

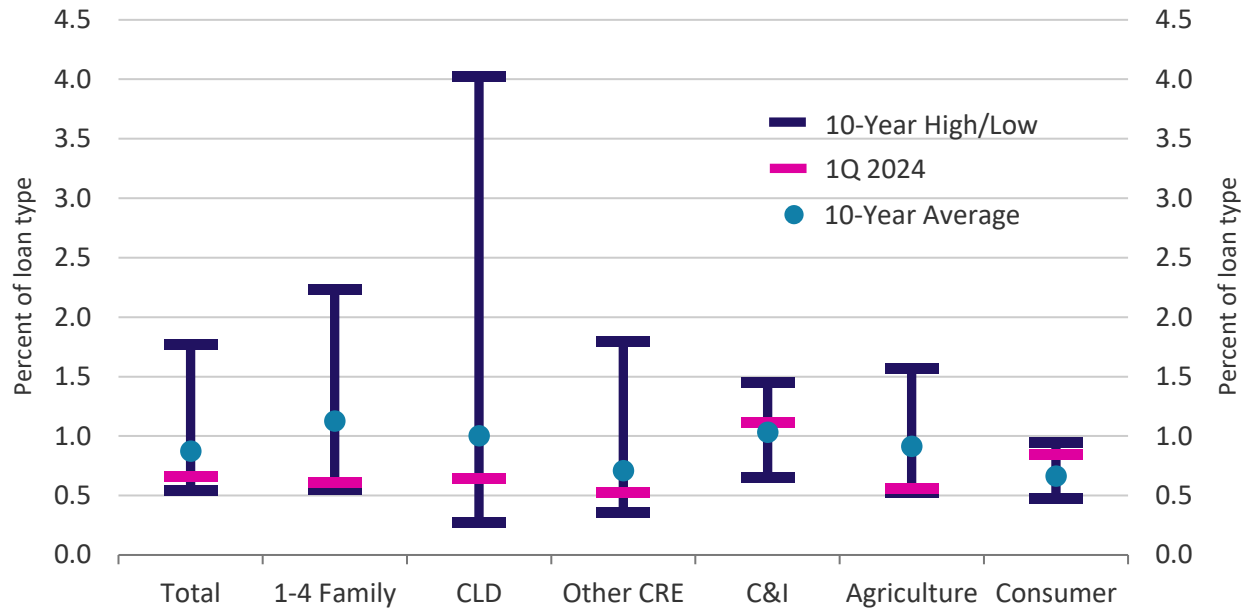
Community Banking BULLETIN: Highlight

Providing insights on community banking

Nonperforming loan levels remain low overall

Though credit conditions have experienced slight deterioration, nonperforming loans remain at low levels across most loan types.

Nonperforming loans 10-year high and low, by loan type



Source: Reports of Condition and Income

Note: Nonperforming loans include loans 90+ days past due or on nonaccrual

- Across community banking organizations¹ (CBOs), overall nonperforming loans remain at low levels and represent 0.66 percent of total loans as of 1Q 2024. The chart above shows nonperforming loan levels as of 1Q 2024 (pink bars) and their current position in relation to the highest, lowest, and average levels over the past 10 years (the purple bars showing the highest and lowest level, and the blue dot showing the average level). While overall nonperforming loans remain benign across most loan types, levels have been trending higher over the past few quarters.
- Though commercial real estate (CRE) market conditions have shown some weaknesses, particularly in office space, nonperforming CRE loans at CBOs remain not only below their average, but far below the highest levels reported over the past 10 years.
- Conversely, nonperforming consumer loans have been increasing since 3Q 2022. As of 1Q 2024, nonperforming consumers loans totaled 0.84 percent and are above the 10-year average but slightly below their highest level as consumers experience stress in the current inflationary environment.
- Commercial and industrial (C&I) nonperforming loans have also increased and sit just above their 10-year average. This increase comes after nonperforming C&I loans experienced lows following the pandemic, assisted by government lending and forgiveness programs.

Questions or comments? Please contact KC.SRM.SRA.CommunityBankingBulletin@kc.frb.org

¹ Community banking organizations are defined as having \$10 billion or less in total assets