

Banking Conditions

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**Vice President,
Examinations and Inspections**

A magnifying glass is positioned over a bar chart. The chart has a y-axis with values from 10,000 to 60,000 and an x-axis with months from May to Dec. A legend in the top right corner identifies four data series: Sales 1 (dark blue), Sales 2 (medium blue), Sales 3 (light blue), and Sales 4 (very light blue). The magnifying glass is centered over the bars for September, October, and November.

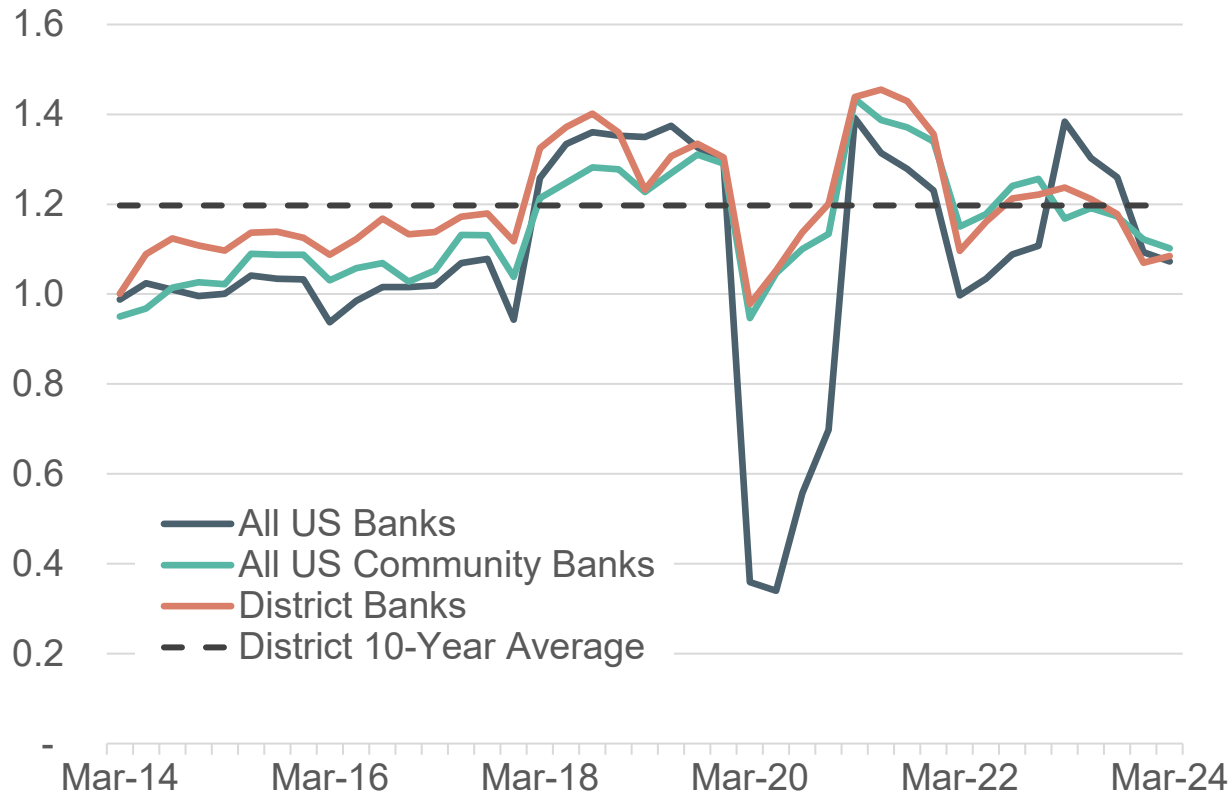
**BANKING &
SUPERVISION FORUM**
FEDERAL RESERVE BANK OF KANSAS CITY

Disclaimer

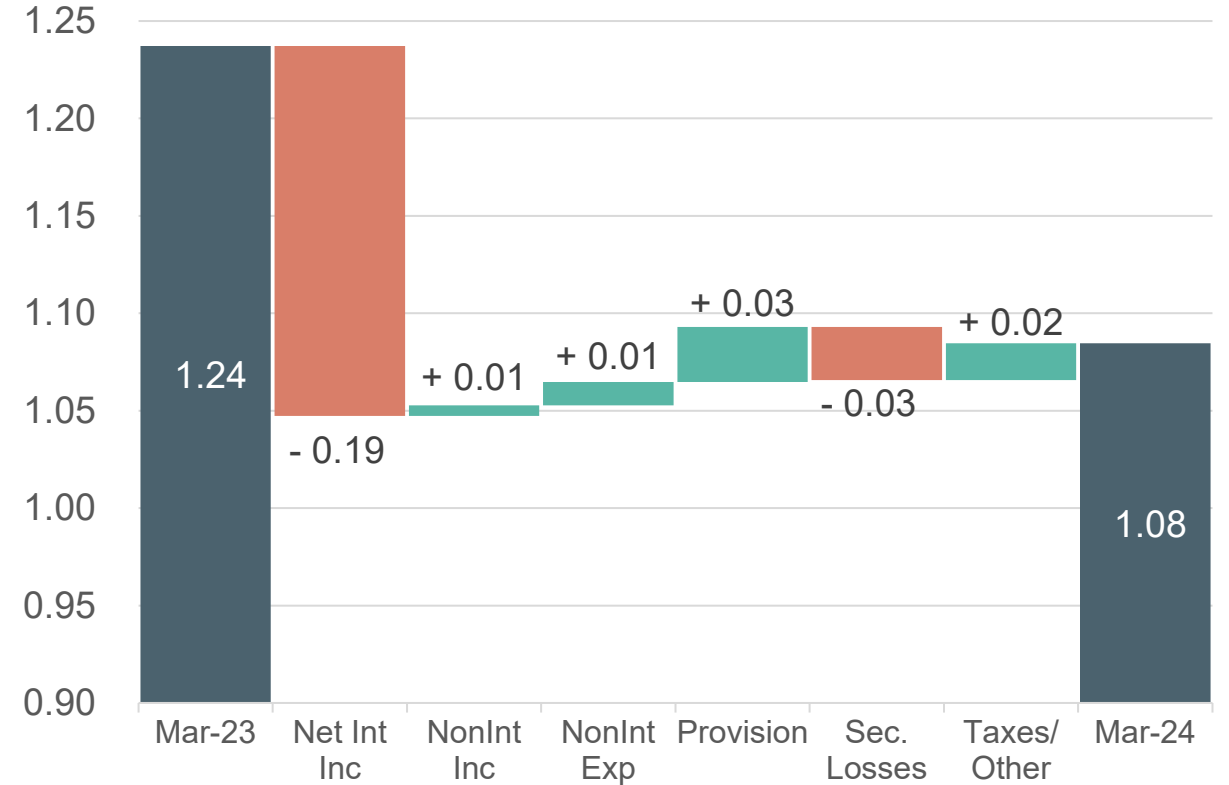
Financial data presented is sourced from quarterly public Call Report filings of US commercial banks. The data was most recently updated as of May 6, 2024, representing preliminary Q1 2024 data that is subject to change upon finalization. Information on examination ratings and issues is sourced from the Federal Reserve System National Examination Data.

Earnings pressured by increased expenses, reduced non-interest income

Return on Average Assets (YTD)



Change* in Net Income
Percent of Average Assets, Tenth District Banks

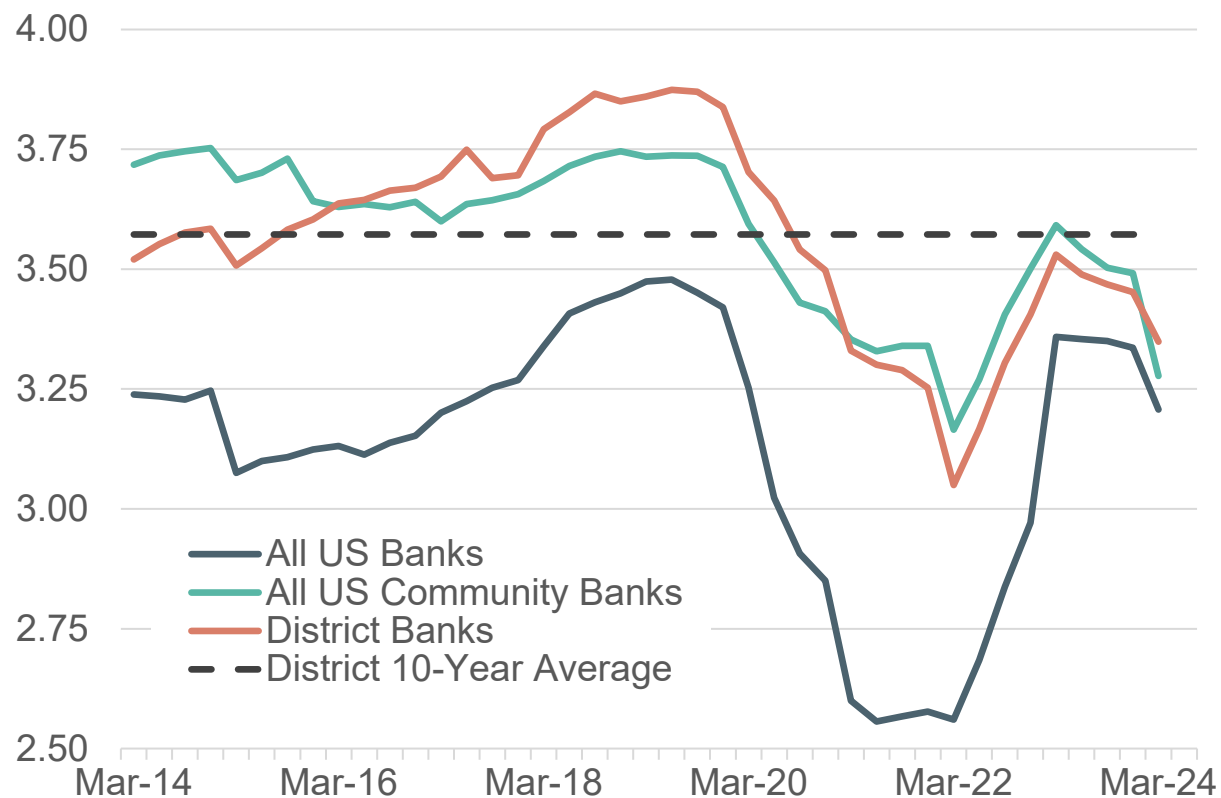


Source: Reports of Condition and Income

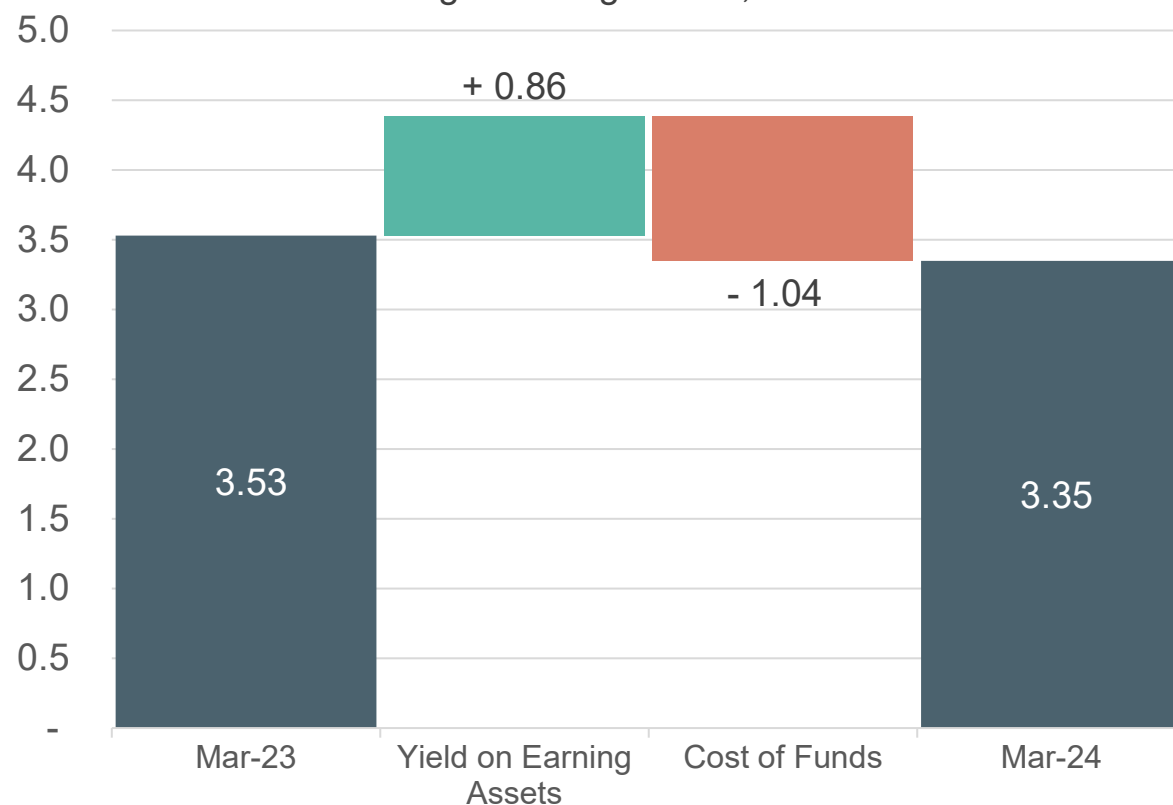
*Note: Decreases in expense items are shown as positive impacts to earnings.

Margins fell as funding costs increased

Net Interest Margin (YTD)



Change* in NIM
Percent of Average Earning Assets, Tenth District Banks

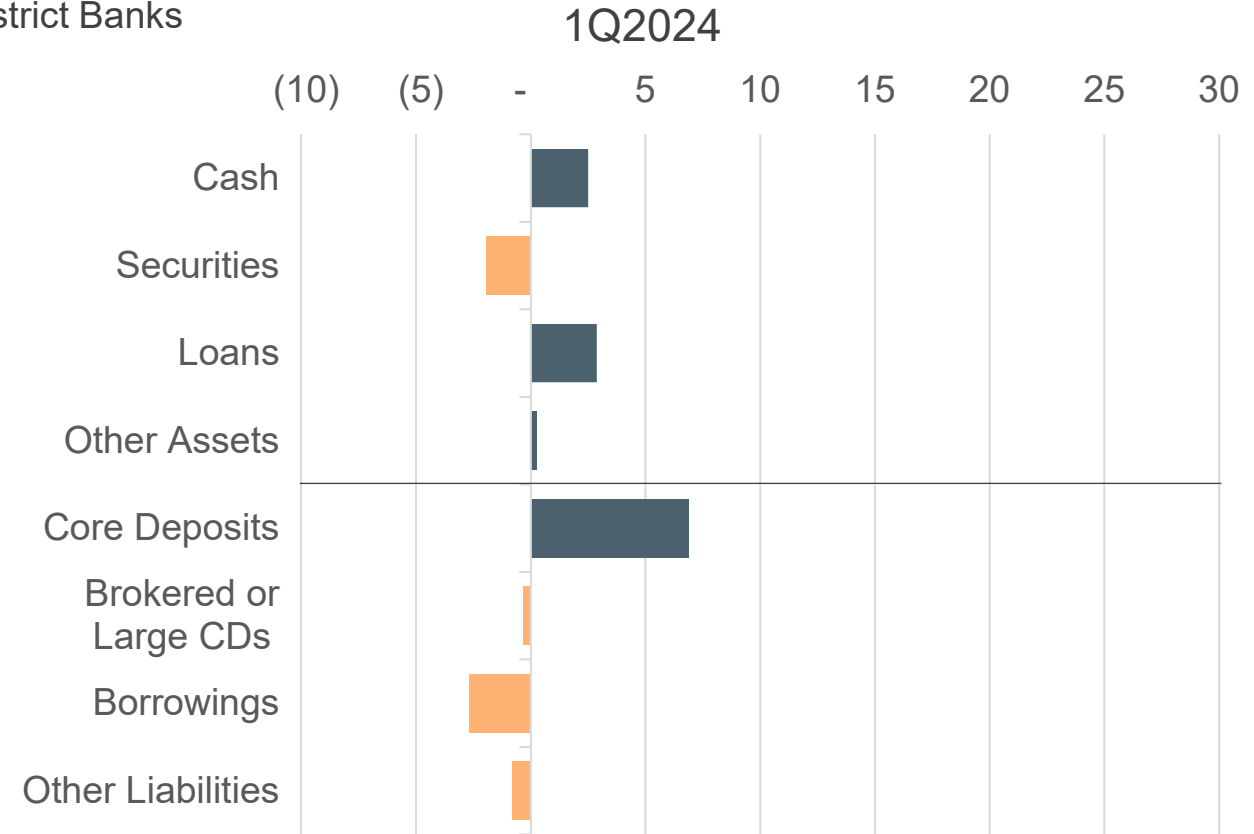
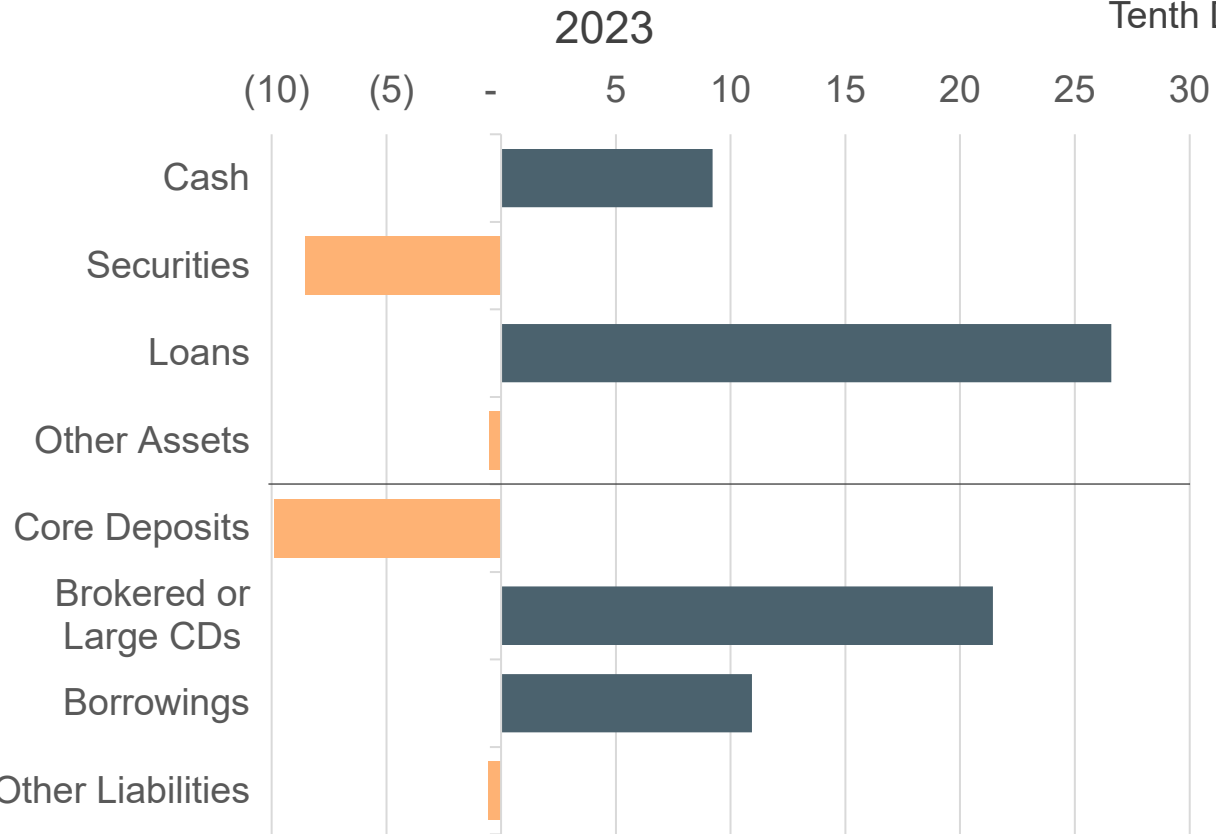


Source: Reports of Condition and Income

*Note: An increase in expense items is shown as a negative impact to earnings.

Balance sheet shifts impacting liquidity; funding challenges improving

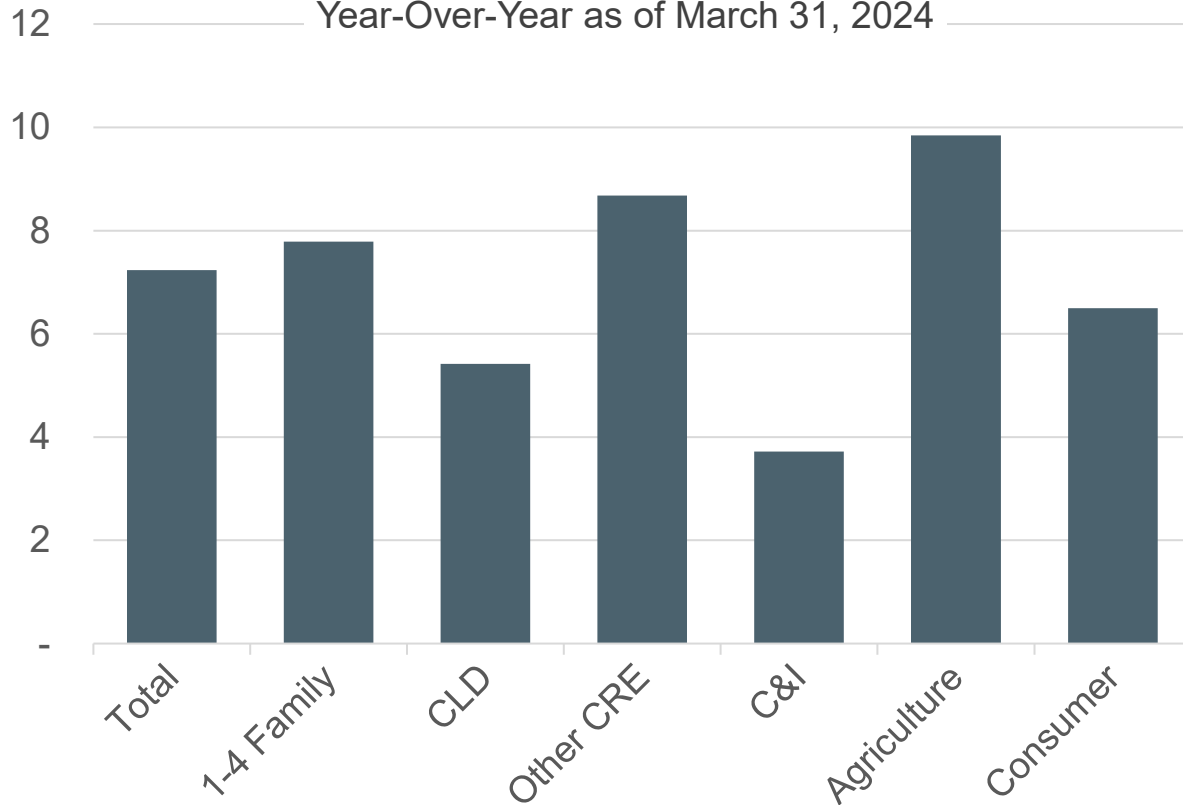
Change in Balance Sheet Items (\$Billions)
Tenth District Banks



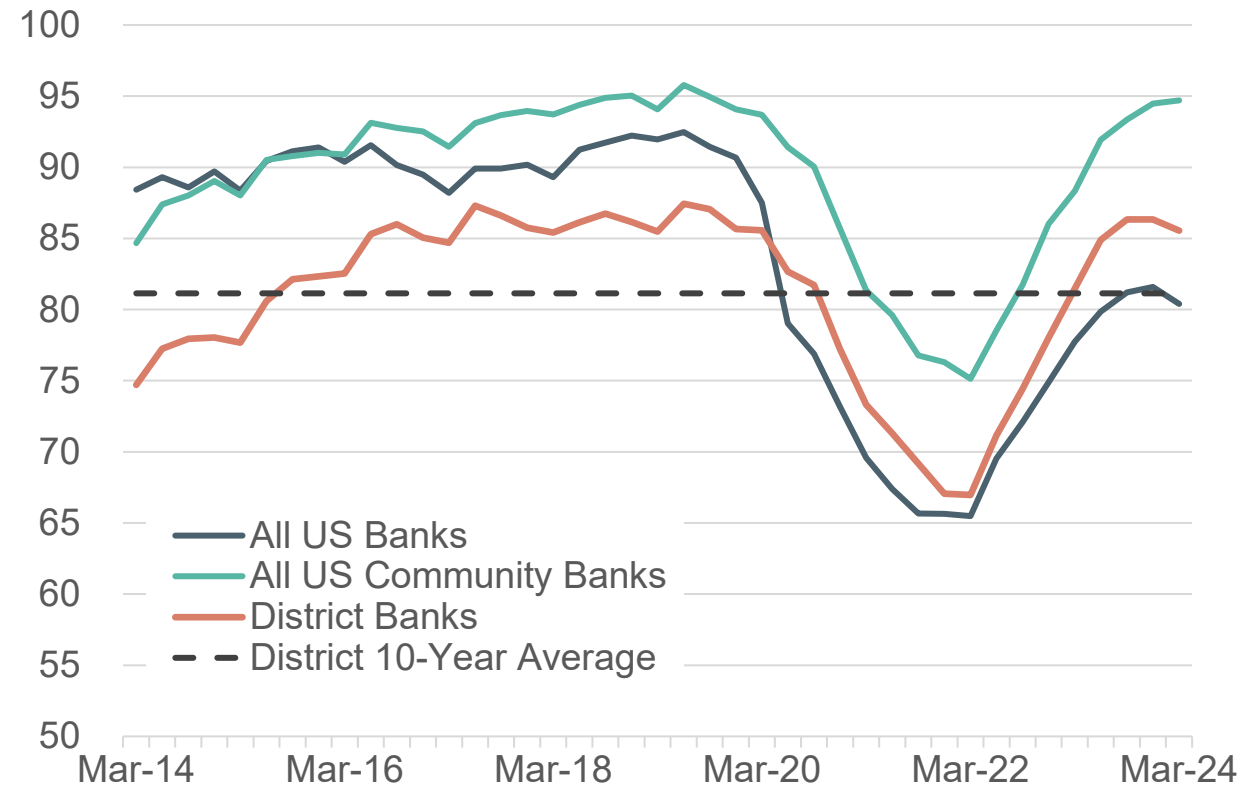
Source: Reports of Condition and Income

Moderate loan growth amid competition for deposits

Loan Growth (%) by Type
Tenth District Banks, Merger-Adjusted
Year-Over-Year as of March 31, 2024



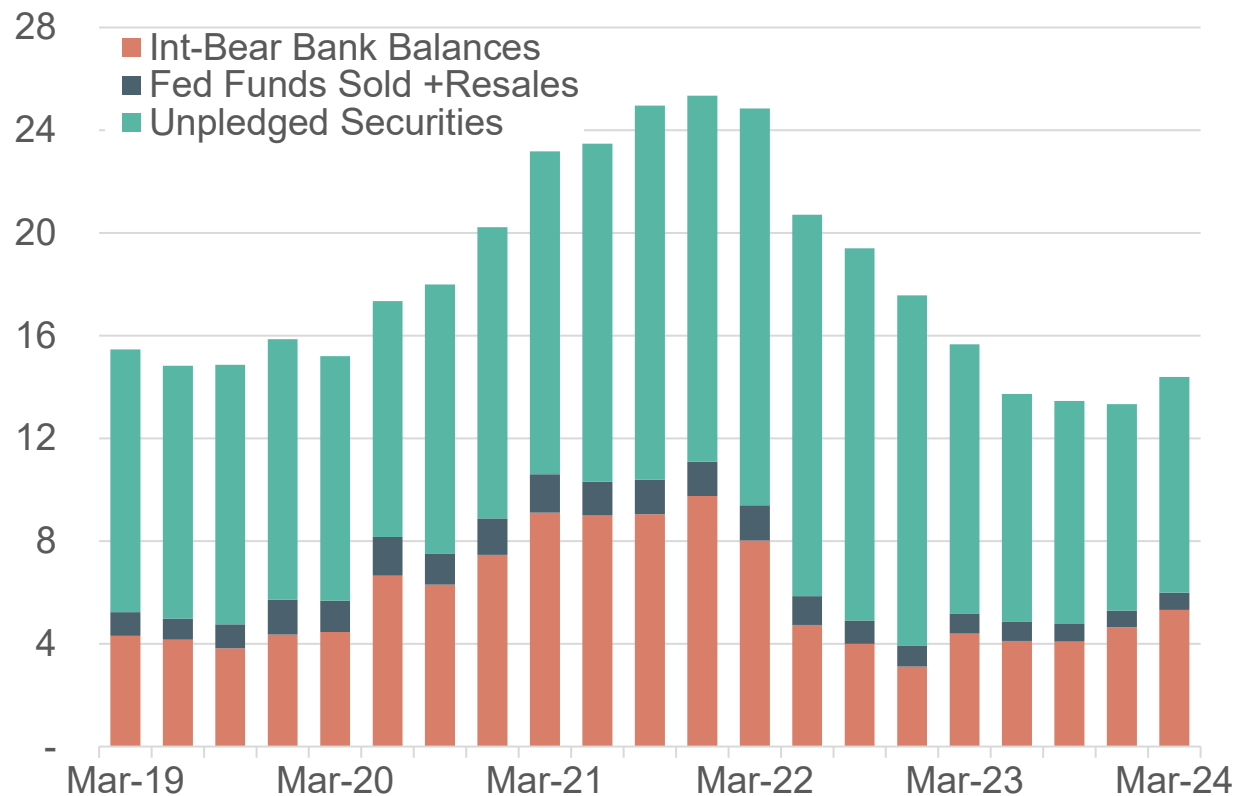
Loans to Core Deposits Ratio



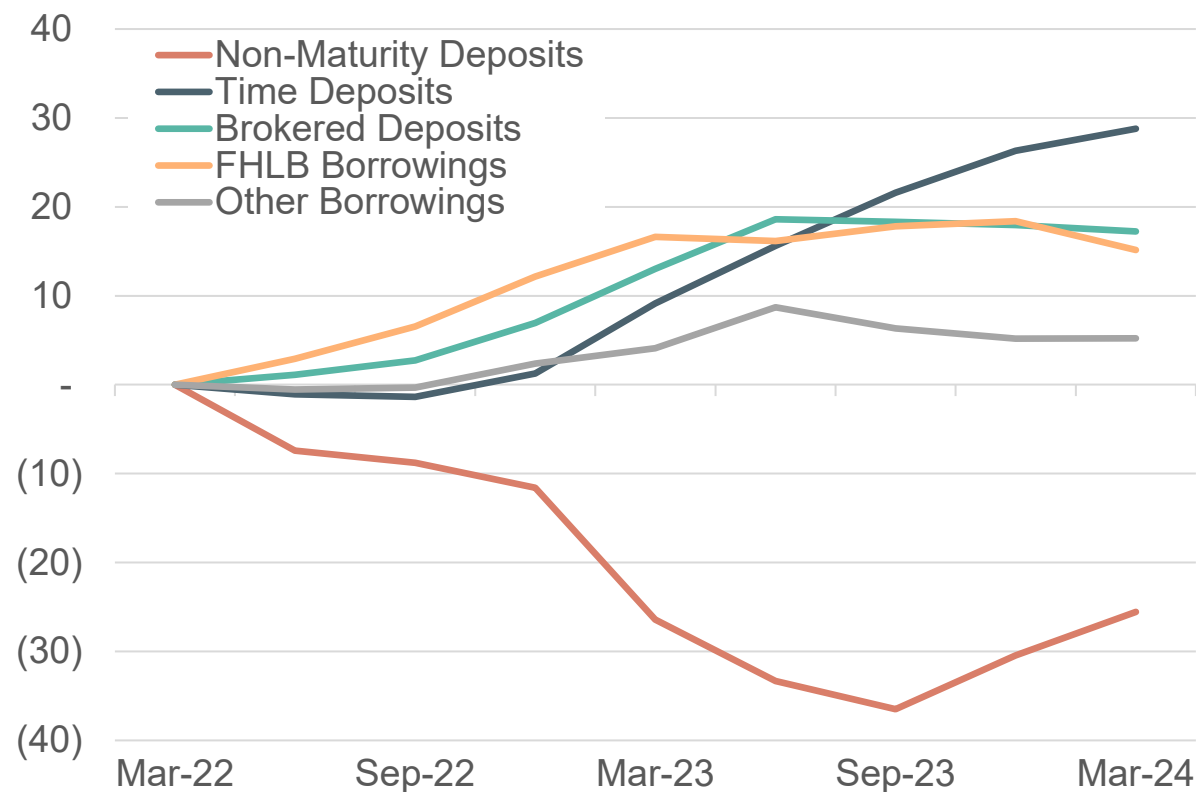
Source: Reports of Condition and Income

Reduced asset-based liquidity, continued reliance on noncore funds

Liquid Assets
Percent of Assets, Tenth District Banks



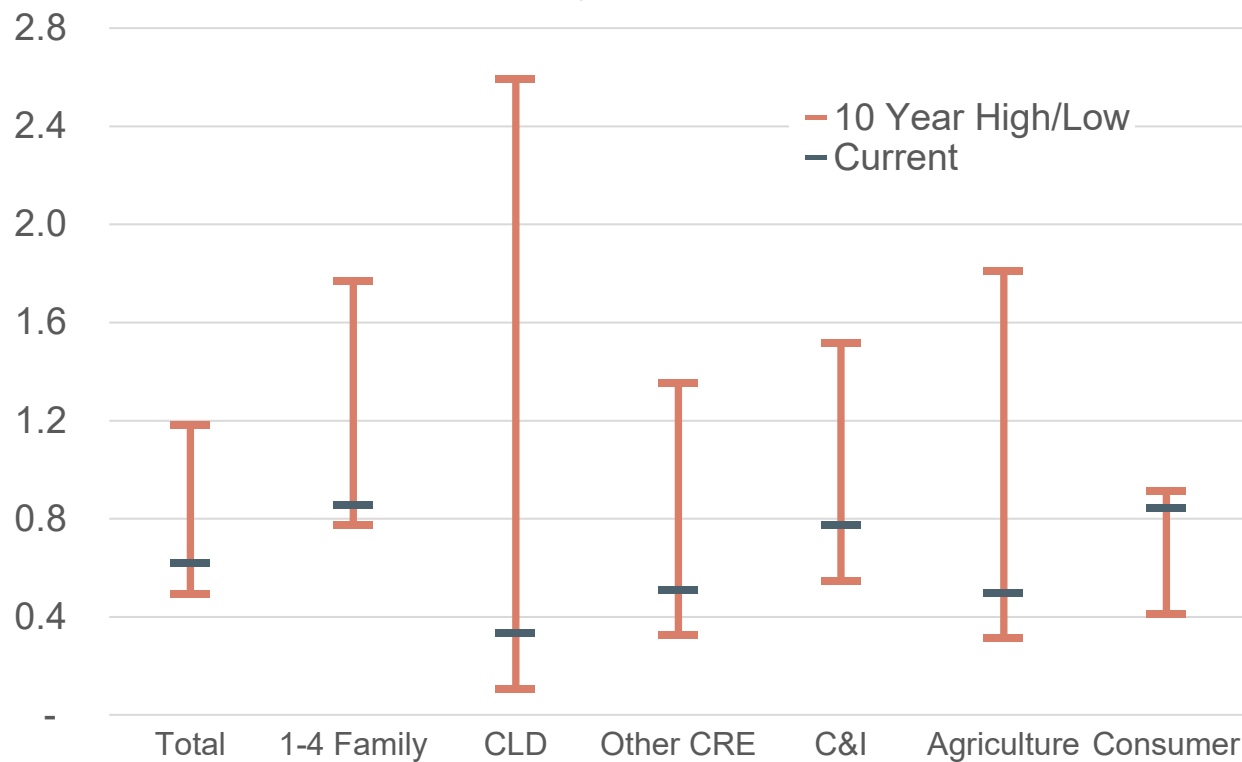
Change in Funding from 1Q22
\$ Billions, Tenth District Banks



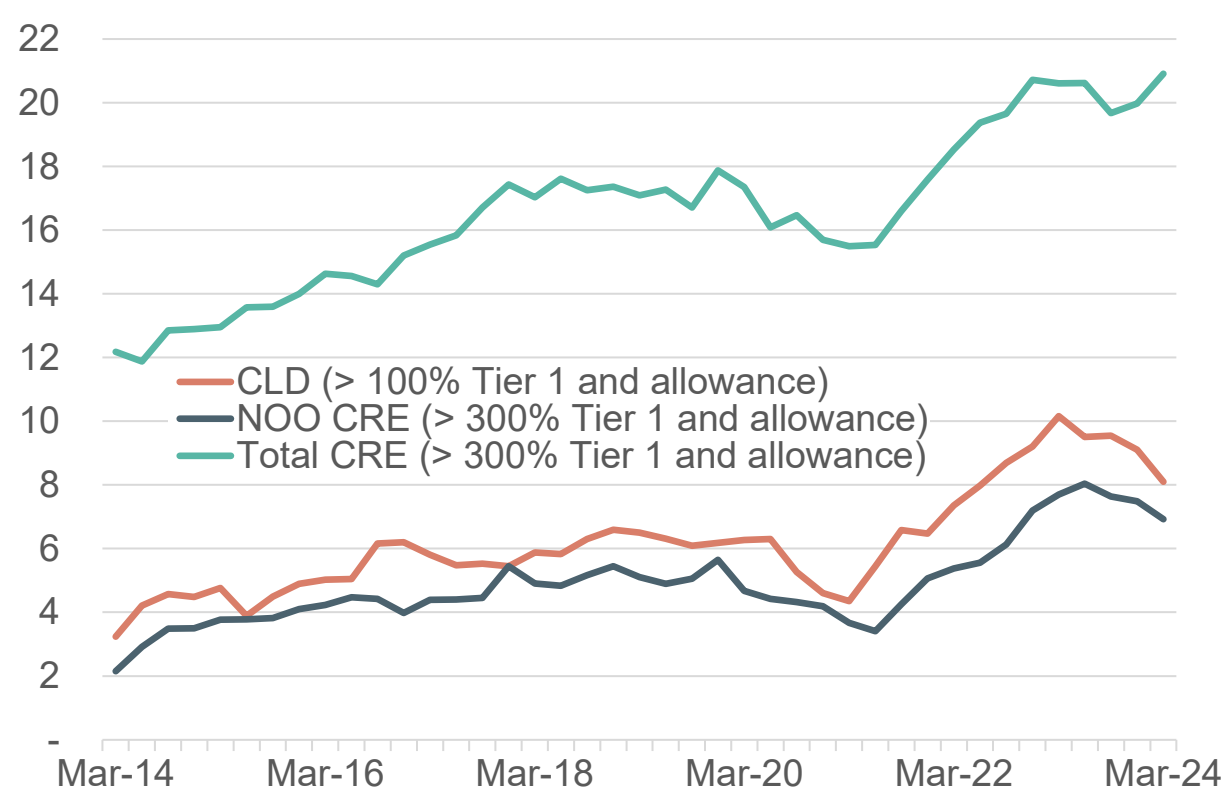
Source: Reports of Condition and Income

Credit watch: past dues and concentrations

Noncurrent Loans
Percent of Loan Type, Tenth District Banks



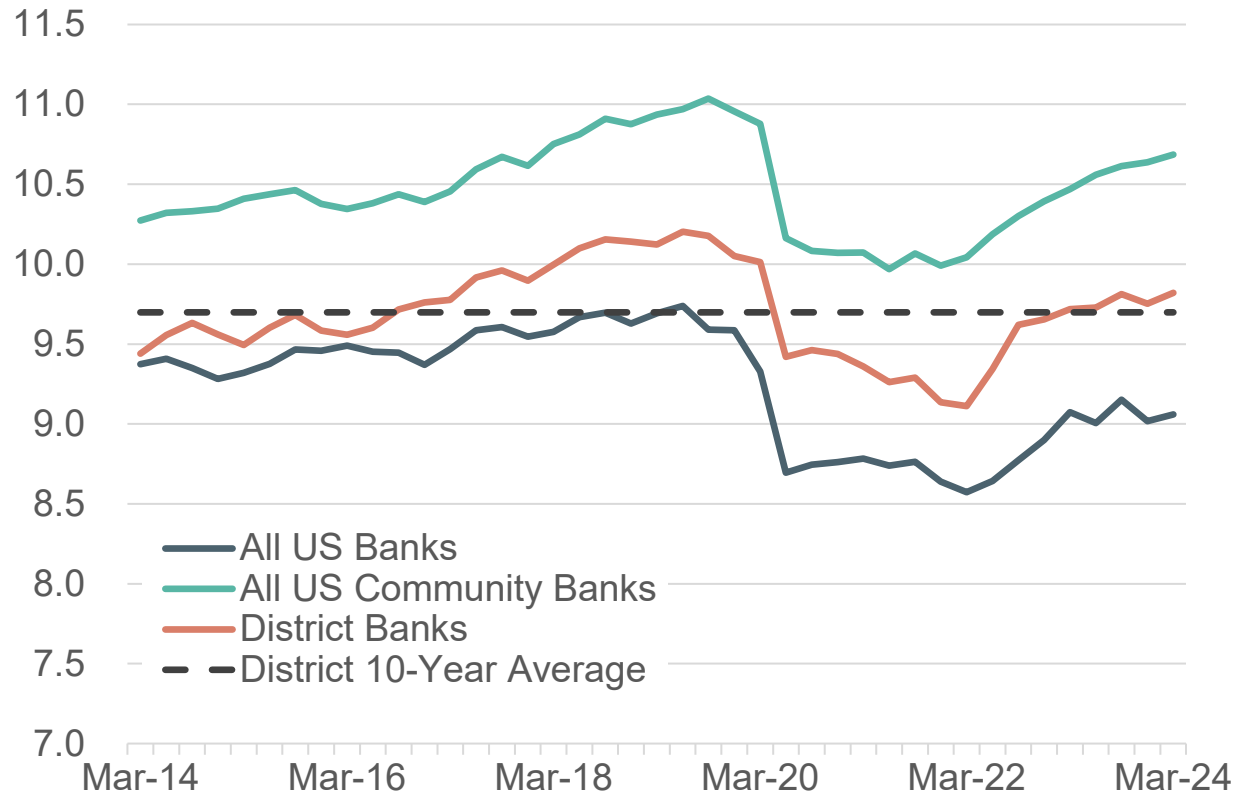
CRE Highly Concentrated Banks
Percent of Banks, Tenth District Banks



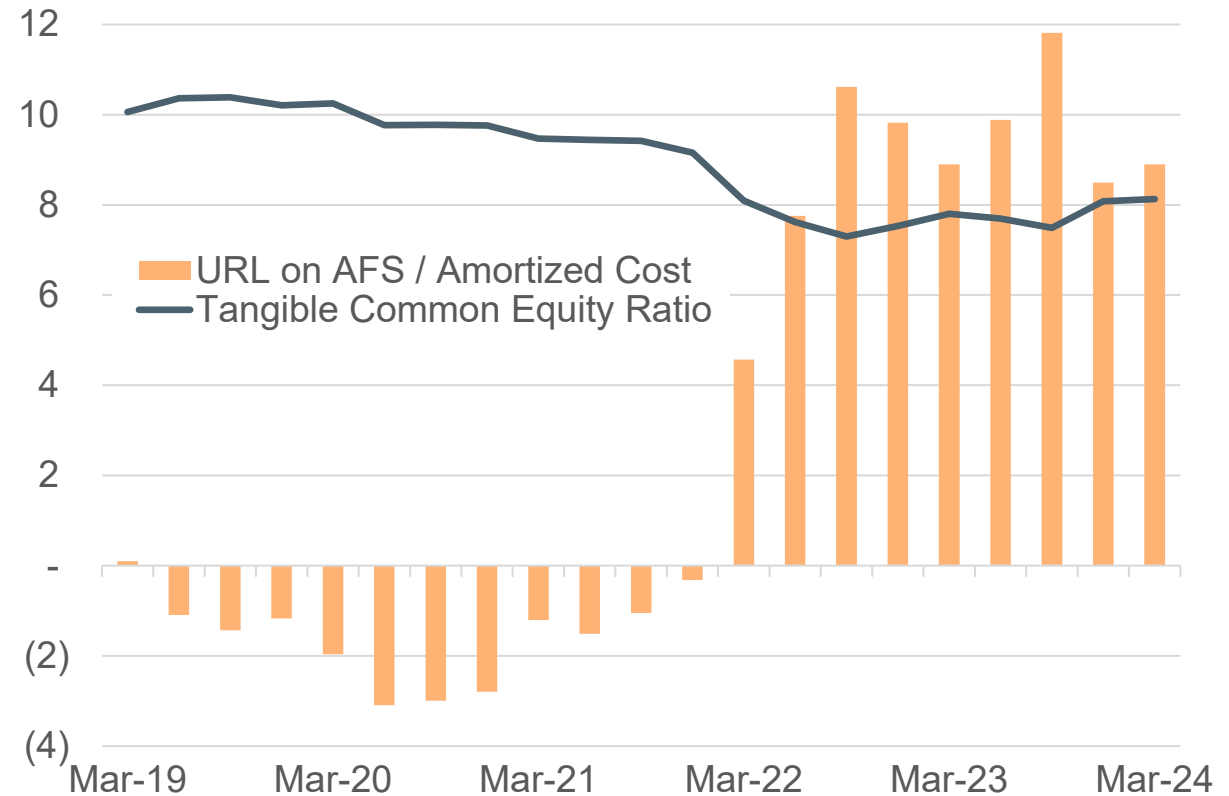
Source: Reports of Condition and Income

Capital benefits from moderated asset growth despite earnings challenges

Leverage Ratio



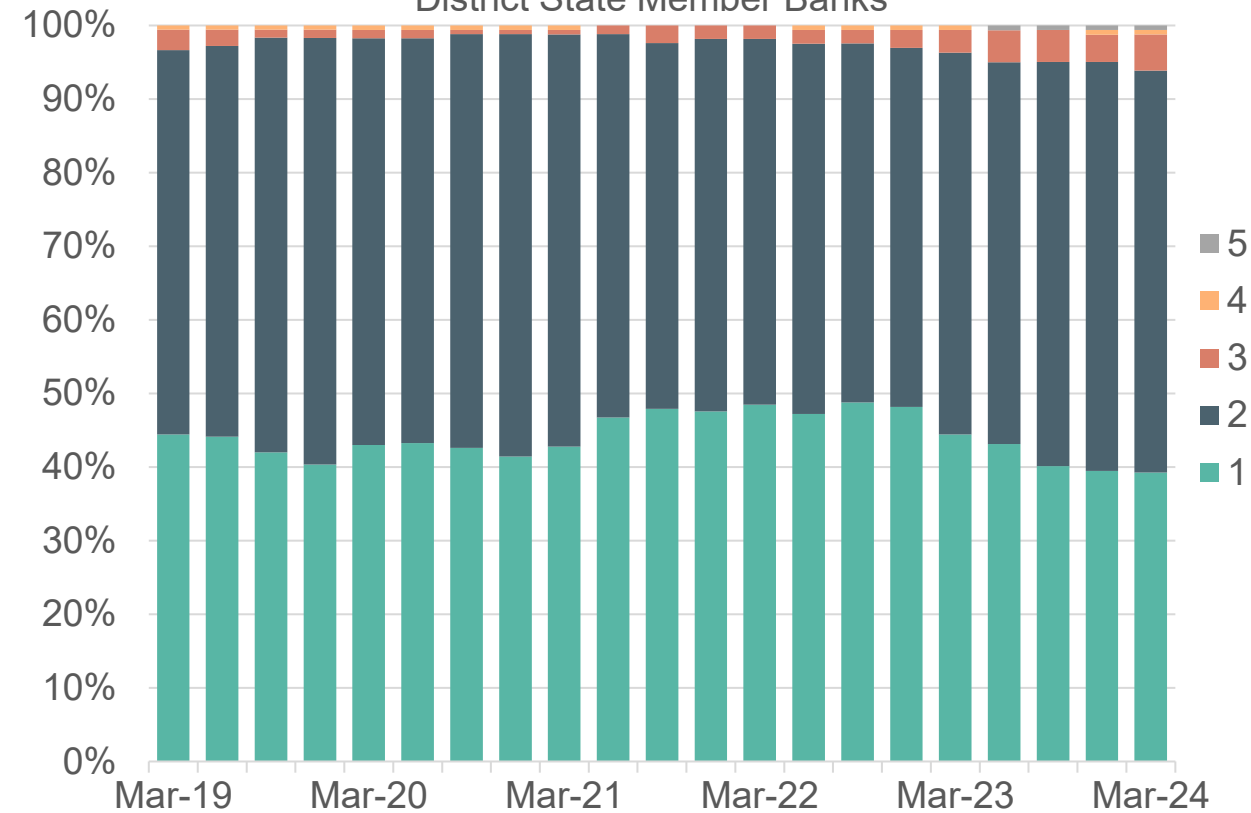
TCE, Unrealized Losses on AFS Securities
Tenth District Banks



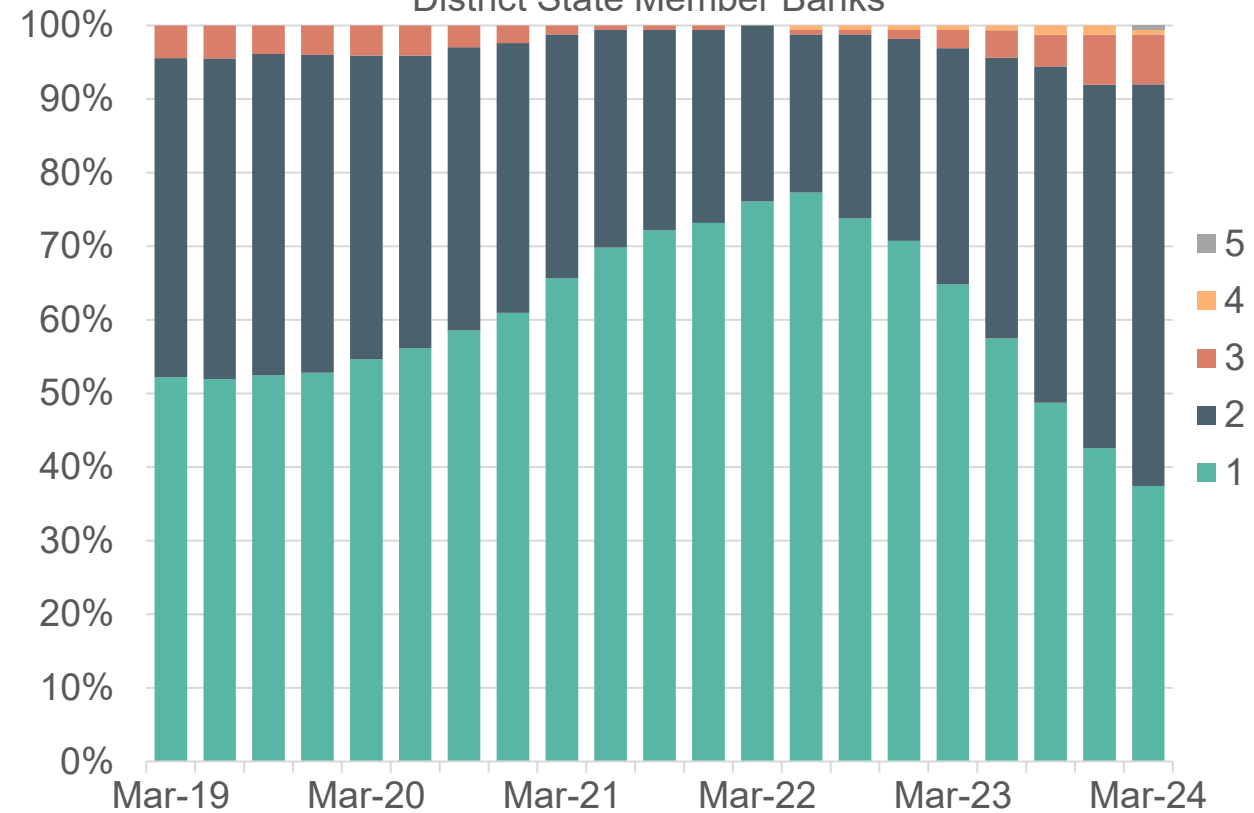
Source: Reports of Condition and Income

Financial trends reflected in supervisory ratings

Composite Ratings
District State Member Banks

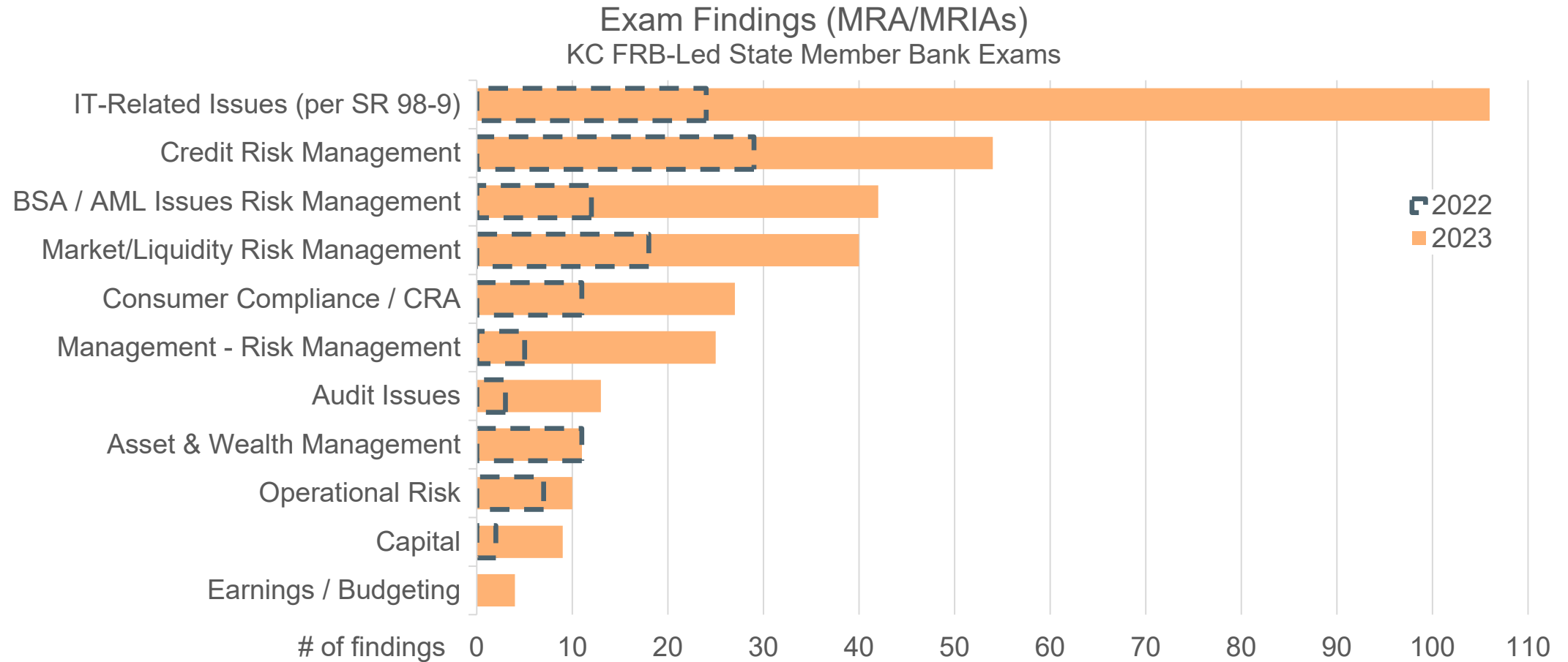


Liquidity Ratings
District State Member Banks



Source: National Examination Data

Increasing risk reflected in uptick in matters requiring board attention



Source: National Examination Data