



Community Bank Case Study Competition Topics

2026: How do external factors impact the business of banking?

BACKGROUND

Banks play a critical role in the U.S. economy by providing credit and financial services to businesses and consumers. Community banks play an especially important role in our nation's financial system. In addition to sustaining their local economies, community banks also serve as key providers of banking services, particularly in rural communities across the country.

Since 2020, the banking sector has experienced macroeconomic shifts with related interest rate and trade policy choices at the federal level, adding an important dimension to bank decision-making. For the 2026 CSBS Community Bank Case Study Competition, teams are asked to learn about how banks approach interest rate risk, make lending decisions, and consider the impact of inflation by first selecting a community bank to study, and then determining what lessons their chosen institution learned from the changing macroeconomic environment since 2020. Additionally, teams will be asked to learn about bank capital and the different techniques banks employ to manage capital.

Through this case study competition, we hope to gain a better understanding of how community banks remain safe and resilient financial pillars of their respective communities.

Questions – 2026 Community Bank Case Study Competition

PART I: FINANCIAL ANALYSIS

Using the Federal Financial Institutions Examinations Council (FFIEC) 041/051 Call Report, Uniform Bank Performance Report (UBPR) and other publicly available data sources, students should evaluate and provide an analysis of the following for their selected case study bank:

- Earnings Performance
- Loan Portfolio Composition
- Asset Growth
- Capital Levels
- Liquidity

To facilitate consistency among teams, this financial analysis should be completed on a year-over-year basis covering five years.

PART II: Interest Rate Environment and Inflation (for each section below, address the questions most pertinent to your selected case study bank)

Overview: Bankers contend with macroeconomic risks that drive business decisions, with inflation and interest rates being prime examples. Since the beginning of the pandemic, both factors have shifted considerably. Use the questions below to help guide your conversation with bank leadership to better understand how they track these macro risks, how it impacts their business, and how they manage the risk associated with these changes.

1. What is asset and liability management, and does your bank have a special group that is responsible for focusing on it, such as an Asset-Liability Committee (ALCO)? Why is asset and liability management important to your institution?
2. How does your institution plan for interest rate risk? Is your institution asset or liability sensitive? Does your institution model their interest rate risk? If yes, how many basis points up or down does the model test for?
3. How has the current interest rate environment impacted the bank's plans? Were there any negative impacts from the interest rate environment such as within their securities portfolio?
4. What is your bank's investment strategy? Do they have preferred investments?
5. How has inflation impacted the banks' operations and the community?
6. Has inflation affected borrowers' ability to repay loans? Has credit quality become an issue for borrowers? Has the bank changed its underwriting standards in recent years?
7. What is the Federal Open Market Committee (FOMC)? Does your institution follow FOMC votes and minutes? If yes, how do these decisions factor into their strategic decisions? What rate does the FOMC vote on? If the institution does not follow the FOMC, what do they track for ALCO decisions?
8. Does your institution make mortgage loans? How are mortgage loan interest rates determined? Does the FOMC control mortgage rates?

Part III: Loan Strategy/Decisioning

Overview: The U.S. fractional reserve banking system facilitates commercial banks making loans to consumers and businesses. Loans, however, carry risk. Use the questions below to explore how your bank makes lending decisions and how their broader loan strategy factors into the bank's plans.

1. What types of loans does your institution specialize in?
2. How does the institution track loan performance? Do they monitor the financial condition of their borrowers? What metrics do they use?
3. What criteria would require a loan to go before the institution's loan committee?
4. Does the bank maintain a loan "watch" list?
5. What accounts, portfolios, or portfolio segments do the bank consider high risk?
6. Has the institution considered how tariffs may impact some of its customers? Has the institution reached out to or heard from customers due to changing trade policies?
7. What strategies does the bank use to determine the appropriate interest rate on a given loan?
8. How does the institution test its loan portfolio?
9. How does the bank rate its loans based on risk? Does it have a risk rating/classification policy? Examples include pass, watch, substandard, etc. What would make the bank upgrade or downgrade a loan between categories? What is the impact of a loan being non-performing?
10. Does the bank have any stories of uncovering a loan problem after visiting a customer?
11. What lending concepts did you learn about speaking with the bankers?
12. Does the bank use a partner, such as a core service provider, to maintain its loan records?



13. Does bank management see a future where artificial intelligence can help streamline its lending process? Why or why not?

Park IV: Bank Capital

Overview: Bank capital is critical to the banking system and serves important functions. Use the questions below to learn about bank capital and explore how your bank makes operational decisions based on its capital level and access to additional capital.

1. What is bank capital?
2. How do banks decide how much capital to hold? Where do minimum requirements come from?
3. A bank's assets are not necessarily treated equally under regulatory rules. Explain the concept of "risk-based capital" and "risk-weighted assets" (RWAs).
4. How can a bank increase its capital? Discuss the tradeoffs of at least two different methods.
5. What is operational risk and how does it factor into capital requirements?
6. What is the difference between Tier 1 and Tier 2 capital, and why is Tier 1 considered a stronger form?
7. In the event of a bank failure, who is protected by the bank's capital, and who absorbs losses first?
8. What is the Community Bank Leverage Ratio (CBLR)? Where did it come from? Who qualifies for it? Does your bank use it? Why or why not?
9. What are Held-to-Maturity (HTM) and Available-For-Sale (AFS) securities? How did they factor into the banking turmoil during 2023? Did anything from 2023 impact how your bank categorizes its securities?
10. What is Accumulated Other Comprehensive Income (AOCI)? Why does AOCI matter for banks and regulators?
11. What is tangible equity? What does it tell us about a bank? How is it different from regulatory capital?
12. Where does AOCI appear on a bank's balance sheet?
13. What is balance sheet hedging? Does your bank do balance sheet hedging?