



Community Banking Bulletin Archive

January 05, 2022

The Community Banking Bulletin provides insights on trends or activities of primary interest to the community banking industry.

2025

[Highlight: Community bank capital ratios among historic highs](#)

November 24, 2025

Tier 1 leverage ratios across community banks continue to increase, though levels vary across banks with differing operational profiles or balance sheet structures.

[Highlight: Community bank focus on small business lending](#)

October 30, 2025

Despite a sector-wide downward trend in the allocation to small business lending, community banks continue to hold the highest portfolio share dedicated to this segment.

[Highlight: Smallest community banks report highest margins](#)

September 24, 2025

Margins at community banking organizations continue to expand, with smaller community banks benefitting most from the interest rate environment.

[Highlight: Community Bank Leverage Ratio \(CBLR\) election has remained stable as Vice Chair Bowman discusses potential changes](#)

August 14, 2025

Community banks' provisions for loan losses have exceeded credit losses in recent years but have been outpaced by the rise in noncurrent loans from historically low levels.

[Highlight: Most community banks are state-chartered and the share is increasing](#)

July 31, 2025

The U.S. dual banking system offers banks the choice of a federal or state charter, and thus which agency supervises them, with

most community banks organized under state laws.

Highlight: Rising delinquencies are driving declining noncurrent loan coverage ratio

June 30, 2025

Community banks' provisions for loan losses have exceeded credit losses in recent years but have been outpaced by the rise in noncurrent loans from historically low levels.

Highlight: Community banks show shortening time deposit maturities

June 3, 2025

Time deposits with shorter maturities experienced robust growth in the increasing interest rate environment but have stabilized as rates and the cost of time deposits have begun to decline.

Highlight: Loan growth is slowing, driven by decreased real estate lending

May 2, 2025

Community banks' pace of loan growth, particularly real estate lending, has slowed as loan yields remain elevated.

Highlight: Funding profiles benefit from core deposit growth

March 18, 2025

Core deposit growth enabled community banks to reduce reliance on wholesale funds in 2024. The shift in funding mix and decreases in market rates contributed to a decline in funding costs late in the year.

Highlight: Understanding a common community bank tax structure

February 20, 2025

A large percentage of community banks are Subchapter S-corporations, a federal income tax election with benefits that also entails many restrictions.

Highlight: Net interest margins improve but remain below historic levels

January 16, 2025

Community banks' net interest margins rose during the recent period of monetary policy tightening but remain below historic averages due to significantly elevated funding costs.

2024

Highlight: Unrealized loss position improving in securities portfolios

December 19, 2024

Unrealized losses in the securities portfolios at community banks improve noticeably alongside a decrease in interest rates.

Feature: Community bank mergers continue to slow

December 11, 2024

While consolidation in the community banking industry continues, several factors have contributed to a slowing trend.

Highlight: Asset maturity and repricing dates decline to pre-pandemic levels

October 24, 2024

Amid an elevated interest rate environment, community banks continue to shorten the maturity and repricing dates of earning assets following historic highs less than three years prior.

Highlight: Community bank focus on small business lending

October 9, 2024

Although community banks continue to allocate more of their portfolios to small business lending than regional and large banks, there has been a long-term declining trend.

Highlight: Brokered and reciprocal deposits increase at community banks

August 29, 2024

Several factors have affected the trend in brokered and reciprocal deposits at community banks.

Highlight: CRE concentration and ACL levels stabilize

July 25, 2024

CRE concentrations and ACL levels at community banks have stabilized in 1Q 2024, both above 10-year averages.

Highlight: Nonperforming loan levels remain low overall

June 18, 2024

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

Highlight: Community bank deposit pricing becoming more sensitive as policy rates remain stable

May 28, 2024

Community banks were slower to raise deposit rates in the early stage of the rising rate cycle but increased the pace in 2023 after experiencing core deposit runoff.

Highlight: Increasing pressure on bank earnings performance

March 25, 2024

Bank earnings have been pressured by increased interest expenses, overhead costs, provisions, and realized losses on securities,

as well as reduced non-interest income.

Deposit composition continues to shift amid heightened competition

February 21, 2024

Runoff in core deposits stabilized in the latter half of 2023 while non-core deposits, particularly large time deposits, continue to increase.

Highlight: Capital buffers declining at community banks

January 31, 2024

Very few community banks report a capital conservation buffer below the minimum requirement, which protects banks during periods of stress; however, the number of banks below has increased.

Highlight: Losses in securities portfolios remain historically high

January 12, 2024

Community bank securities portfolio losses generated in the rising interest rate environment remain elevated but unrealized, as institutions are yet to liquidate securities and realize losses.

2023

Feature: Agricultural loan growth has returned to pre-pandemic levels

December 04, 2023

Community banks continue to play an integral part in commercial bank agricultural lending.

Highlight: Liquid Assets Declining From Pandemic Highs

October 17, 2023

The level of assets generally considered highly liquid has seen a significant decline as on-balance sheet liquidity has been used to fund loan growth and deposit runoff over the prior year.

Highlight: Decline in net interest income driven primarily by interest rates

September 27, 2023

The decline in net interest income at community banking organizations in 2023 is attributable to the interest rate environment despite being partially offset by benefits from growing balance sheets.

Highlight: CECL adoption's impact on community bank allowance levels

August 04, 2023

There is considerable variance in the average percentage change in allowance levels with adoption of the CECL model, with

larger community banks seeing the biggest increases.

Highlight: Funding costs increase as composition changes

June 29, 2023

Pricing pressures from deposit competition and shifts in consumer behavior have caused a decline in non-maturity deposits while time deposits and borrowings have increased, elevating funding costs.

Highlight: Risk premium for CRE lending has declined

June 01, 2023

As the federal funds rate and broader market interest rates have risen over the past year, lags in repricing have resulted in a dramatically narrowing risk premium for commercial real estate loans.

Highlight: Rising salary expenses as balance sheets grow

April 19, 2023

Community banks are paying more in salary costs, despite lower staffing levels, but employees are managing more assets than ever before.

Highlight: Earnings remain elevated despite slight decline in 2022

March 31, 2023

Earnings fell slightly at community banking organizations in 2022 compared to the year prior, though remain above pre-pandemic levels.

Highlight: FHLB borrowings increase and tangible common equity remains depressed

February 22, 2023

Community banks are increasingly accessing FHLB borrowings at a time when tangible common equity, though improving, remains at historic lows.

Highlight: Branch counts and deposit market share have declined

January 10, 2023

The number of branches at community banking organizations (CBOs)* continue to decline, as does their market share of deposits.

2022

Highlight: Banks turn to noncore borrowings as funding profiles shift

December 15, 2022

The use of noncore funding has increased in 2022 as banks look to fund loan growth, in contrast to the trends of the prior two years, characterized by large influxes of deposits.

Feature: Net interest margin movement throughout recent rate cycles

November 29, 2022

Driven by balance sheet changes and interest rate movements, community bank margins were challenged throughout the last two years but saw significant recovery starting in mid-2022.

Highlight: Commercial real estate loan losses remain muted despite significant recent loan growth

October 25, 2022

Commercial real estate (CRE) loss rates remain low despite rapid growth in CRE loan volume at community banks over the past year, particularly in construction and land development and multifamily loans.

Highlight: Assets decline as decrease in cash holdings outpaces loan growth

October 6, 2022

Total assets have declined for the second consecutive quarter, driven by a significant decrease in cash holdings which more than offset loan growth.

Highlight: Unrealized Losses Lowering Tangible Equity Capital

September 8, 2022

The rising interest rate environment has led to unrealized loss positions in community bank* available-for-sale securities portfolios and declining tangible equity capital ratios.

Highlight: Capital Adequacy Measures Diverge During Pandemic

August 1, 2022

Unprecedented asset growth during the pandemic placed downward pressure on leverage capital ratios while total risk-based capital ratios improved.

Highlight: Decreased gains on loan sales driving drop in noninterest income

July 13, 2022

Revenue from secondary market sales of loans continues to decline, in line with the drop in reported* sales of 1-4 family

residential loans across community banks.

Feature: Effects of Pandemic Unlike Previous Financial Crisis

June 28, 2022

While the COVID-19 pandemic brought uncertainty across the financial sector, community banks have fared better than in the previous financial crisis.

Highlight: Unrealized losses mount across securities portfolios

June 13, 2022

As a result of recent interest rate increases and the lengthening of maturities in securities portfolios during the pandemic, unrealized positions in available-for-sale (AFS) securities have dropped to record lows.

Highlight: Earnings support dividends and moderate declining leverage ratio trend at community banks

May 11, 2022

Higher earnings in 2021 have supported continued dividend payouts and capital growth to moderate the downward pressure of deposit-fueled asset growth on community bank leverage ratios.

Highlight: Continued deposit growth fueling growth in liquid assets

April 15, 2022

Deposits continued to grow at a substantial pace for community banks in 2021, further expanding balance sheets with banks holding the majority of these funds in cash and securities.

Highlight: Provision Expenses Reach Historic Lows in 2021

March 8, 2022

Loan loss allowance levels were boosted following strong provisioning at the onset of the pandemic. However, as credit quality issues remained subdued, provisions reversed course in 2021.

Highlight: Merger Activity Started to Pick Up in the Second Half of 2021

February 22, 2022

As the economy has started to rebound from the COVID19 pandemic, merger activity at community banking organizations (CBOs) has also started to rebound.

Highlight: Asset maturity and repricing dates extend to historic highs

January 5, 2022

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.

2021

Highlight: Community Bank Loan Growth Driven by Increases in Commercial Real Estate (CRE) Loans

December 17, 2021

Community bank CRE loans have grown consistently each quarter since the onset of the COVID-19 pandemic, while growth in other loan categories has been muted.

Highlight: Deposit Market Share Relatively Unchanged Through Pandemic

November 24, 2021

The share of deposits in community banking organizations (CBOs)* remains relatively unchanged since the COVID-19 pandemic with CBOs continuing to hold significant deposits in many counties across the U.S.

Highlight: Balance sheet growth pressures community bank capital ratios

November 1, 2021

Significant balance sheet expansion since the onset of the pandemic is driving lower capital ratios at community banks.

Highlight: Community banks continue to play a pivotal role for small businesses

October 14, 2021

Community banks continue to support local communities by actively lending to small businesses and participating in the Paycheck Protection Program despite a smaller share in total industry loans.

Feature: Revenues Elevated Despite Distorted Profitability Metrics

September 29, 2021

Asset growth driven by economic stimulus programs has caused many traditional profitability measures, which utilize asset volumes in the calculations, to fall. However, dollar volumes of revenues are up, and expenses are down, resulting in community bank income levels at historic highs. Bottom line returns could face future challenges with continued depressed net interest margins and current provision expenses at exceptionally low levels.

Highlight: Surge in deposits has caused plummeting loan-to-deposit ratio

August 31, 2021

The rush of deposits into community banks* caused by the COVID-19 pandemic, combined with low loan demand, has caused loan-to-deposit ratios to fall to nearly 30-year lows.

Highlight: Problem asset levels remain low, but uncertain future remains

August 4, 2021

While problem assets at community banks* remain at low levels, the volume of loans modified during the COVID-19 pandemic indicates an uncertain future.

Highlight: Profitability improving, though net interest income remains compressed

July 22, 2021

While net interest income has fallen to historic lows, earnings are comparable to pre-pandemic levels.
