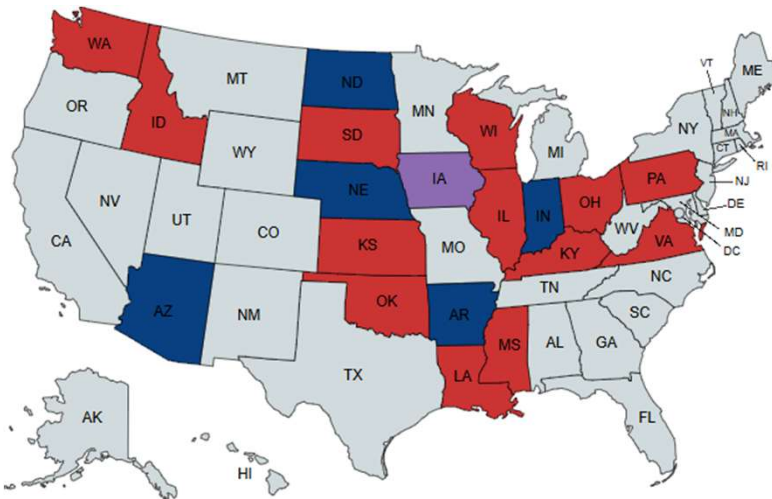




Building Success. Together.

ABA Ag and Rural Bankers Committee



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ABA in Washington, D.C.

- Work with all 541 Congressional Offices
 - 100 Senators
 - 435 Voting Representatives
 - 5 Delegates and 1 Resident Commissioner (Puerto Rico)
- House Focus: Financial Services, Ways and Means, Energy and Commerce, Agriculture, Appropriations, Judiciary, Small Business and Oversight Committees
- Senate Focus: Banking, Finance, Commerce, Agriculture, Appropriations, Judiciary, Small Business and Oversight

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ABA Agricultural Finance Issues

- USDA Loan Programs
- House and Senate Agriculture Committees
- ACRE Act
- Farm Credit System
- Rural Development
- Climate Smart Agriculture
- Crop Insurance

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Farm Bill Economics

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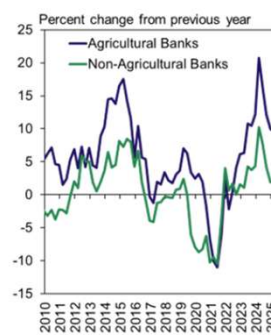
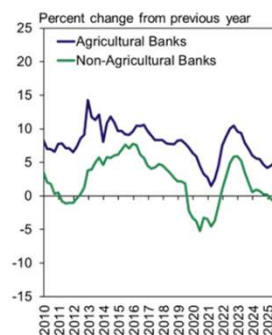


Farm Debt Increasing

Farm Debt at Commercial Banks

Real Estate

Non-Real Estate



Note: Agricultural Banks are defined as banks with total agricultural loans comprising at least 25 percent of total loans.

Figures above are calculated using the same group of 931 agricultural banks from Q2 2025 in every quarter.

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

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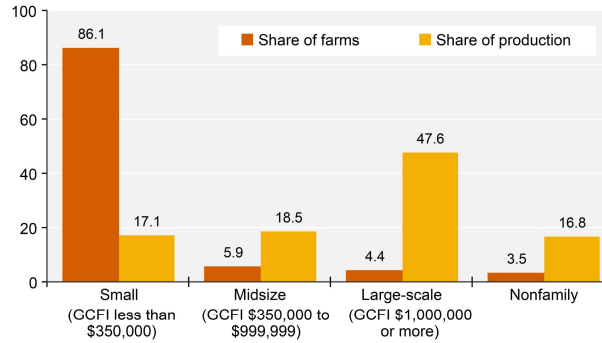


Farm Size and Production Continues to Change

- 10% of farms account for 66% of production
- 86% of farms are small
- Where does your farm or ranch fall on this spectrum?

U.S. farms and their value of production by farm type, 2023

Percent of U.S. farms or production



GCFI = annual gross cash farm income before expenses.

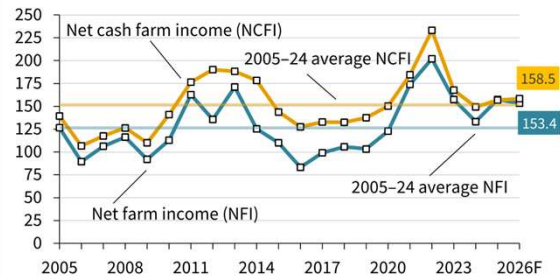
Note: Nonfamily farms are those where the majority of the operation is not owned by an operator and their relatives. Components may not sum to 100 percent because of rounding.

Source: USDA, Economic Research Service and USDA, National Agricultural Statistics Service, Agricultural Resource Management Survey. Data as of December 3, 2024.

Net Farm Income Decreasing

U.S. net farm income and net cash farm income, inflation adjusted, 2005–26F

2026 dollars (billions)

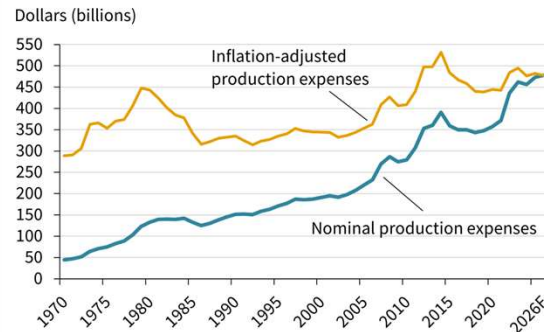


Note: F = forecast; data for 2025 and 2026 are forecasts. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2026 by USDA, Economic Research Service.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 5, 2026.

Farm Production Costs Rising

Nominal and inflation-adjusted U.S. farm production expenses, 1970–26F

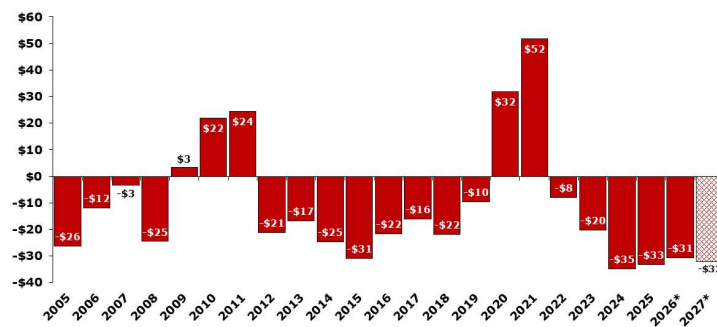


Note: F = forecast. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2026 by USDA, Economic Research Service.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 5, 2026.

Revenues Still Declining

Agriculture Losses to Deepen in 2027

Estimated National Average Returns Over Total Costs without Federal Assistance, Nine Principal Crops, Billion Dollars



Farm Assistance Requests

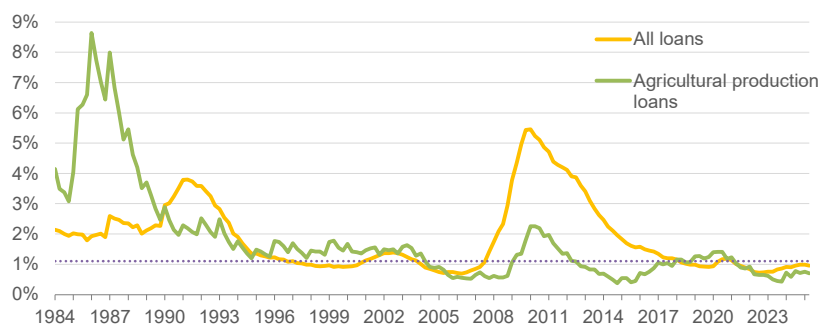
- Letter from 54 groups on March 20, 2026
- Agricultural assistance package proposed in the House on June 14, 2026
- Request by White House on June 25, 2026, for additional agricultural assistance
- Senate continues to discuss assistance

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Ag production loan performance remains below the historic noncurrent rate

Noncurrent loan rate through 2025 Q2



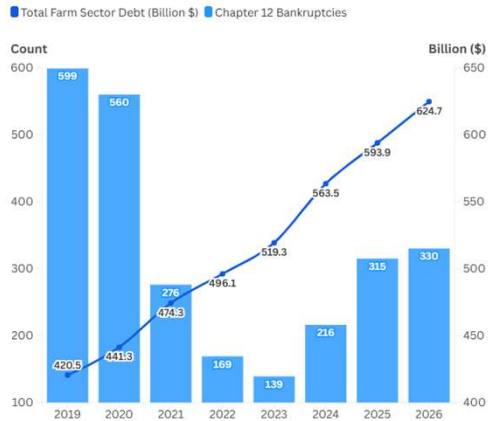
Source: FDIC and American Bankers Association Analysis.

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Farm Bankruptcy Filings Increasing

U.S. farm bankruptcies and debt are on the rise



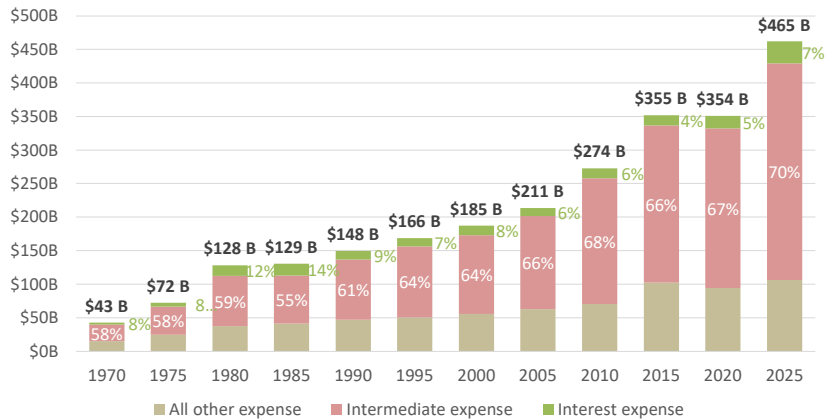
Source: USDA FBS (Farm Income and Wealth Statistics, historical debt 2019-2025, forecast for 2026), Administrative Office of the U.S. Courts (final Chapter 12 data 2019-2025, partial-year cumulative data for 2026 January-March) • Medill Illinois News Bureau graphic by Tara Sun

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American Bankers Association

Interest expense as a share has increased modestly in recent years, but remains below the high in the '80s

Farm production expenses by category



Source: USDA

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American Bankers Association

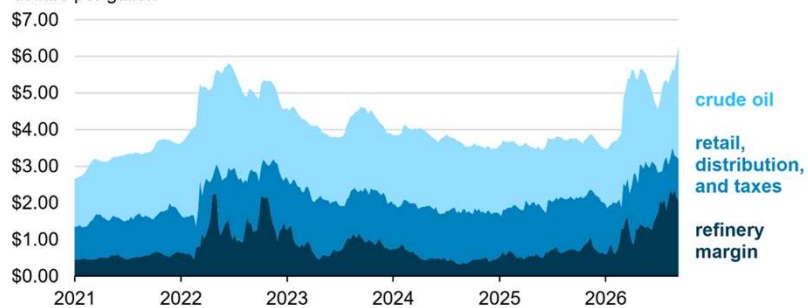
Impact of Rising Fuel Costs

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What Drives Diesel Prices?

Weekly U.S. average retail diesel price components
(Jan 4, 2021–Sep 14, 2026)
dollars per gallon



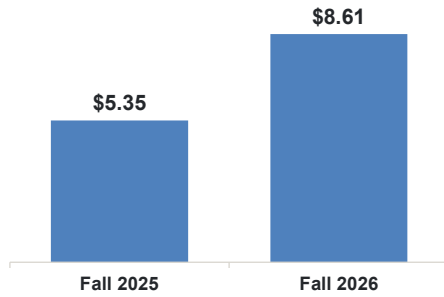
Source: <https://www.eia.gov/todayinenergy/detail.php?id=68164>

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Harvest Diesel Cost per Acre: Fall 2025 vs. Fall 2026

Combine fuel cost, based on Iowa State University's estimate of ~1.45 gallons of diesel per acre for corn harvest



+61%

year-over-year increase in Illinois diesel price, early September 2025 to early September 2026

Full harvest season

Diesel hit **\$5.94/gal** in Illinois by September 10, 2026 (EIA projects a **\$5.07/gal** full-year average). At **4–6 gal/acre** for combining, hauling, and fall tillage, total harvest fuel cost can run **\$24–\$36 per acre**.

Sources: farmdoc daily, University of Illinois (Aug 2026); Farm Policy News, University of Illinois (Sept 2026), citing U.S. Energy Information Administration Illinois diesel price data; Iowa State University Extension harvest fuel-use estimate.

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Fuel's Share of Farm Operating Costs

Diesel is a modest slice of total production costs — but a fast-moving one

5%

of total 2026 corn production costs

Fuel is projected at \$33/acre of roughly \$660/acre in total production costs, at current diesel prices.

18%

of total machinery-related costs

Within machinery costs (fuel, repairs, depreciation, interest), fuel is the smallest of the four — but the most volatile.

3–5%

typical range, corn / soybeans / wheat

National estimate per the Farm Bureau; fuel's share runs higher for more fuel-intensive crops.

Sources: University of Missouri Extension, "How rising diesel prices affect crop production costs" (2026 Missouri corn budget); Axios, "The farm belt's next energy pain point is about to arrive" (Aug 2026), citing the American Farm Bureau Federation.

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2025 Tax Legislation

ACRE State of Play

- Section 139L of Internal Revenue Code
- Interim guidance was released in late November
- ABA comment letter filed with IRS on January 20th
 - 34 Comments filed
- Potential for proposed rule

Section 139L Comment Letter

- Use the Congressional Intent Letter on Section 139L as a basis for guidance and definitions.
- Maintain a broad, practical definition of agricultural real property and related structures that is consistent with existing tax rules and Congressional intent to expand options for farmers and ranchers.
- Avoid narrow or mechanical eligibility tests that would fail to reflect the diversity of agricultural operations and could discourage participation in Section 139L.
- Align key eligibility concepts with Farm Credit where appropriate, so that similarly situated agricultural borrowers are treated consistently.
- Provide clear and coordinated guidance on the interaction of Section 139L with IRC Section 265, including the TEFRA provisions and bank qualified concepts, to avoid conflicting interpretations by tax advisors.
- Consider a loan as new when new underwriting is used for said loan.
- Address several implementation issues, such as refinancings and pre-enactment loans, which will significantly affect how lenders structure Section 139L lending programs over time.

Agriculture Provisions in OBBB

Farm, Food, and National Security Act of 2024 Statutory Reference Price (SRP) Increases		
Commodity	Current SRP	New SRP
Corn	\$3.70	\$4.10
Sorghum	\$3.95	\$4.40
Barley	\$4.95	\$5.45
Oats	\$2.40	\$2.65
Soybeans	\$8.40	\$10.00
Wheat	\$5.50	\$6.35
Seed Cotton	\$0.37	\$0.42
Rice	\$14.00	\$16.90
Peanuts	\$535.00	\$630.00
Other Oilseeds	\$20.15	\$23.75
Dry Peas	\$11.00	\$13.10
Lentils	\$19.97	\$23.75
Small Chickpeas	\$19.04	\$22.65
Large Chickpeas	\$21.54	\$25.65

- **PLC:** Extends the Price Loss Coverage (PLC) program through crop year 2031 and increases reference prices to those proposed in the farm bill markup for crop year 2025.
- **Base Acres** Maintains all current base acres while providing a one-time voluntary allocation of 30 million new base acres for farm owners who currently do not have base or whose average planted acres and acres prevented from being planted exceed the current base acres on the farm.

Agriculture Provisions in OBBA

- **Crop Insurance**
 - Supplemental Coverage Option (SCO)
 - Coverage triggered if losses in the area exceed 10% of normal levels.
 - Coverage level increased from 86% to 90%.
 - Premium subsidy is increased from 65% to 80%.
 - Increase in premium cost-share (subsidy amount) as follows
 - 55-64% coverage - 69% cost-share
 - 65-74% coverage - 64% cost-share
 - 75-79% coverage - 60% cost-share
 - 80-84% coverage - 51% cost-share
 - 85%+ coverage - 41% cost-share
 - Whole Farm Revenue Protection (WFRP) - coverage level increased to 90%.
 - A&O Payments
 - Crop insurance companies and agents will get a minimum reimbursement of 17% for their administrative costs when they provide insurance for specialty crops.
- **Trade** - Creates a new supplemental agriculture trade promotion program akin to MAP, funded at \$265 million beginning in fiscal year 2027 and each fiscal year thereafter.
- **Horticulture**
 - Specialty Crop Block Grant Program (SCBG) increased to \$100 million/year (was \$85 million).
 - Plant Pest and Disease Management increased to \$90 million/year (from \$75 million).
- **Adjusted Gross Income (AGI) Limit Exemption** - In determining eligibility for disaster and conservation programs, a person or entity that derives more than 75% of their income from farming activities is exempt from AGI limits.
- **Conservation**
 - Ag Conservation Easement Program (ACEP) is increased incrementally, reaching \$700 million in fiscal year 2031.
 - Quality Incentives Program (EQIP) is increased incrementally, reaching \$3.225 billion fiscal year 2031.
 - Conservation Stewardship Program (CSP) is increased incrementally, reaching \$1.375 billion in fiscal year 2031.
 - Regional Conservation Partnership Program (RCPP) is increased incrementally, reaching \$450 million in fiscal year 2031.

2026 Farm Bill

ABA Farm Bill Priorities

- Increase FSA Guaranteed Loan Limits
- Modify the Beginning Farmer and Rancher Programs
- Fix the Down Payment Assistance Program
- Reexamine the Interest Assistance Program
- More Consistent Funding for Rural Development Loan Programs
- Modernize Technology for USDA Loan Programs

State of 2026 Farm Bill

- Passed the House on April 30th
 - Bi-Partisan vote of 224-200
- Senate version is in process
 - Markup in July
 - No timing on Senate vote
- Passage by October?

2026 Farm Bill Highlights

- Increases Limits for FSA Guaranteed Loan Programs Ownership to \$3.5 million
 - Operating to \$3 million
- Increases Limits for FSA Direct Loans
 - Ownership to \$850,000
 - Operating to \$750,000
 - Microloans to \$100,000
- Fixes Down Payment Assistance Program
- Improves Bona Fide Operator Eligibility Rules
- Expands Farmer Mac Eligibility
 - Allows for purchase of REAP loans
 - Increases flexibility on acreage caps
- Creates a FSA Express Loan Program

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2026 Farm Bill Highlights

- Permanently extends the Dairy Forward Pricing Program
- Allows precision agriculture practices for EQIP and CSP
- Maintains CRP at 27 million acres
- Expands SNAP healthy incentives to include animal protein
- Expands SNAP to include full-fat fluid milk and hard cheeses
- Creates a Rural Childcare Initiative
- Creates a pilot program for small meat processors to sell directly to consumers

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Farm Credit Modifications

House and Senate Farm Bills

- Allowing financing of private telecoms
- Allowing Farm Credit System to be less than half of a Community Facility loan
 - Carryover from 2024 Farm Bill

House Farm Bill

- Farm Credit Administration shall be the sole regulator of the Farm Credit System
- Amendment to move exams from 18 months to 24 months

Amendment to allow Farm Credit to make residential mortgages in populations of 10,000 or less

- Amendment was not offered
- Effort was killed in Senate markup

Other ABA Priorities

- Continue to support full ACRE
- Support oversight and reform for the Farm Credit System
- Build relationships between bankers and agricultural organizations
- Support improvements to FSA
- Support the Farm Financial Standards Council

Suggested ABA Changes to FSA

- Delegated authority for preferred lenders
 - Exists at SBA
- Increased technology at FSA
 - Online application process
 - Electronic documents
 - Removal of wet signature requirement
- Changes to FSA loan approval process
 - Regional, State, or National level approval
 - Underwriting should be handled by lender

ABA Agricultural Banking Resources

ABA.com/agbanking

- Agricultural Lending Education
 - Online class offered yearly
 - Discussions on offering a graduate level school
- Webinars
- ABA Agricultural Banks Performance Scorecard
- Agricultural Lender Survey
- Monthly ABA Ag Journal
- ABA Ag Bankers Exchange

Tools for Bankers

- USDA Farm Service Agency Guaranteed Loans
 - Farm Ownership
 - Farm Operating
- USDA Rural Development Guaranteed Loans
 - Community Facilities
 - Business and Industry
 - Rural Energy for America Program (REAP)
- Small Business Administration Grocery Guarantee Program
 - New Program in March 2026 (<https://www.sba.gov/article/2026/03/27/sba-announces-grocery-guarantee-promote-affordability>)
- Secondary Market
 - Farmer Mac
- Private Ag Lenders
 - Conterra, Ag America

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ABA Agricultural Bankers Conference

November 4-6, 2026

Hyatt Regency
Minneapolis, MN

CONFERENCE HIGHLIGHTS

Why You Should Attend



In-Person Networking

Opportunities to connect face to face with ag bankers from across the country - finally!



The National Perspective on Ag

Long-term projections for the broader rural economy and state of play in Washington from national experts



Strategies for Growth

Practical knowledge to navigate the current low-rate, highly competitive environment

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Thank you!

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