Community Banking Bulletin

Highlight: Asset maturity and repricing dates extend to historic highs

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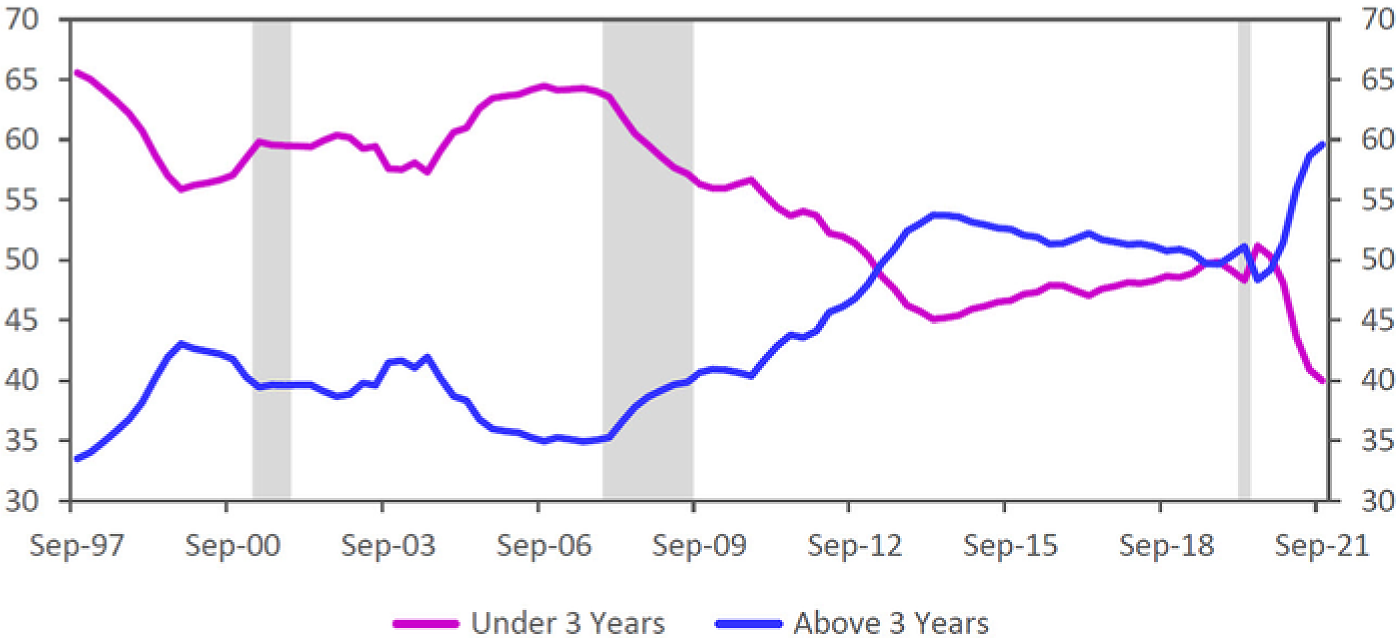
With interest rates at historic lows and balance sheets inflated, community banks* are extending maturity and repricing dates on loan and security portfolios to maintain profitability.

Loan and Security Maturities and Repricing Dates



Source: Reports of Condition and Income

As interest rates have remained at historic lows and balance sheets remain highly liquid, community banking organizations (CBOs) have been extending the maturity and repricing dates of their asset portfolios to maintain profitability. Loans and securities with a maturity or repricing date above 3 years have increased to historic highs, accounting for nearly 60 percent of total loans and securities.

- Total assets increased $413 billion (17 percent) at CBOs during the pandemic (since December 2019). Though total loans only increased $45 billion (3 percent), the loan portfolio has substantially shifted as loans maturing or repricing above 3 years increased $149 billion (19 percent) and now account for 53 percent of total loans (compared to 45 percent pre-pandemic), a historic high.

- Total securities increased $173 billion (42 percent) at CBOs since December 2019, accounting for 42 percent of the growth in total assets. This growth is entirely attributable to increases in securities with a maturity or repricing date above 3 years, which now account for 78 percent of total securities (compared to 69 percent pre-pandemic), a historic high.
- While bank earnings generally benefit from a rising rate environment, net interest income could be pressured by rate increases in the near or medium-term given recently added longer-term assets will be slower to reprice than shorter-term deposit funding.

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

**Note: Community banking organizations are defined as having $10 billion or less in total assets*