

Survey of Community Institutions

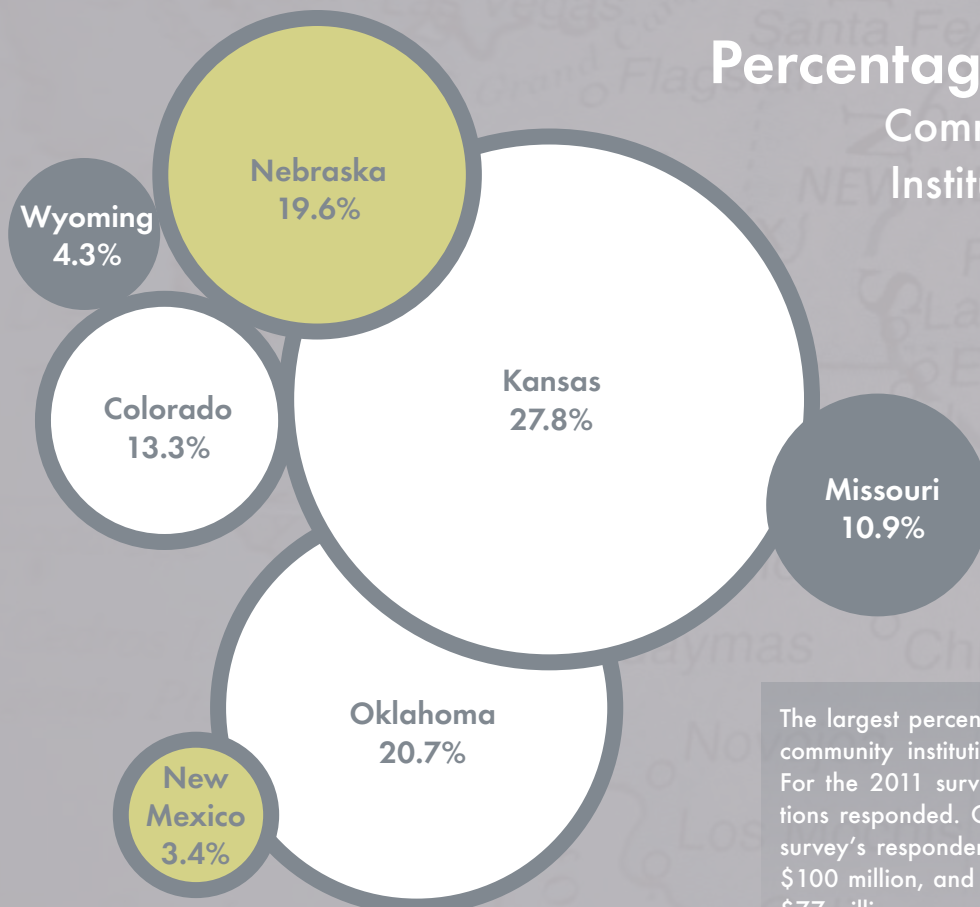
Community institutions—those with assets of less than \$1 billion—play an important role across the Tenth Federal Reserve District. These institutions maintain a close relationship with their local economies, which are often rural or small urban areas. Although bank consolidation over the past 20 years has led to larger institutions holding more assets, community banks still hold the majority of deposits and have branches in more than half the counties in the United States.

In 2011, the Kansas City Fed conducted a survey of the District's community institutions to get a better idea of the challenges they face. The survey has been conducted about once every three years and asks institutions about their most significant con-

cerns, competition, expected changes in revenue and earnings, and business prospects. This was the first time the survey included thrifts and credit unions, along with banks.

"The survey provides us with a nice snapshot of the current state of community institutions," said Assistant Vice President and Economist Jim Wilkinson, who helped lead the survey effort. "Understanding these institutions helps us be a more responsive and effective regulator for the community banks we supervise."

Full survey results are available at www.KansasCityFed.org/banking/community

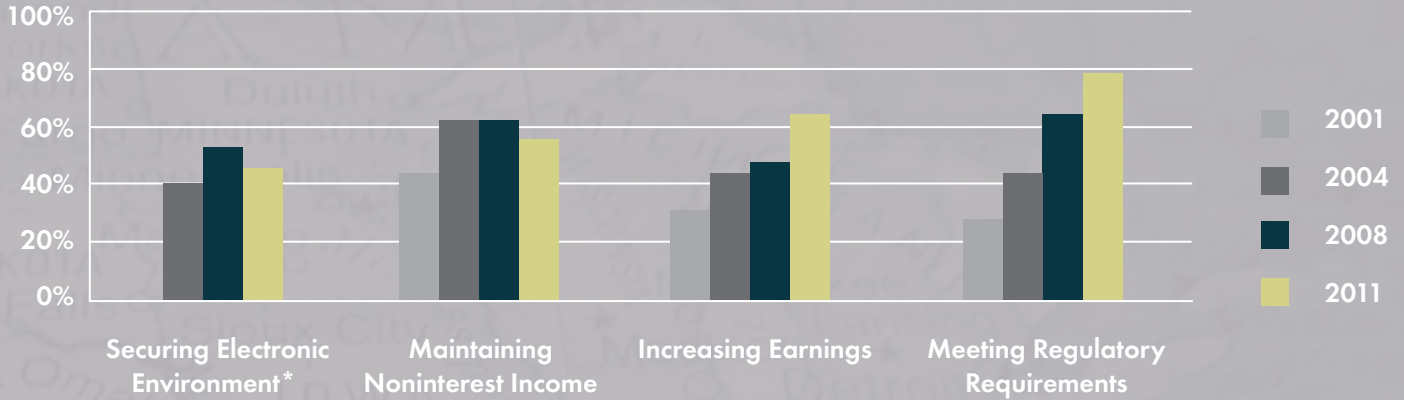


Percentage of Tenth District Community Depository Institutions by Location

The largest percentage of the Tenth District's community institutions is located in Kansas. For the 2011 survey, 322 community institutions responded. Close to 60 percent of the survey's respondents had assets of less than \$100 million, and the median asset size was \$77 million.

Community Banking Challenges

% of respondents citing issue as a "significant" challenge

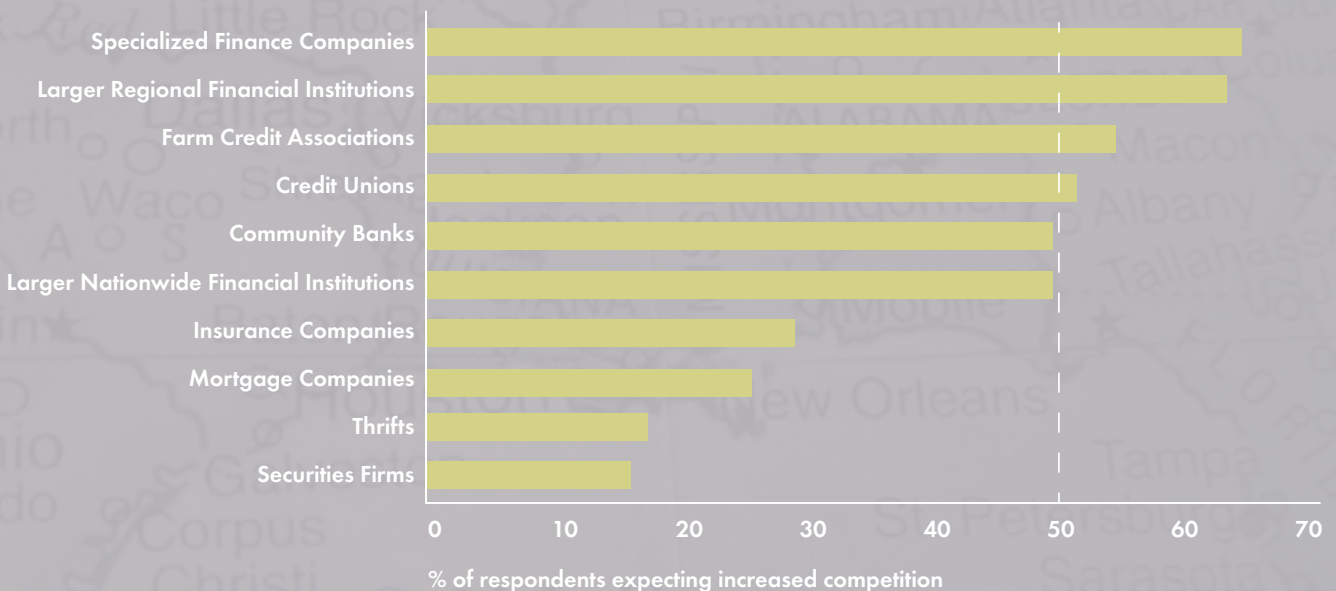


In 2011, more banks identified "meeting regulatory requirements" as a significant challenge than any other concern. This challenge has grown steadily since 2001, when only about a quarter of banks cited this as a significant challenge.

* data not available for 2001

Competition

Expected Loan Competition Over the Next Three Years



More than half of all respondents expect loan competition to increase from finance companies specializing in machinery and cars, larger regional institutions, farm credit associations, and credit unions.