PRESS RELEASES

Community Bankers End Year on Sunny Note

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Washington, D.C. – Community bankers ended 2025 with a high sentiment on future conditions, according to the 2025 fourth quarter results of the Community Bank Sentiment Index (CBSI) released today by the Conference of State Bank Supervisors (CSBS).

Although the CBSI slipped one point to 132 from last quarter's record high of 133, it remains well above the neutral level of 100 and signals continued optimism among community bankers.

"Community bankers' continued optimism seems to be driven by solid earnings prospects from wider net interest margins that have boosted profitability," said CSBS Chief Economist Tom Siems. "Moreover, most community bankers are deeply embedded in their local markets and express confidence they can navigate uncertain economic conditions through disciplined credit oversight and their focus on relationship lending."

While their optimistic outlook is buoyed by expectations that the regulatory environment will be less burdensome, community bankers continued to indicate some concern over business conditions in the new year. Compared to the previous quarter, four of the seven CBSI components declined, two increased, and one remained the same.

Three of the declining indicators (monetary policy, operations expansion, profitability) fell from near all-time highs, while the regulatory burden indicator surged to a near record value, indicating that community bankers expect a lower regulatory burden in the coming year. For the fourth straight quarter, the only component dragging the index lower was expected future business conditions, although this component improved one point to 99 from last quarter's reading.

The CBSI surveys community bankers nationwide in the last month of each quarter to capture their thoughts on future economic conditions in seven areas. An index reading of 100 indicates a neutral sentiment. Anything above 100 indicates a positive sentiment, and anything below 100 indicates a negative sentiment.

A total of 246 community bankers from 43 states and the District of Columbia responded to the survey. Quarterly results are included in the Federal Reserve Economic Data, the online database maintained by the Federal Reserve Bank of St. Louis, known informally as the FRED.

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The Conference of State Bank Supervisors (CSBS) is the national organization of financial regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico, and U.S. Virgin Islands. State regulators supervise 79% of all U.S. banks and a variety of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance and debt industries.