regional economics, and policy. Francisco joined the Bank in 2021 after completing his Ph.D. in Agricultural Economics at Purdue University.



Ty Kreitman Associate Economist

Ty Kreitman is an associate economist in the Regional Affairs Department at the Omaha Branch of the Federal Reserve Bank of Kansas City. In this role, he primarily supports the Federal Reserve Bank of Kansas City and the Federal Reserve System efforts surrounding agricultural economics research, analysis and outreach. His responsibilities include co-authoring the *Tenth District Survey of Agricultural Credit Conditions* and *Agricultural Finance Updates*. Ty joined the Bank in 2015 as an assistant bank examiner in the Examinations & Inspections Department at the Omaha Branch and transferred to his current position in 2018. He holds a B.A. degree in Economics and Finance from the University of Nebraska-Lincoln and a M.A. degree in Financial Economics from Youngstown State University.