

FDIC Advisory Committee on Community Banking

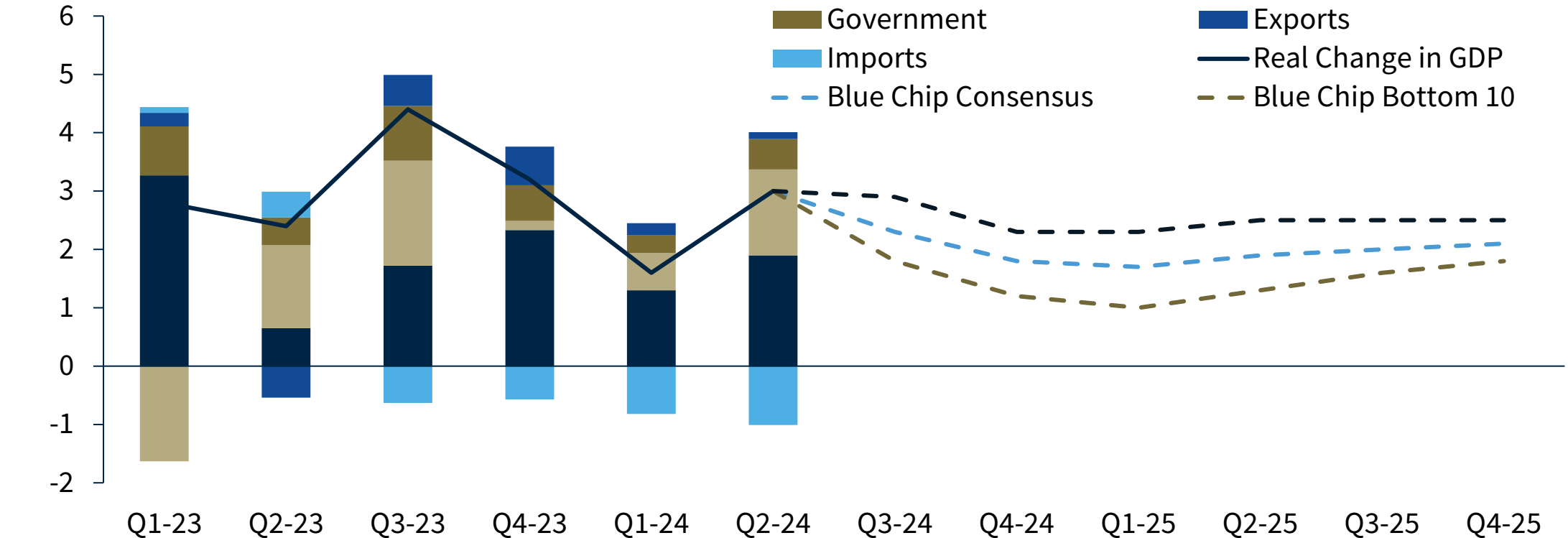
Discussion of Banking Conditions



Economic growth exceeds expectations & forecasters do not expect a recession in the next 12 months

Contribution to Change in GDP

Percent

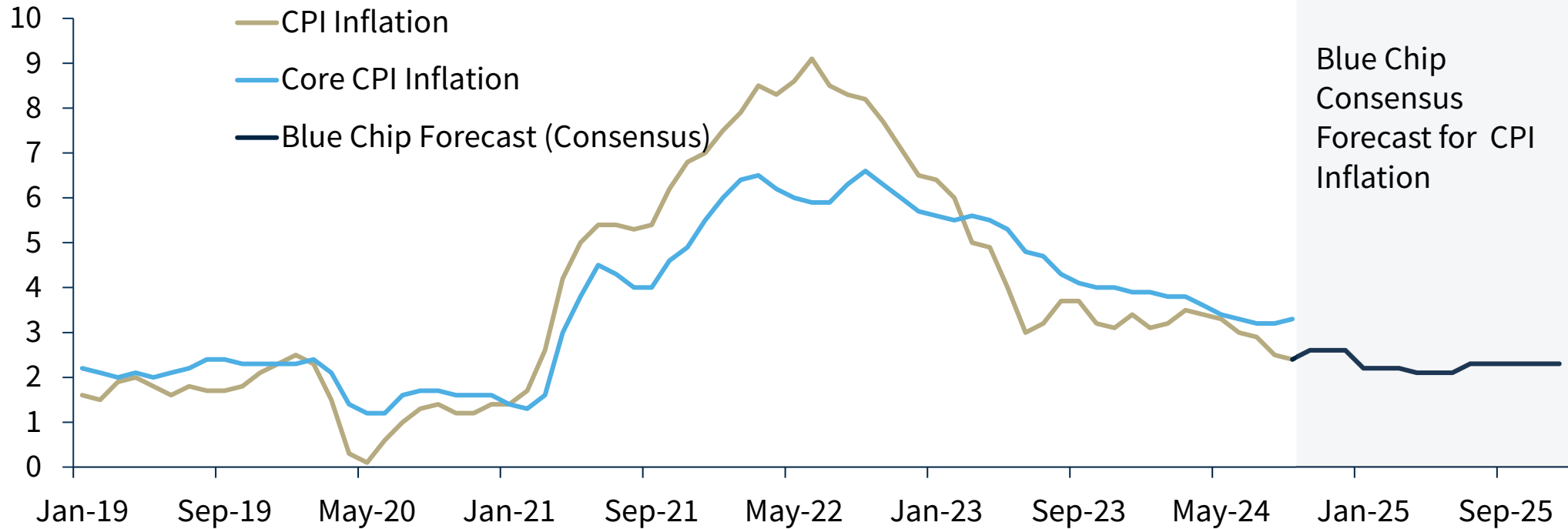


Sources: Bureau of Economic Analysis and Blue Chip Indicators (Haver Analytics).

Note: Data are quarterly through second quarter 2024. The Blue Chip Economic Forecast is as of October 2024.

Inflation continues to moderate but remains above the Federal Reserve target

Year-over-Year Change
Percent

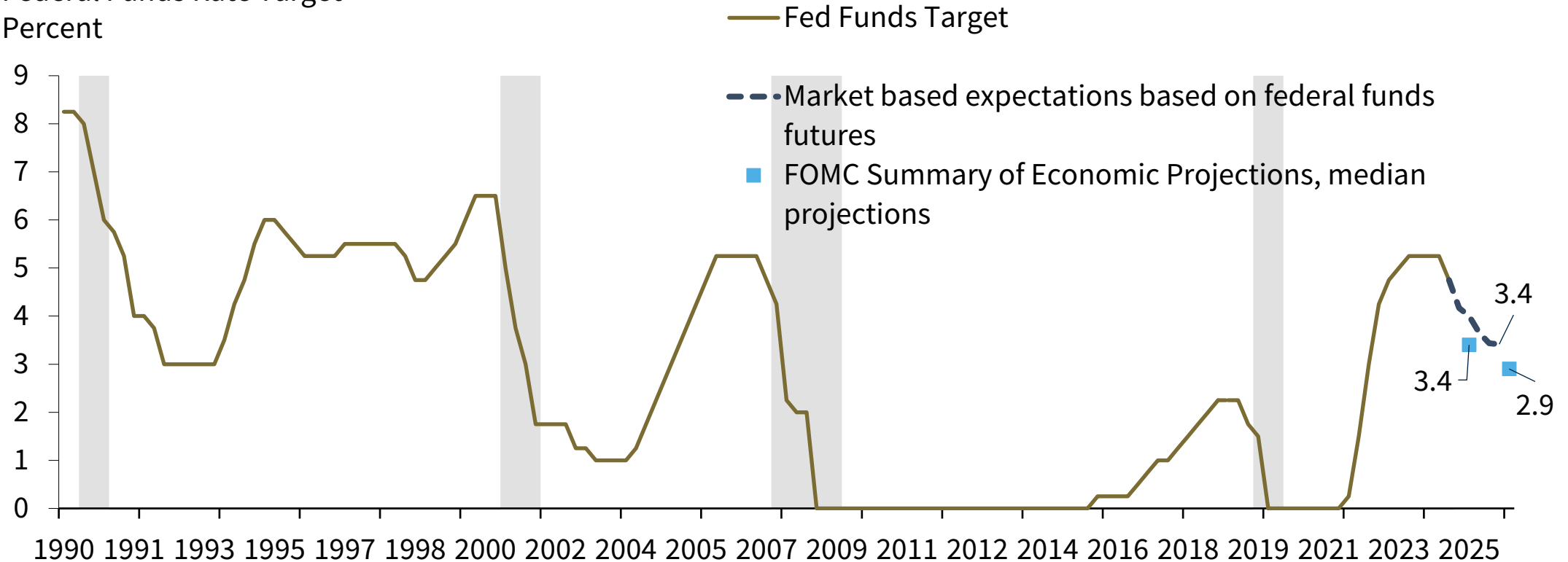


Source: Bureau of Labor Statistics, October 2024 Blue Chip Consensus Forecast (Haver Analytics).

Note: Data as of September 2024.

The Federal Reserve reduced the federal funds rate in September with further rate cuts expected

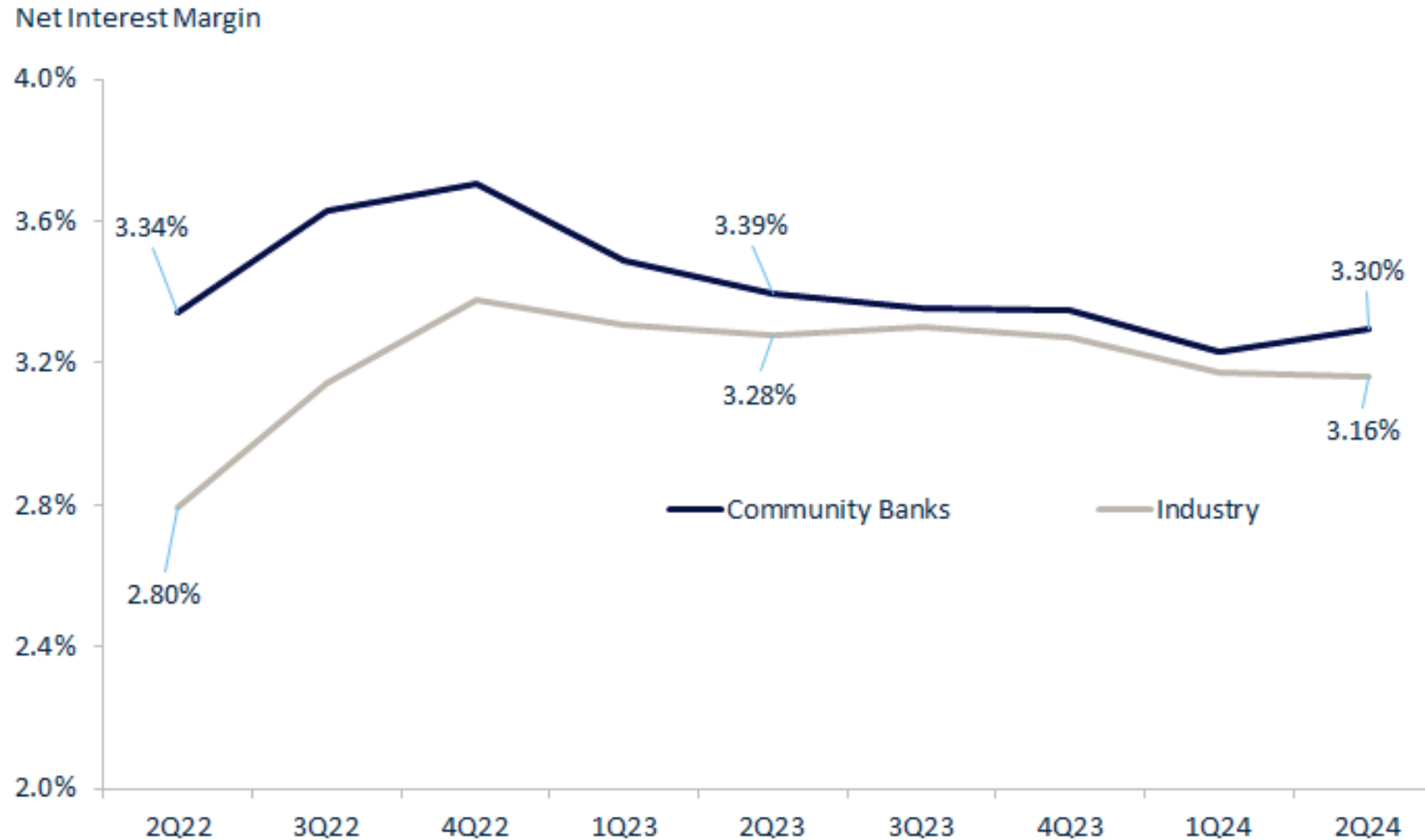
Federal Funds Rate Target
Percent



Sources: Federal Reserve; CME Group (Haver Analytics).

Note: Data points to lower limit of Federal Funds Target Rate. Market expectations are based on probabilities of rate changes implied by 30-Day Fed Funds futures prices. Federal Reserve FOMC forecasts are based on the mid point of the target range in the Summary of Economic Projections, as of September 2024. Data as of October 17, 2024.

Community Bank NIM rose slightly in 2Q24

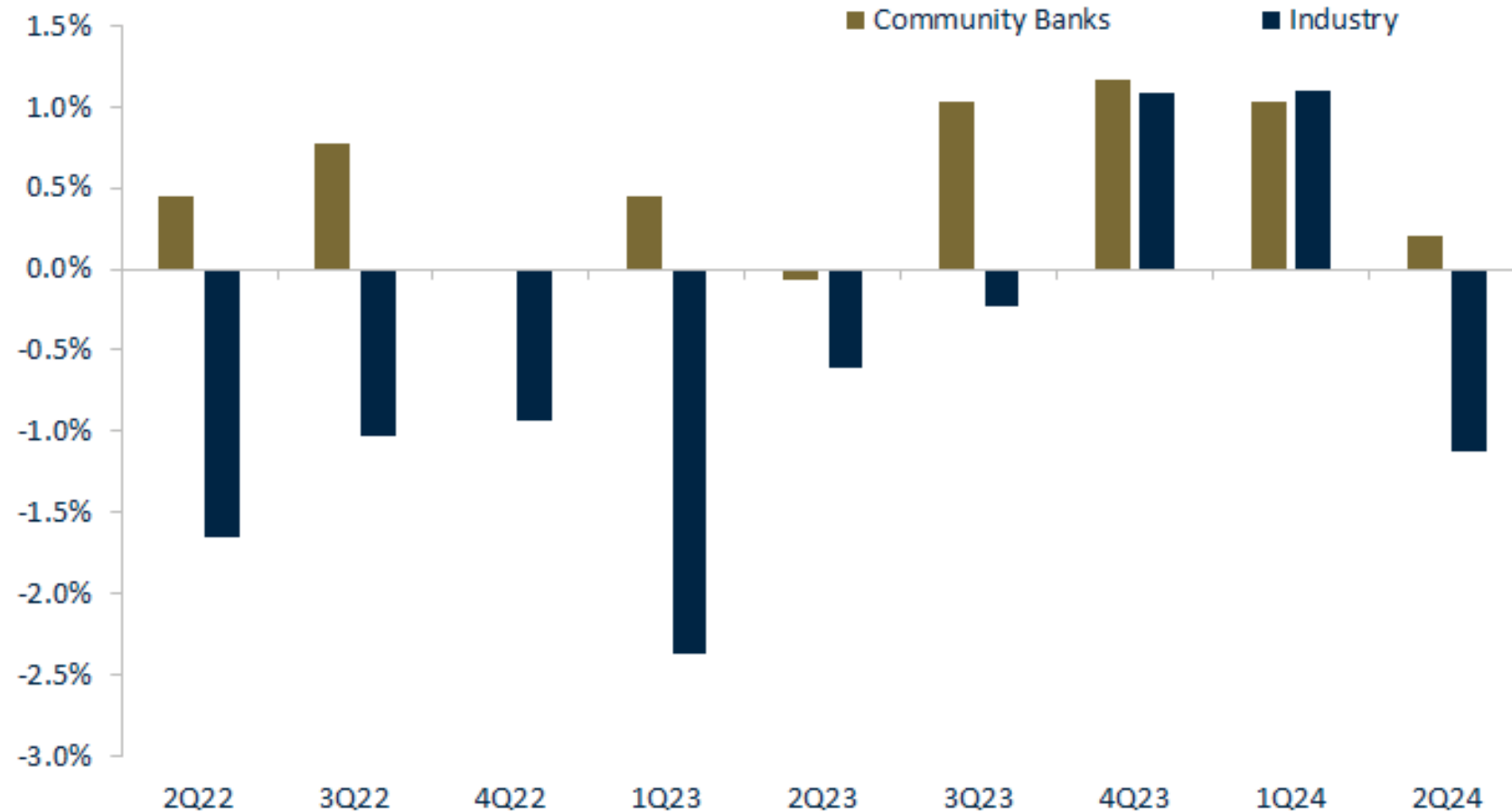


Source: FDIC.

Note: NIM ratios are quarter end-annualized ratios.

Community Bank deposit growth slowed

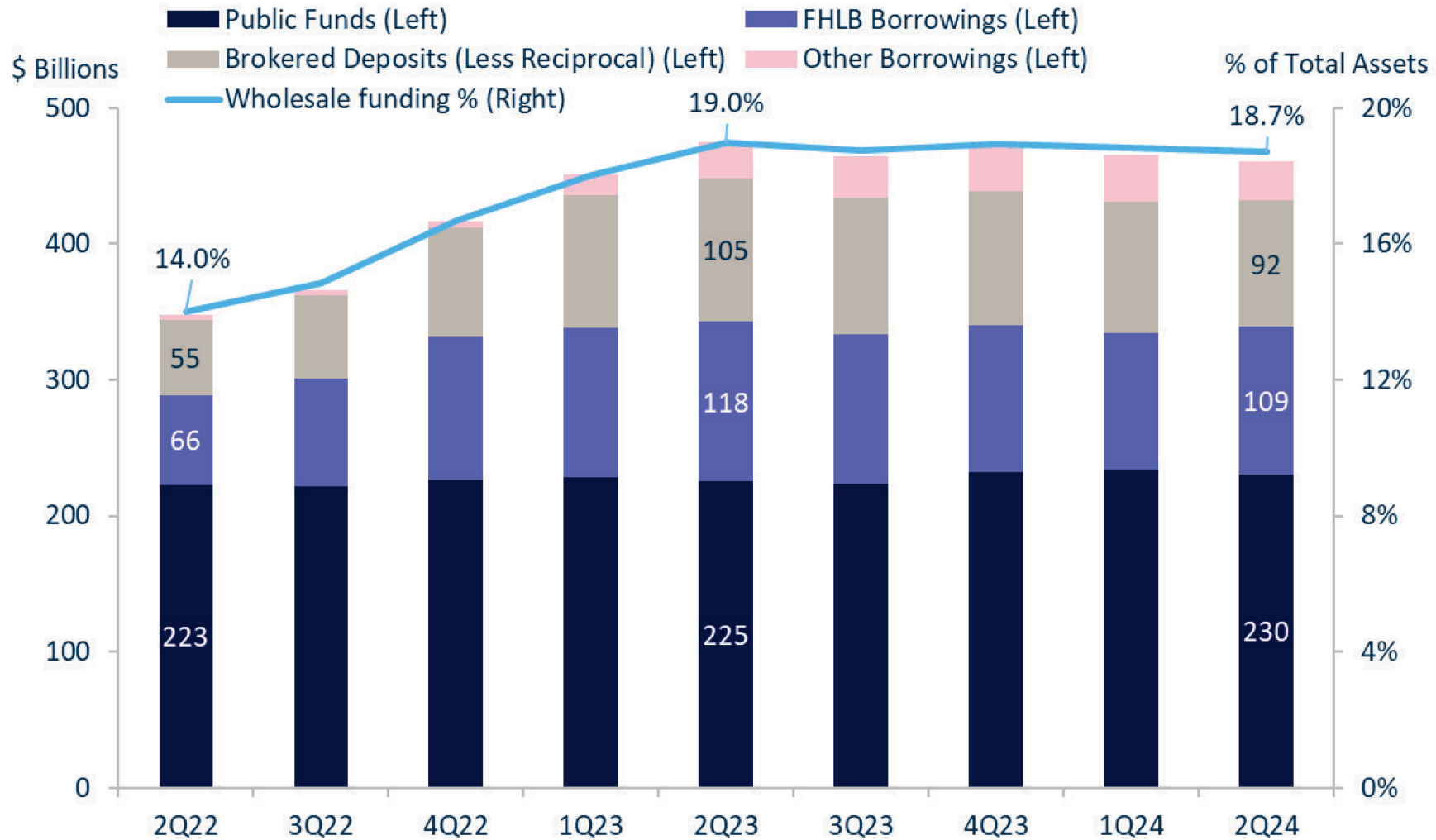
Merger-Adjusted Quarterly Change in Deposits,
Percent



Source: FDIC.

Note: Growth percentages are merger adjusted.

Wholesale funding remained steady



Source: FDIC.

Note: Wholesale funding includes all categories shown in the chart as well as the following: fed funds purchased, repo agreements, internet deposits, reciprocal brokered deposits, and foreign deposits.

Economic and Market Risk Discussion

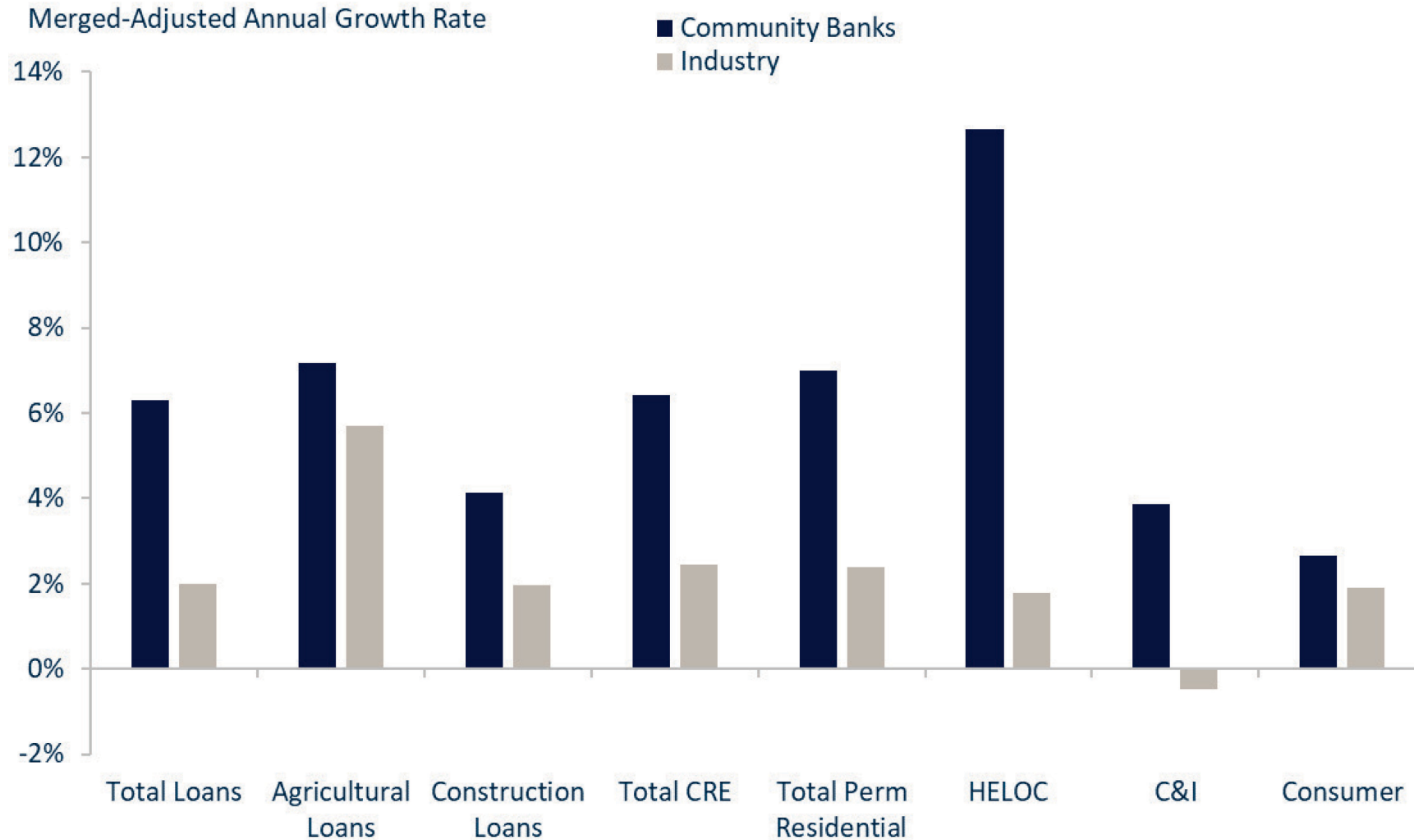
How do the economic conditions in your communities compare to the national picture?

How will falling interest rates affect deposit competition in your market?

What is your experience attracting and retaining deposits?

Has your bank's reliance on wholesale funding changed?

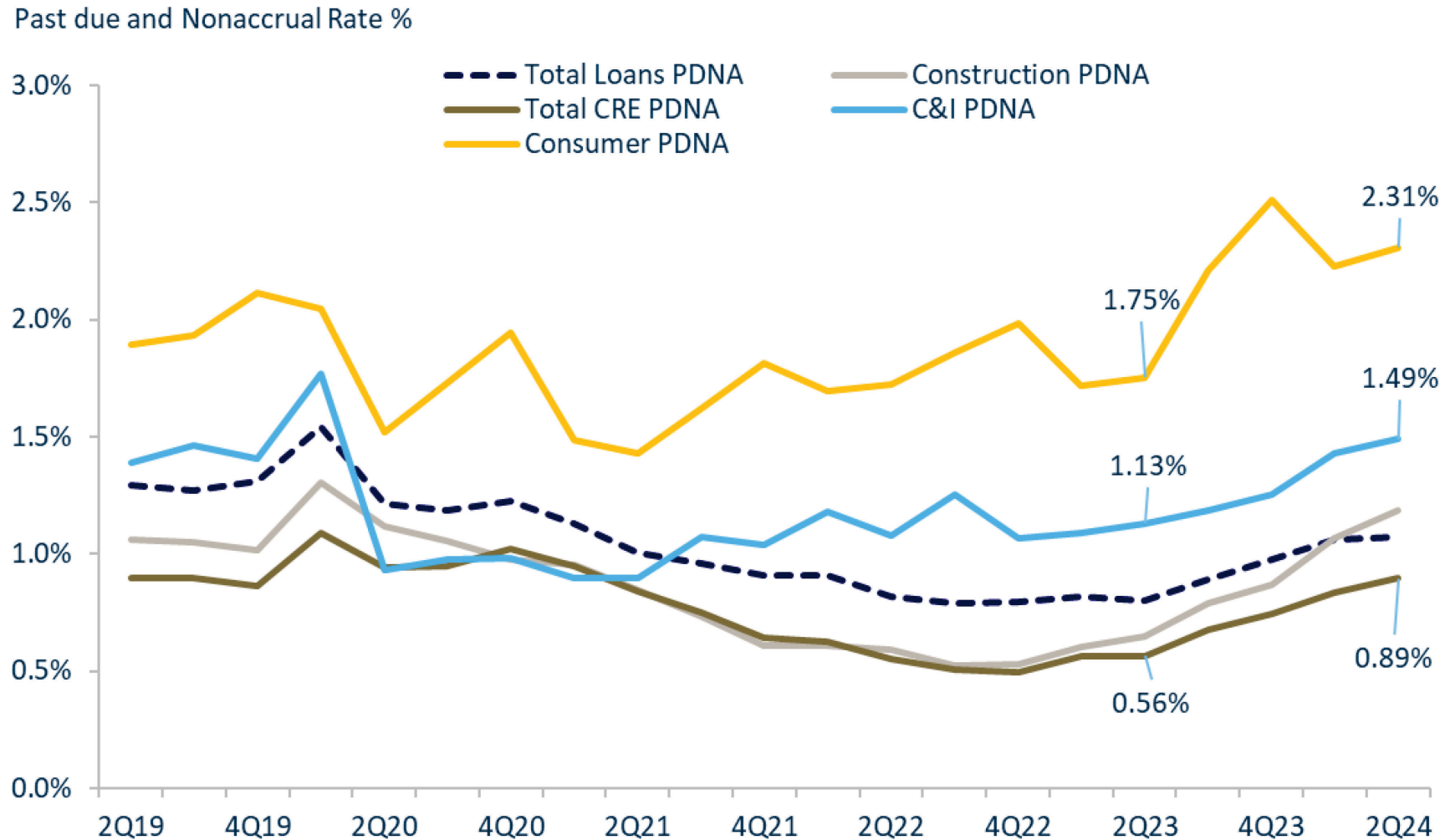
Community Bank loan growth has outpaced the industry



Source: FDIC.

Note: Growth rates are merger adjusted as of 2Q 2024.

Community Bank loan delinquency rates rose broadly



Source: FDIC.

Note: Past due and nonaccrual (PDNA) ratios reflect balances over 30 days past due and nonaccrual.

Loan Portfolio and Credit Risk Discussion

How strong is loan demand in your markets?

Are you noticing any credit issues as borrowers refinance to higher rates?

Are you concerned about potential deterioration in your office or multifamily loan portfolios?

Are natural disasters and/or rising insurance costs affecting your borrowers?



ADVISORY COMMITTEE ON
COMMUNITY BANKING

