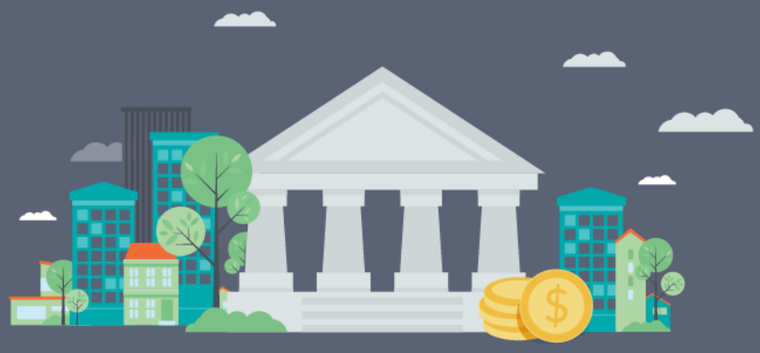
COMMUNITY BANKS

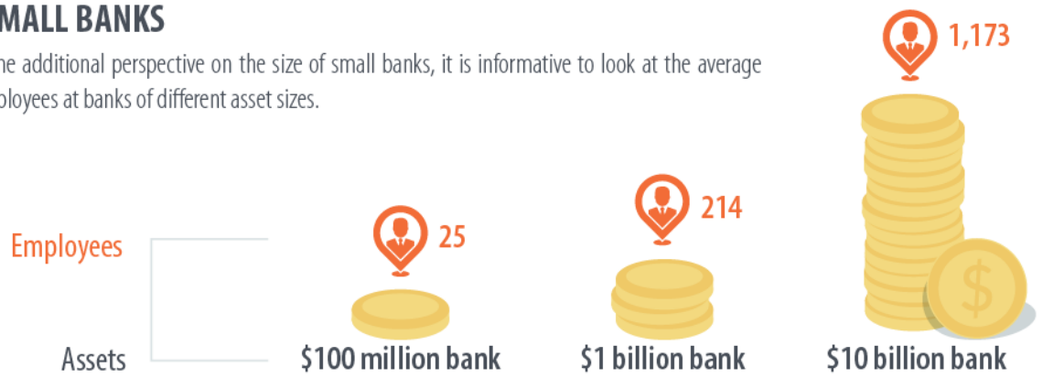


WHAT IS A COMMUNITY BANK?

A community bank is a small bank that typically engages in traditional activities such as accepting deposits and making loans, but there is not a single, consensus definition of what makes a bank a community bank. Some define community banks solely based on their size, often using $1 billion or $10 billion in assets as a threshold. Others emphasize the bank's business model in their definition.

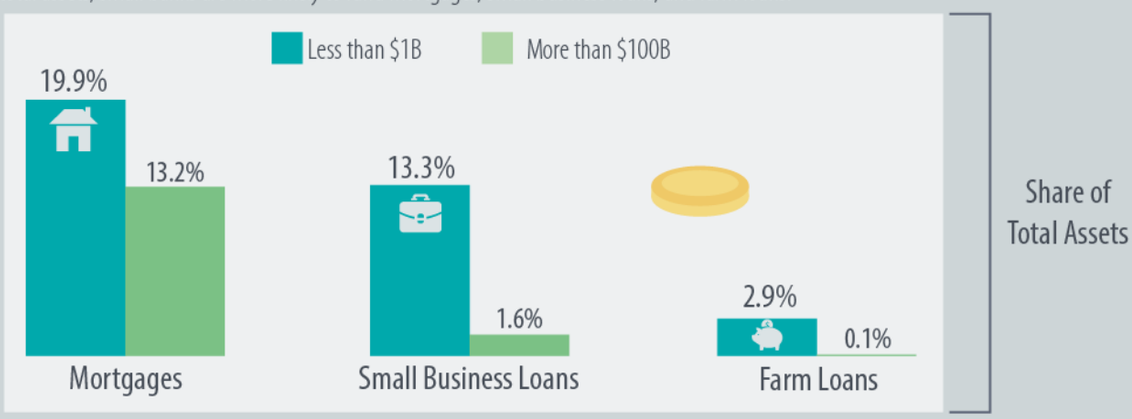
SIZE OF SMALL BANKS

To provide some additional perspective on the size of small banks, it is informative to look at the average number of employees at banks of different asset sizes.



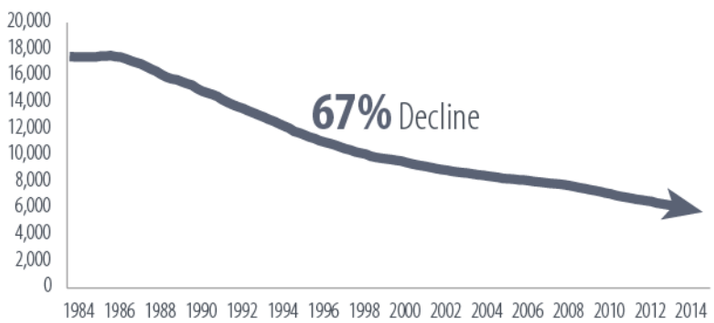
CONGRESSIONAL INTEREST

Congress has focused on community bank issues for multiple reasons, one of which is because community banks are disproportionately engaged in certain activities that are of particular importance from a public policy perspective. As a share of their total assets, small banks are more likely to fund mortgages, small business loans, and farm loans.

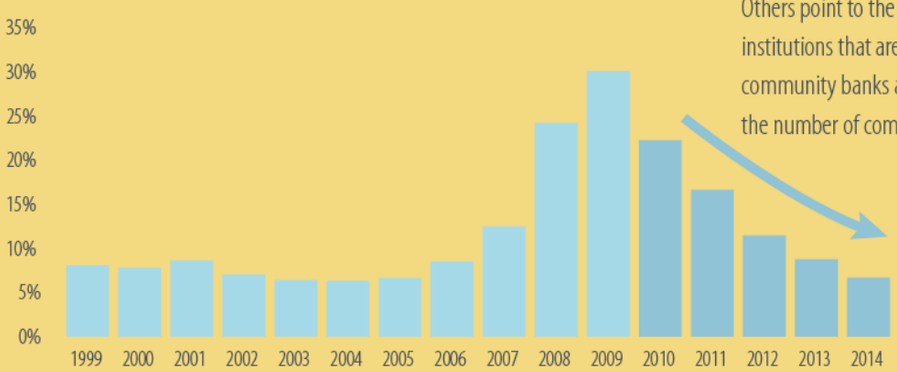


DROP IN NUMBERS

Some Members are worried about the future of community banks, noting that the number of banks with less than $1 billion in assets has decreased significantly over the previous decades.



DROP IN UNPROFITABLE INSTITUTIONS



Others point to the drop in the percent of institutions that are unprofitable as a sign that community banks are doing well, even though the number of community banks has fallen.

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For more information, see CRS report R43999, *An Analysis of the Regulatory Burden on Small Banks.*

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