

Banking Conditions

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A magnifying glass is positioned over a bar chart. The chart has a y-axis ranging from 50,000 to 100,000 and an x-axis with months from Jan to Dec. The bars are blue and show an upward trend. A legend on the right side of the chart identifies 'Sales 1', 'Sales 2', 'Sales 3', and 'Sales 4'.

**BANKING &
SUPERVISION FORUM 2023**
FEDERAL RESERVE BANK OF KANSAS CITY

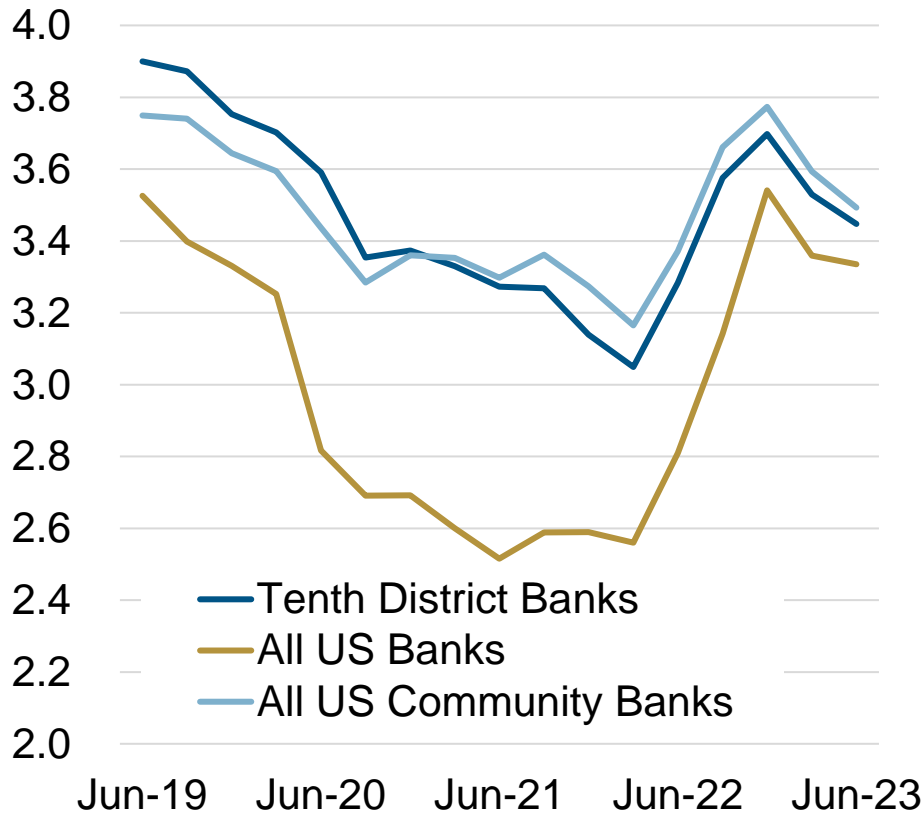
Technical Notes:

This presentation provides metrics based on Consolidated Reports of Condition & Income (Call Reports) for commercial banks through 2Q 2023. Community banks are defined as having less than \$10 billion in assets.

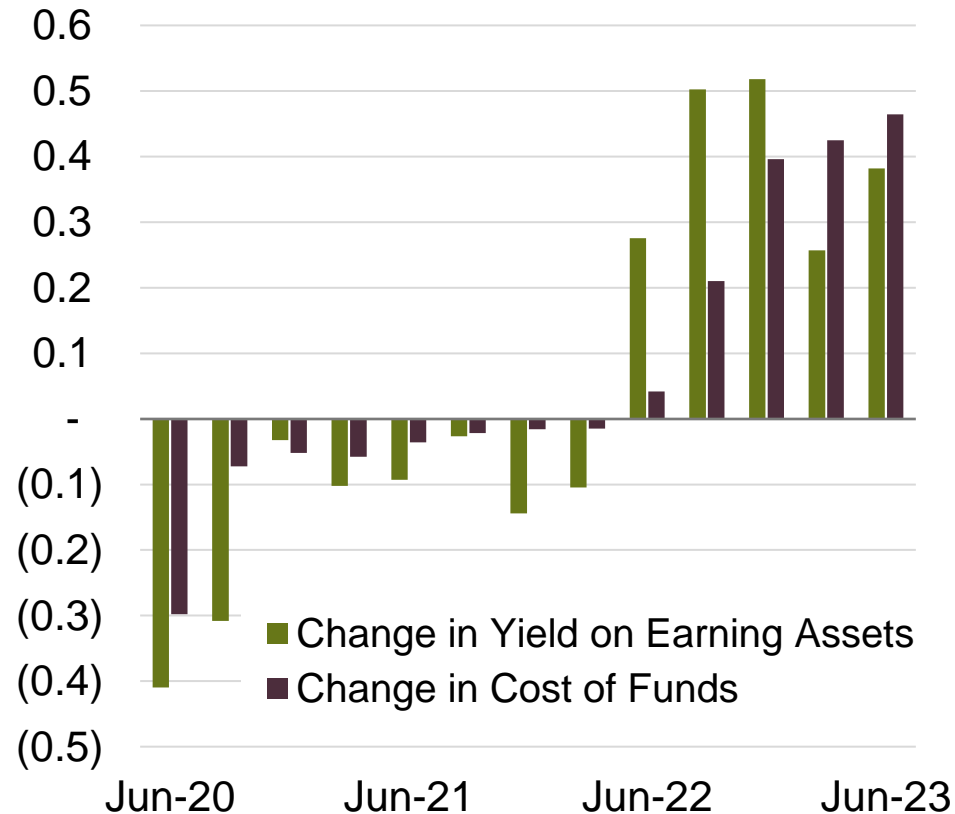


Compressing Margins Following Rebound

Net Interest Margin (NIM)
Quarterly, % of Earning Assets



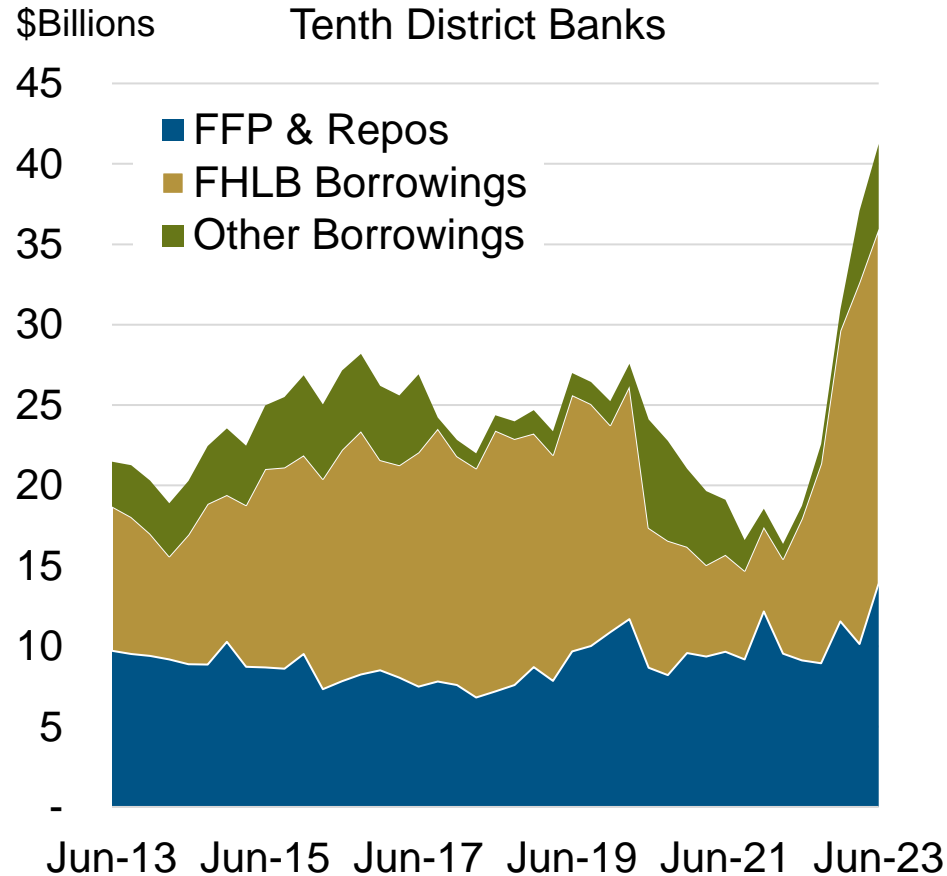
NIM Drivers
Tenth District Banks, % of Earning Assets



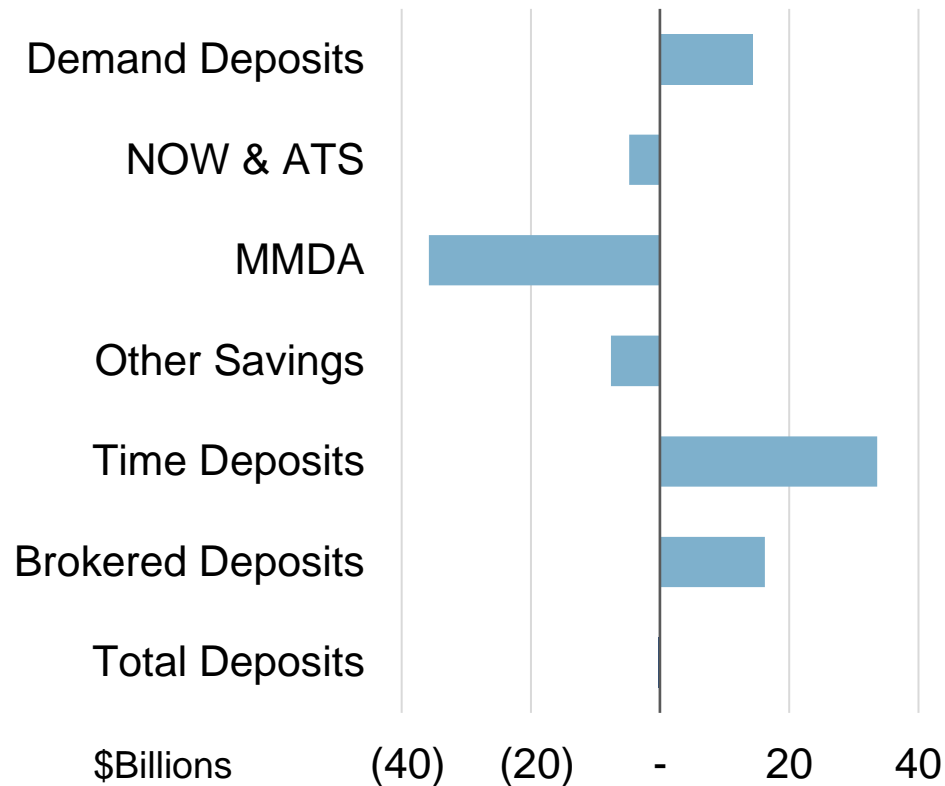
Source: Reports of Condition and Income

Reliance on Borrowings as Deposit Growth Stalls

Borrowings
Tenth District Banks



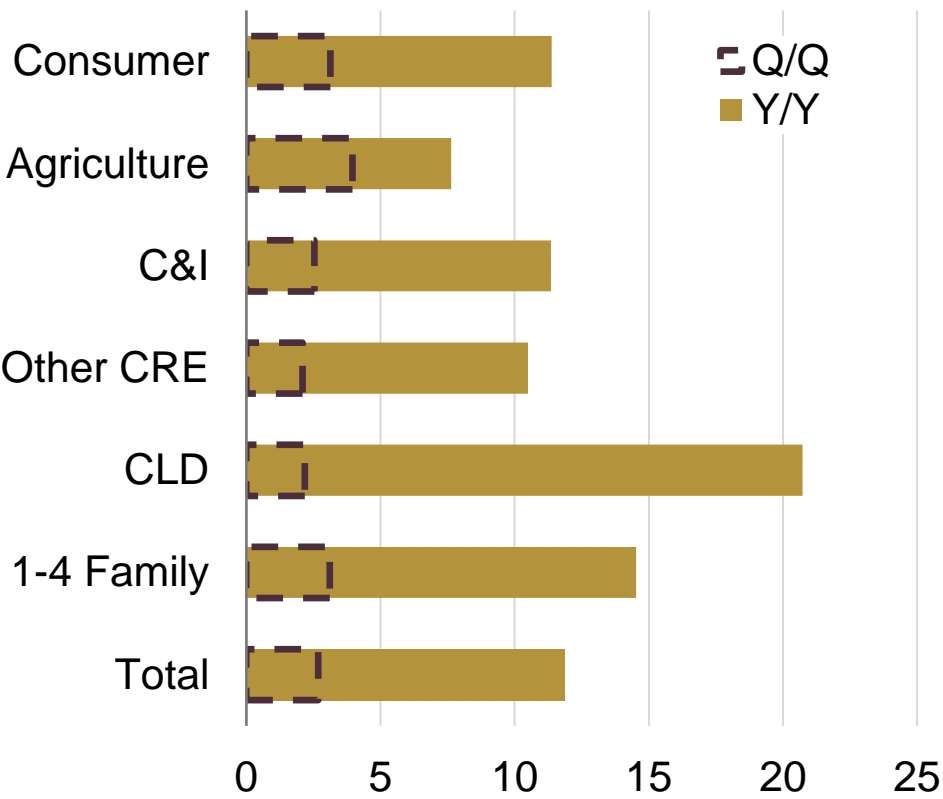
Change in Deposits
Year-Over-Year, 2Q 2023
Tenth District Banks



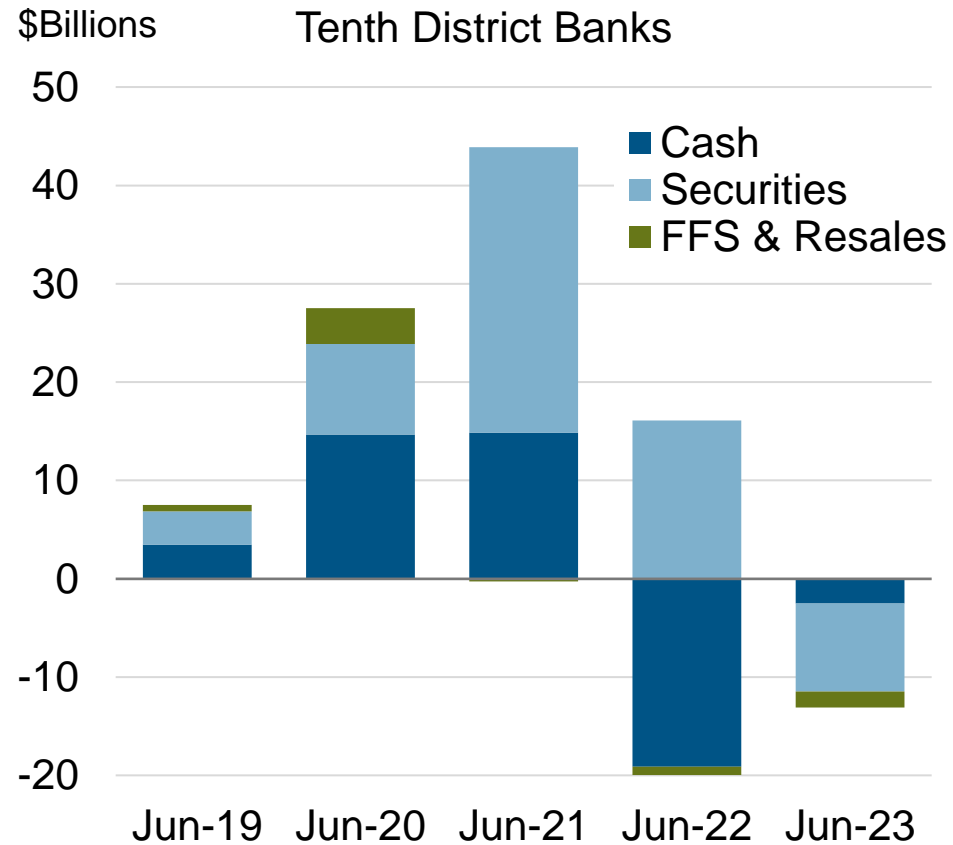
Source: Reports of Condition and Income
 Note: Growth rates are adjusted for merger activity.

Loan Growth Slows, Though Still Impacting Liquid Asset Levels

Loan Growth (%)
Tenth District Banks, 2Q 2023



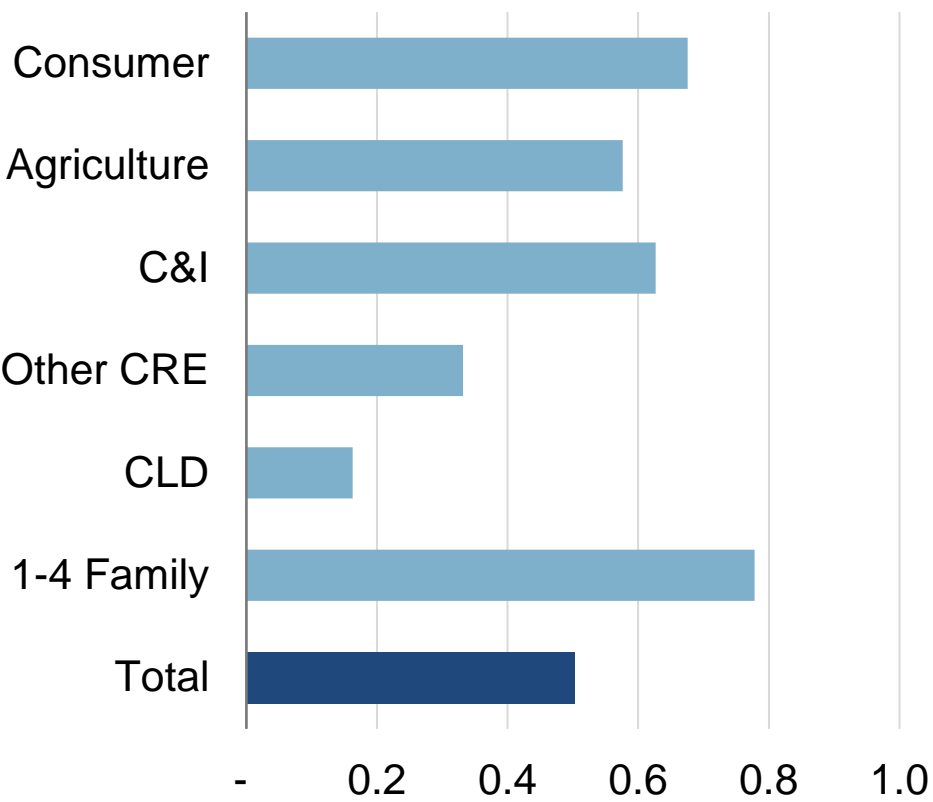
Change in Liquid Assets
Year-Over-Year
Tenth District Banks



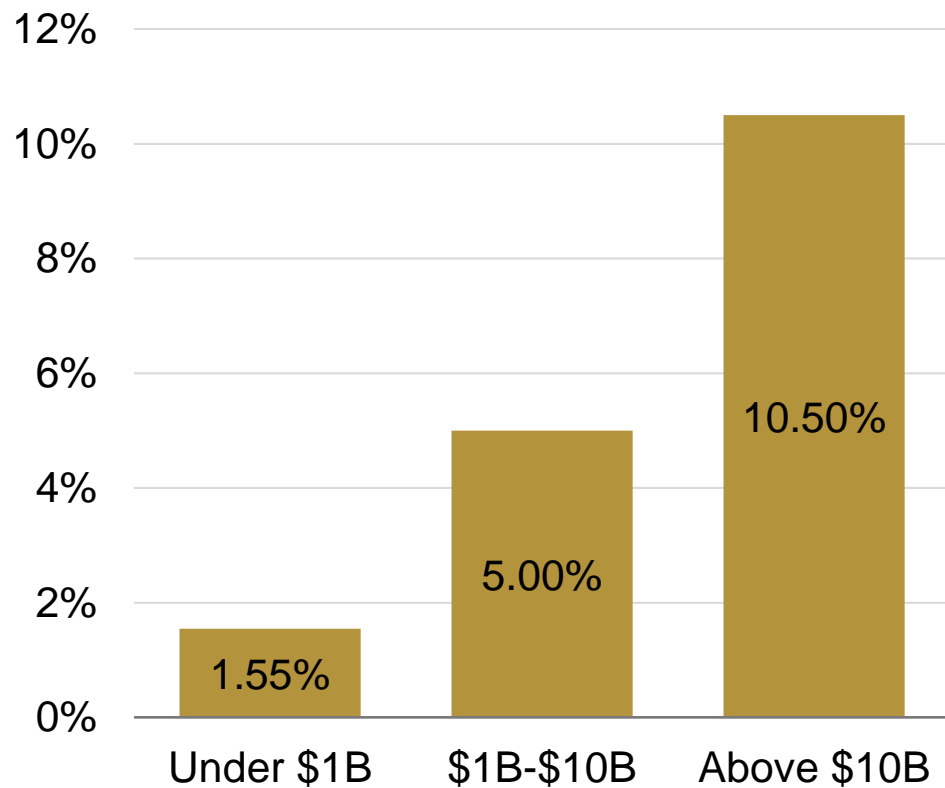
Source: Reports of Condition and Income
Note: Growth rates are adjusted for merger activity.

Sound Credit Conditions at Present

Noncurrent Loans (% of Loans) Tenth District Banks



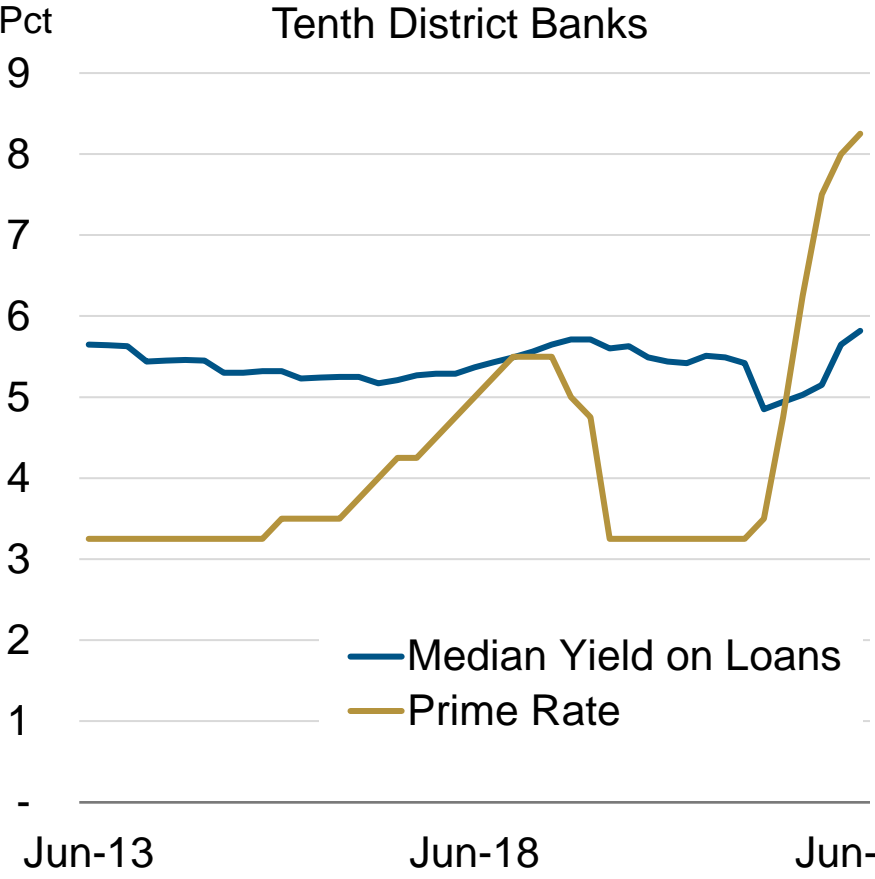
Average Change in ACL Attributed to CECL at Adoption Tenth District Banks



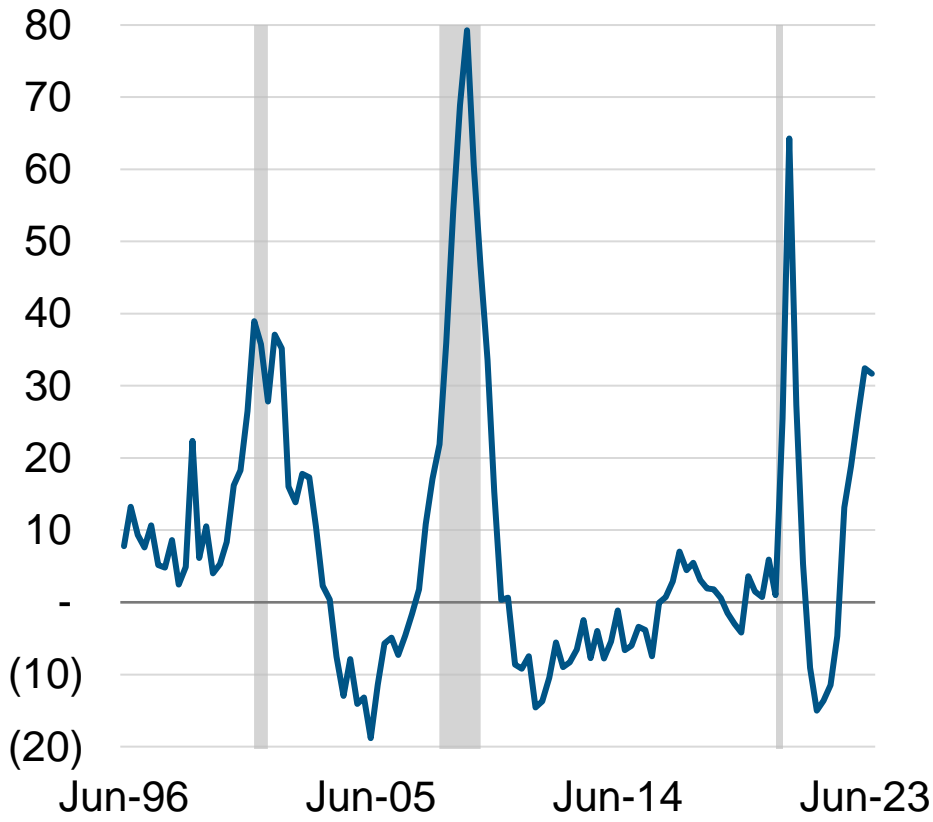
Sources: Reports of Condition and Income

But Potential for Future Stress

Loan Repricing
Tenth District Banks



Banks Tightening Standards
Net % Average Across Loan Types

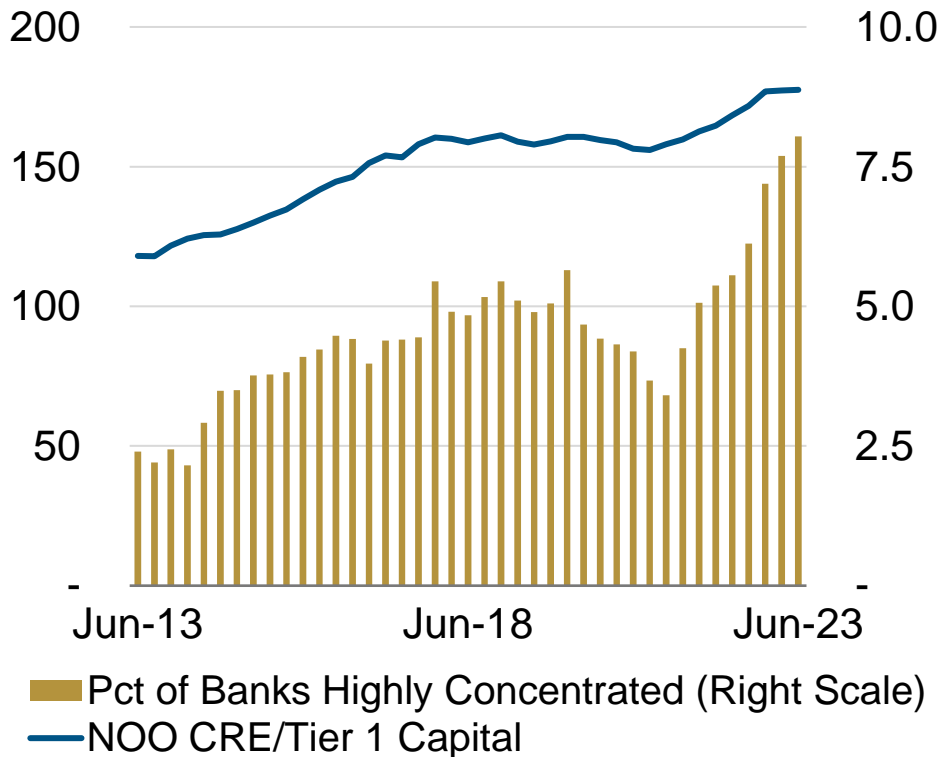


Sources: Reports of Condition and Income, FRED, Federal Reserve Senior Loan Officer Opinion Survey

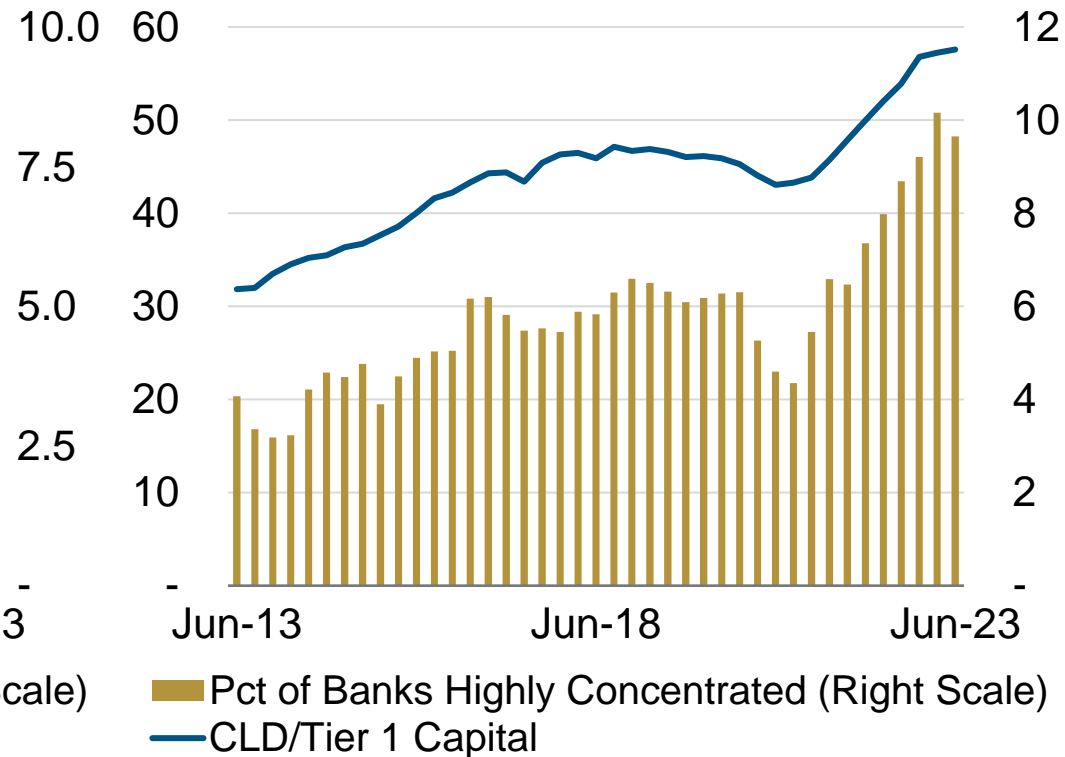


Risk Considerations in CRE Lending

Non-Owner Occupied CRE Concentrations Tenth District Banks



CLD Concentrations Tenth District Banks

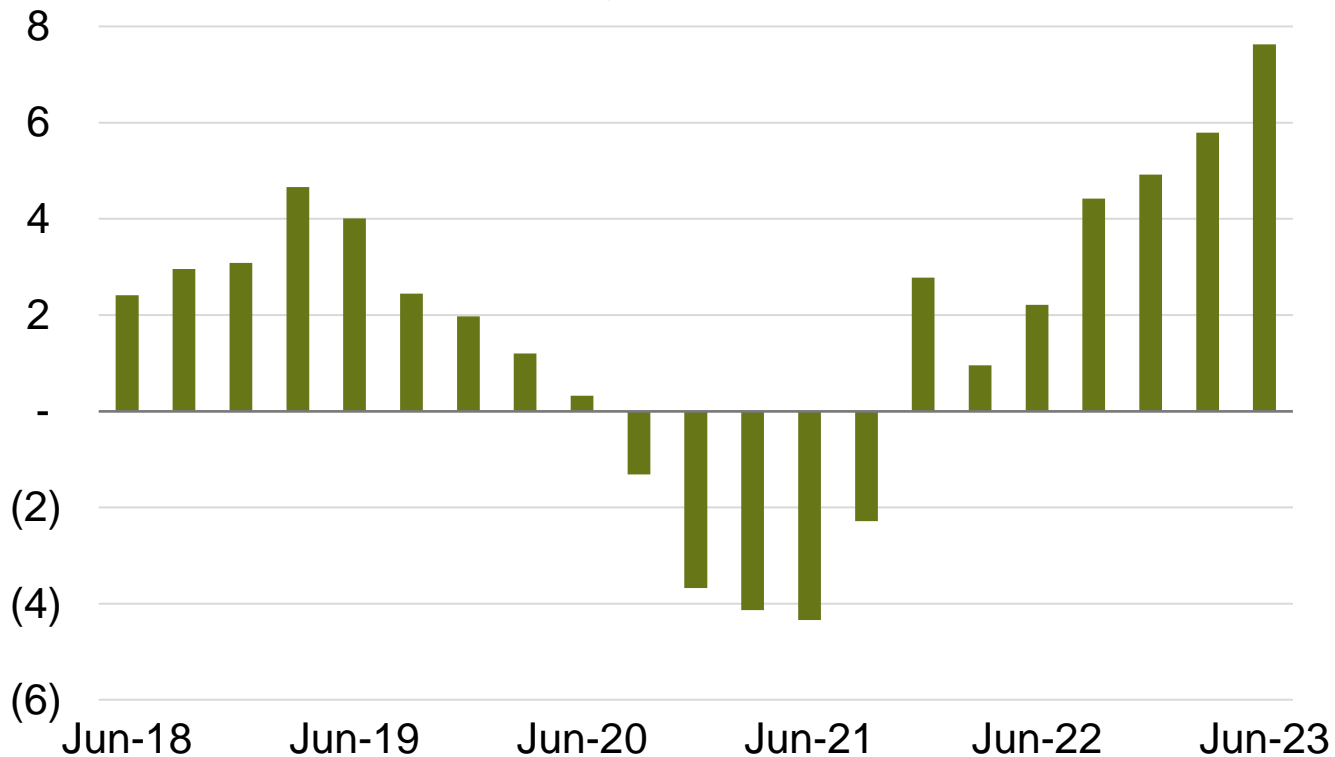


Sources: Reports of Condition and Income



Risk Considerations in Agricultural Lending

Ag Loan Growth
Year-Over-Year, Tenth District Banks

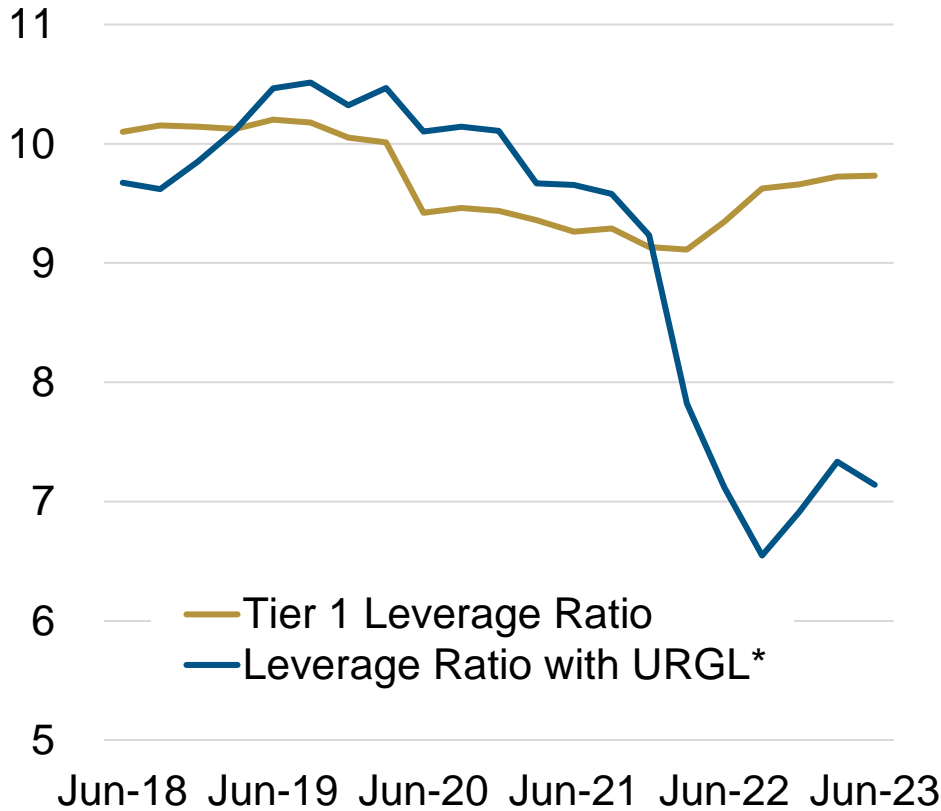


Source: Reports of Condition and Income
Note: Growth rates are adjusted for merger activity.

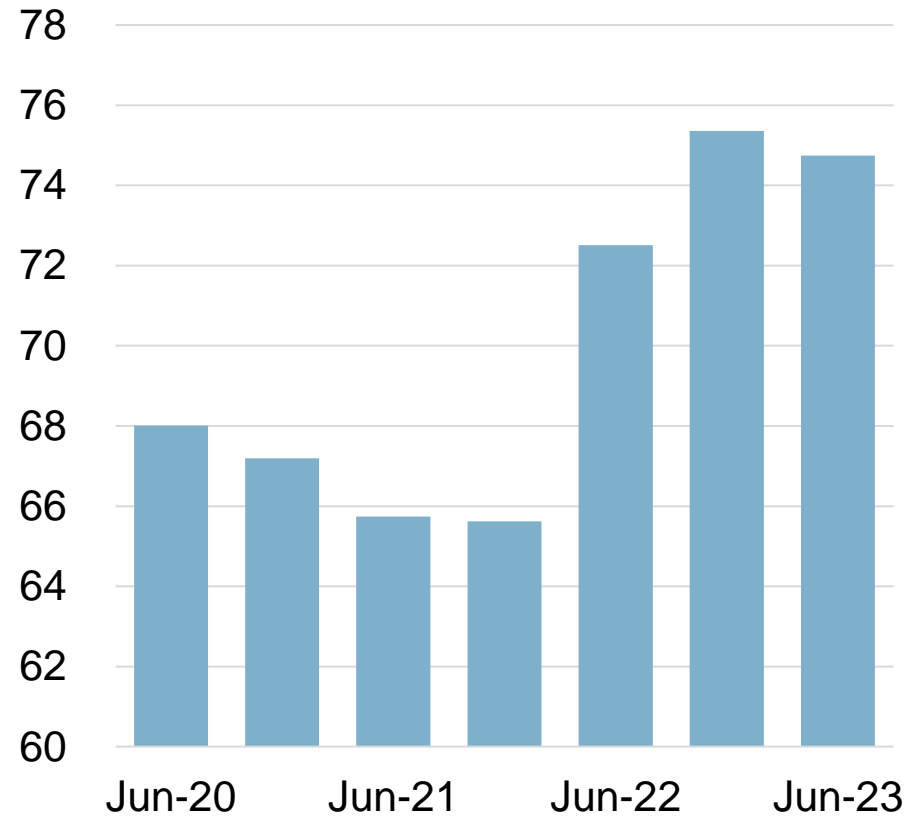


Capital Adequacy Considering Increased Risk

Leverage Ratio (% Avg Assets)
Tenth District Banks



Risk-Weighted Assets (% Assets)
Tenth District Banks, Non-CBLR filers



Source: Reports of Condition and Income

*Not a regulatory measure of capital. All District banks have elected to exclude accumulated other comprehensive income from the calculation of Tier 1 capital (AOCI opt-out) per capital rules.

Composite Ratings Trends

Tenth District State Member Banks

Pct of Banks

