



# Banking Conditions in Ninth District States: First Quarter 2012 Results

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# Ninth District

- Ninth District consists of:
  - MN, MT, ND, SD, Western WI (WI) and Upper Peninsula of MI (UP)
- Detailed data on banking conditions for these geographies, metro areas and type of bank found at:
  - <http://www.minneapolisfed.org/banking/data/bankingconditions/index.cfm>



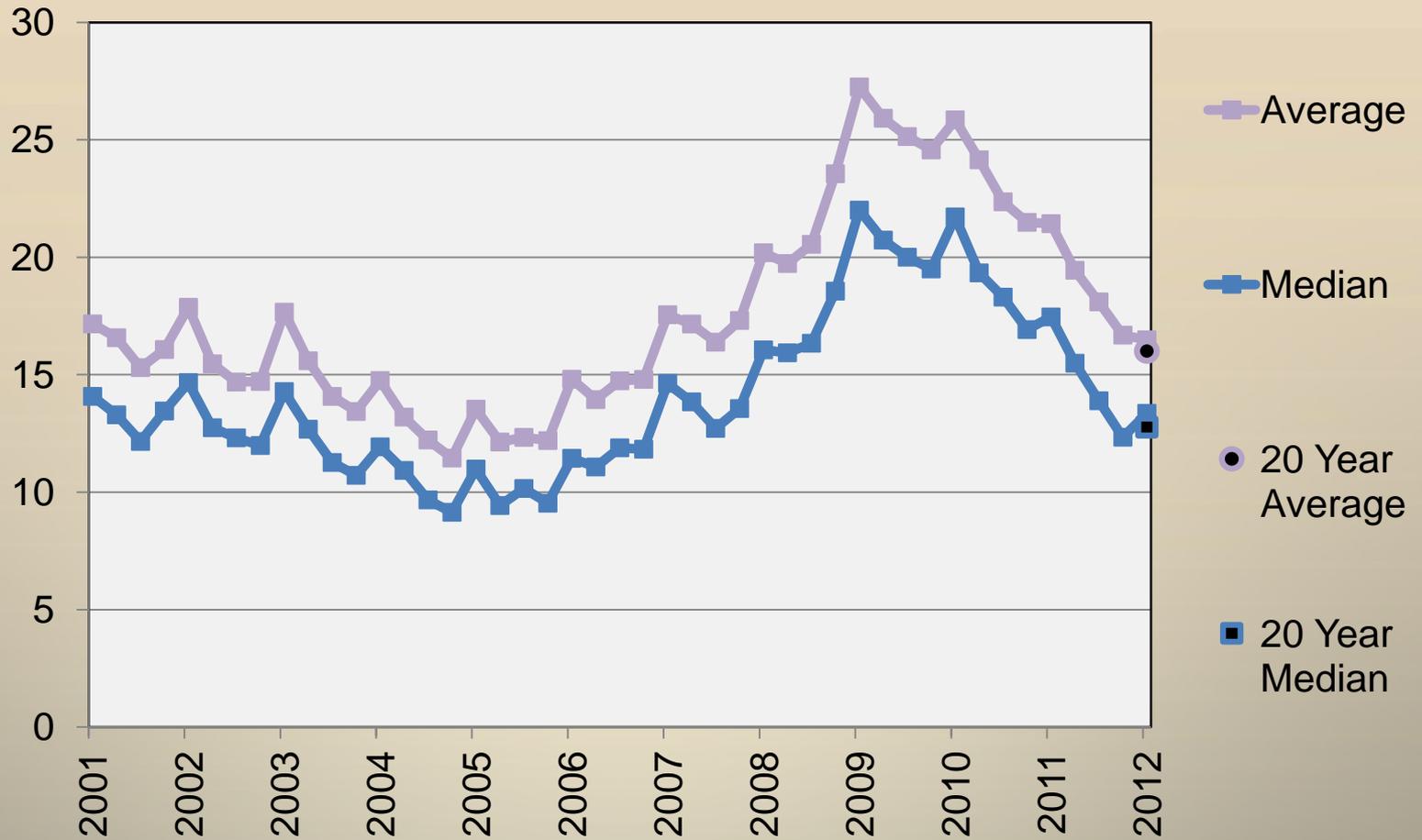
# Summary of First Quarter 2012 Banking Performance

- Overall asset quality at 20-year normals; profits less so and loan growth way off
- Generally positive/mixed 1Q12 results; seasonal patterns at play
  - Asset quality generally flat to middling decline
  - Strong improvement in profits
  - Loan growth less negative to positive
- Dakotas in best condition

# Flat to Middling Worsening in Overall Asset Quality



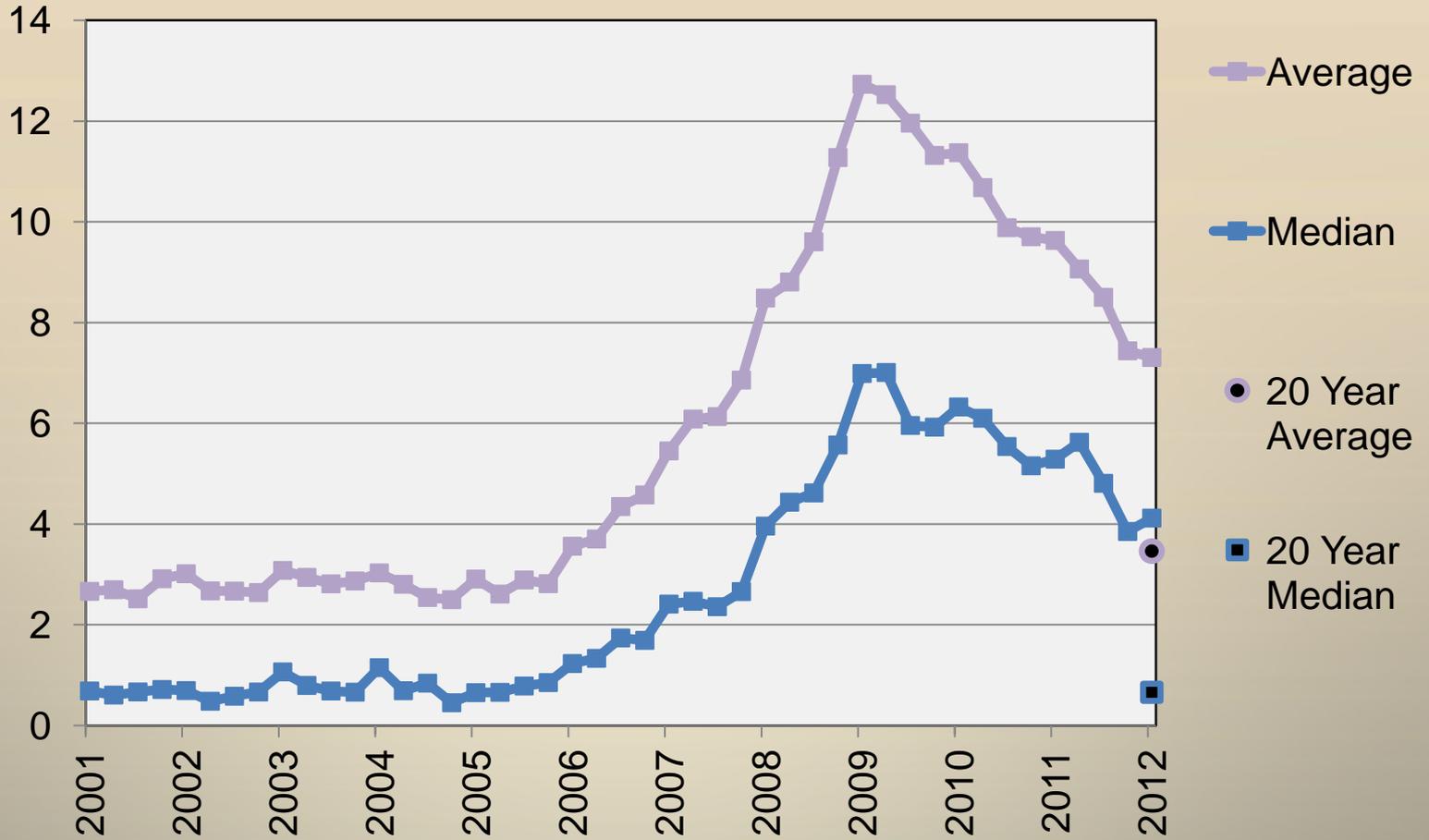
Noncurrent and delinquent loans as a percent of capital and allowances



# Flat to Middling Worsening in Commercial Real Estate Asset Quality

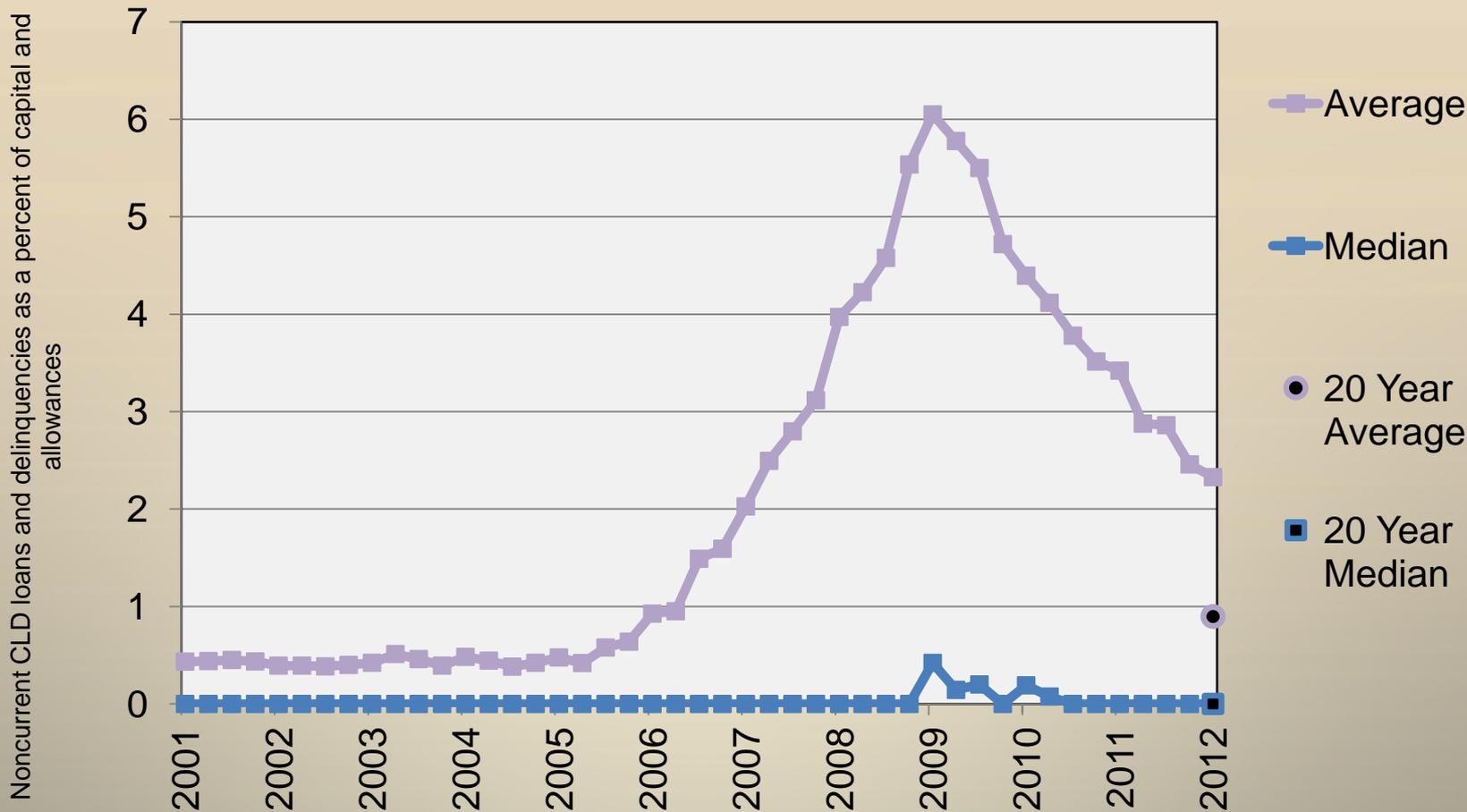


Noncurrent CRE loans and delinquencies as a percent of capital and allowances



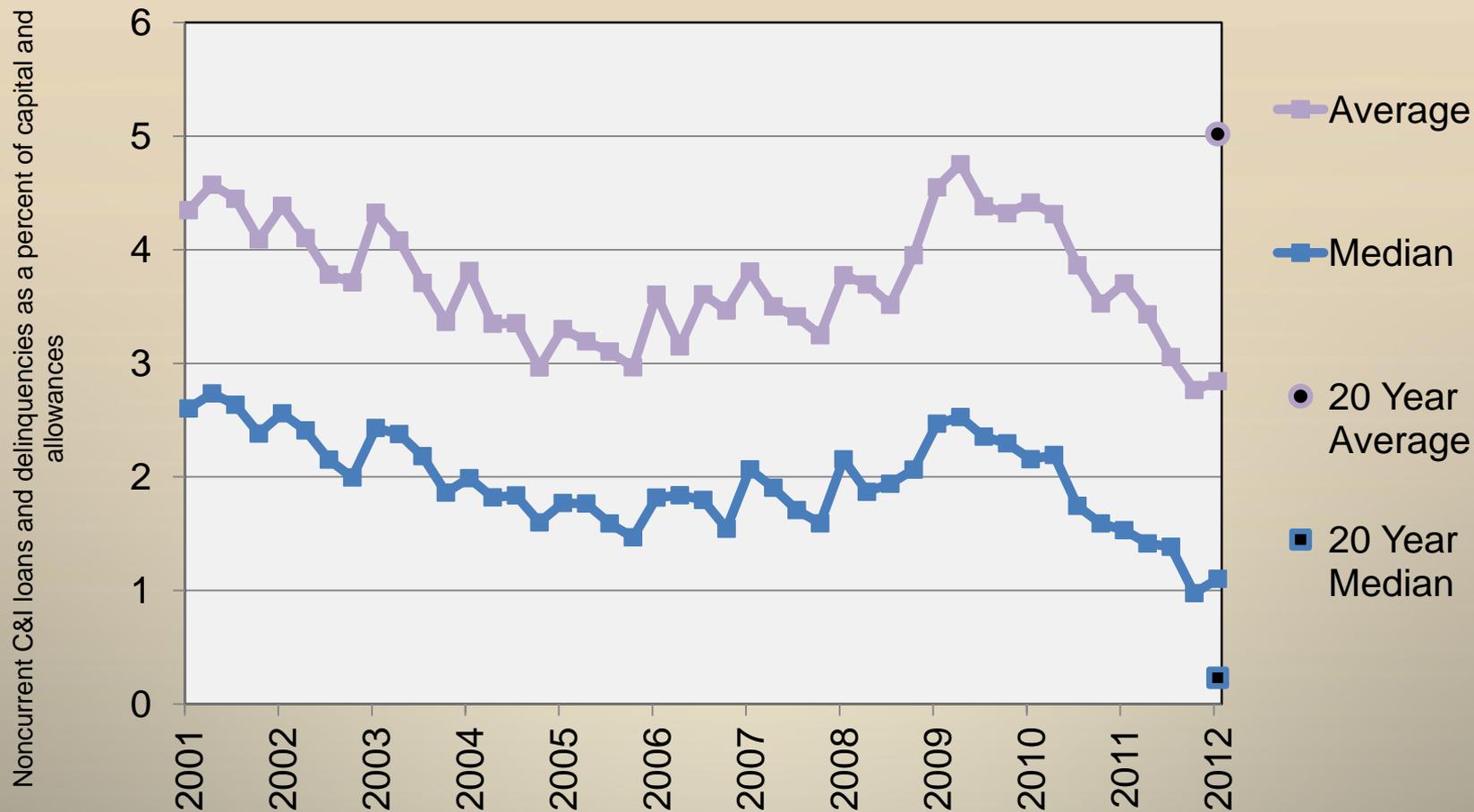


# Middling Improvement in Construction and Land Development Asset Quality



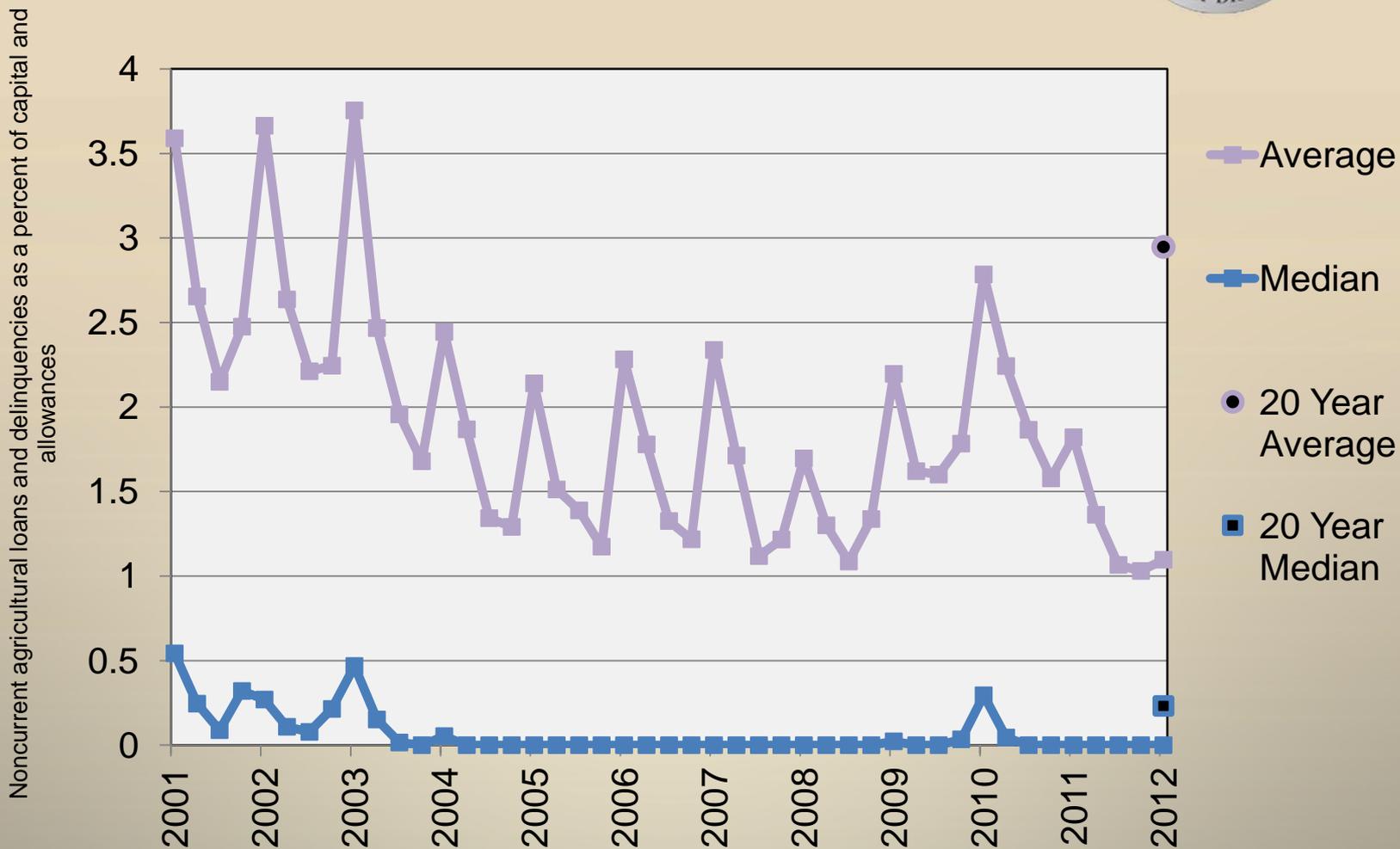


# Flat Commercial and Industrial Asset Quality





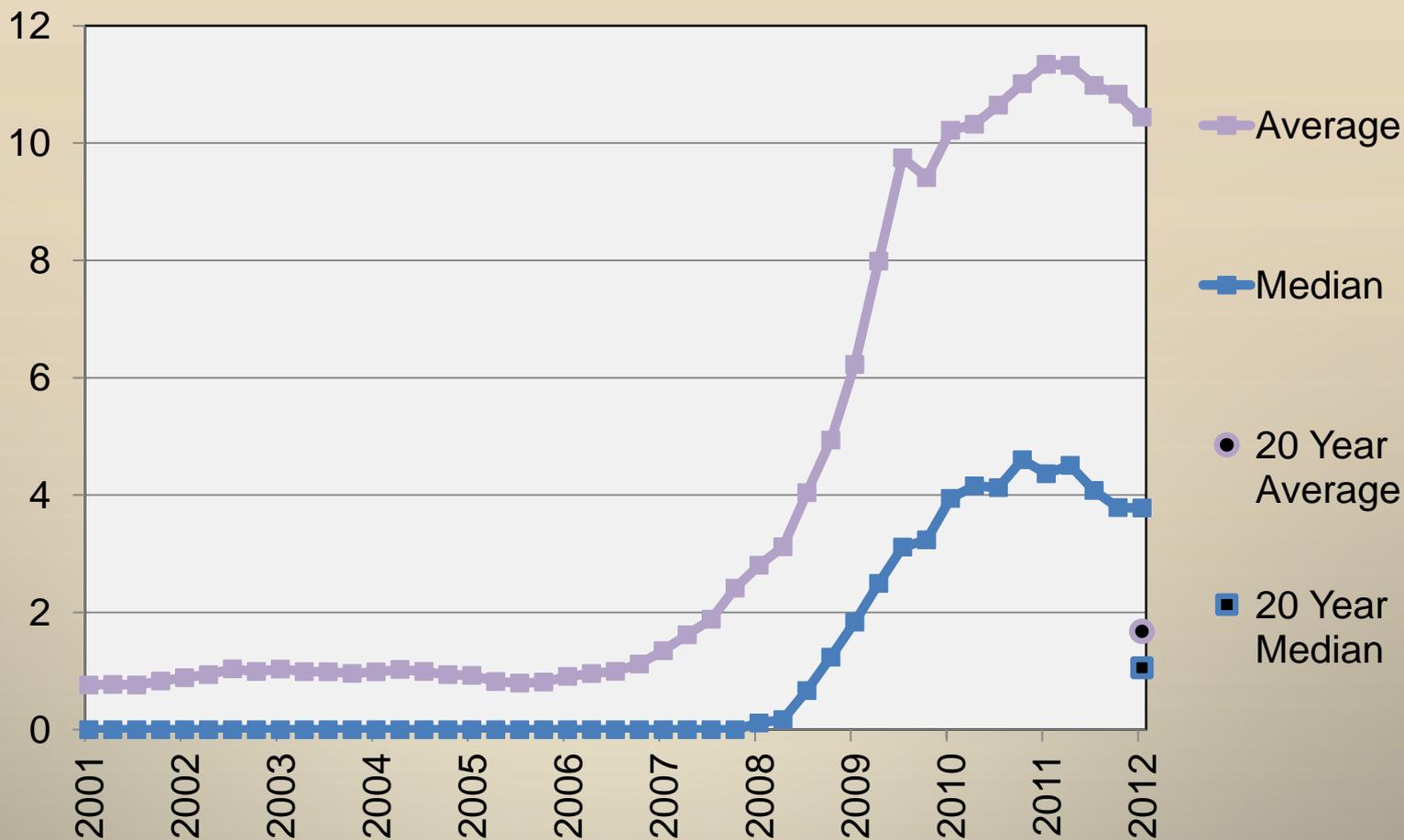
# Flat Agricultural Asset Quality



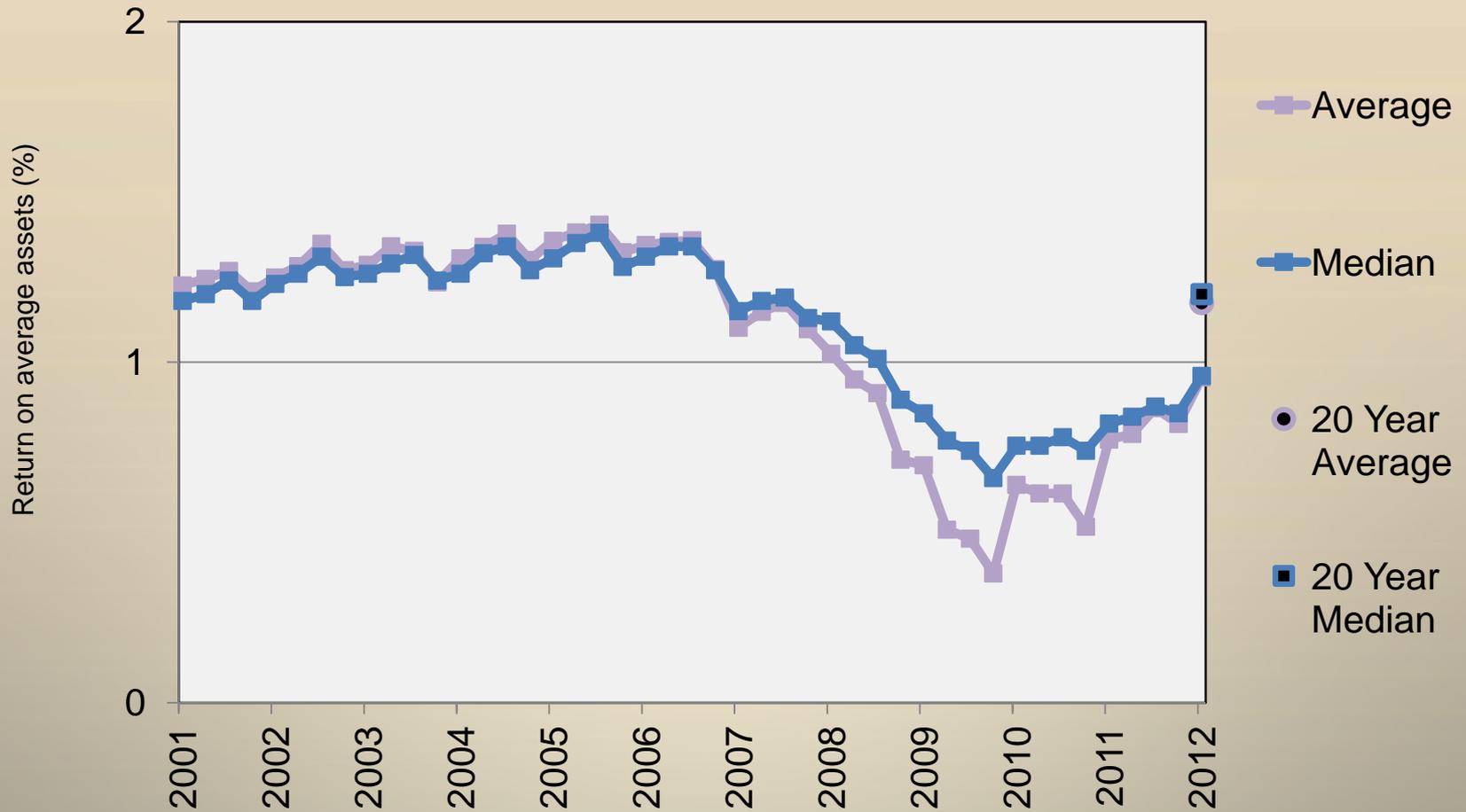


# Flat to Small Improvement in Other Real Estate Owned

Noncurrent loans and other real estate owned as a percent of total loans and OREO

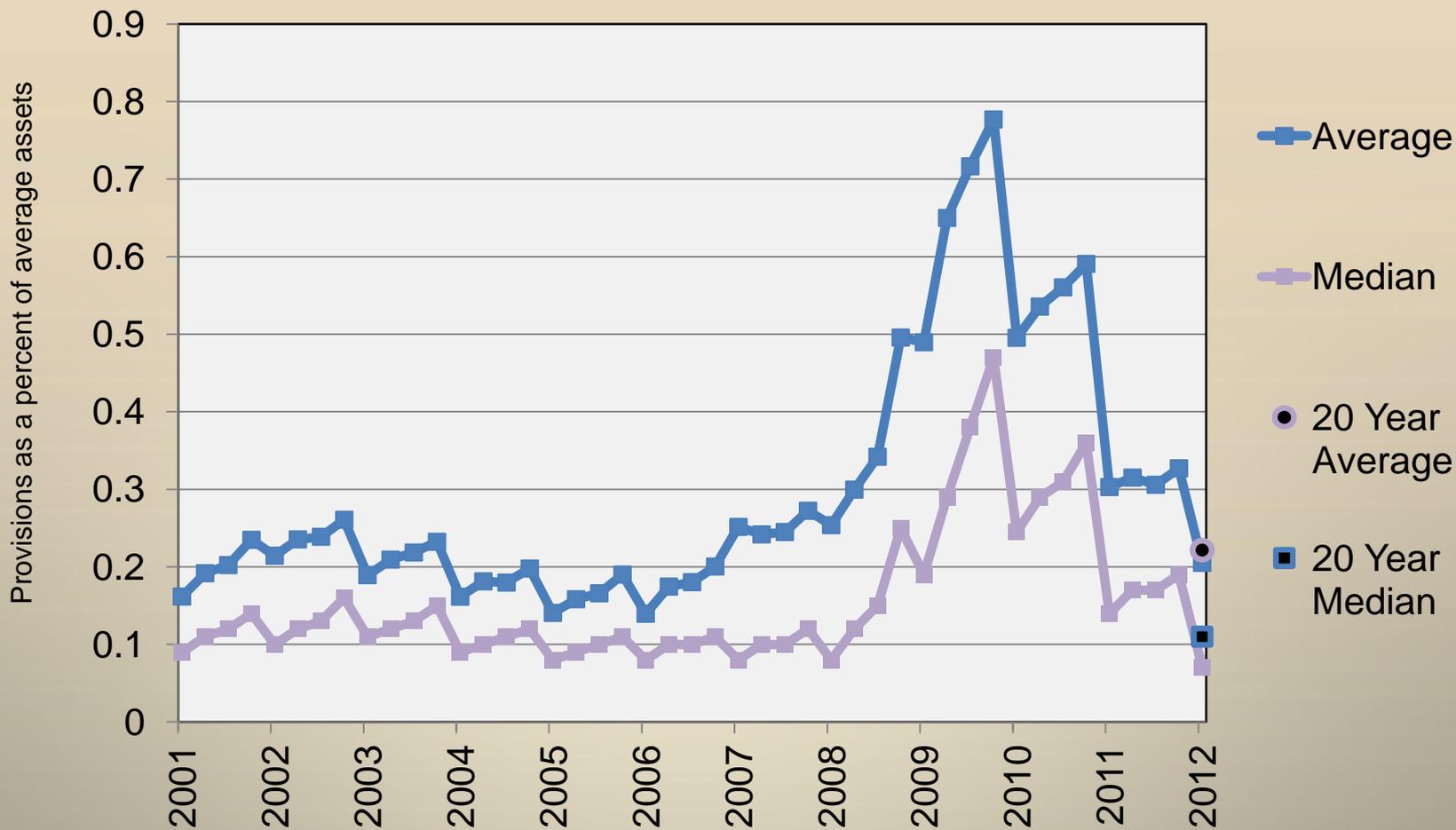


# Strong Improvement in Profits

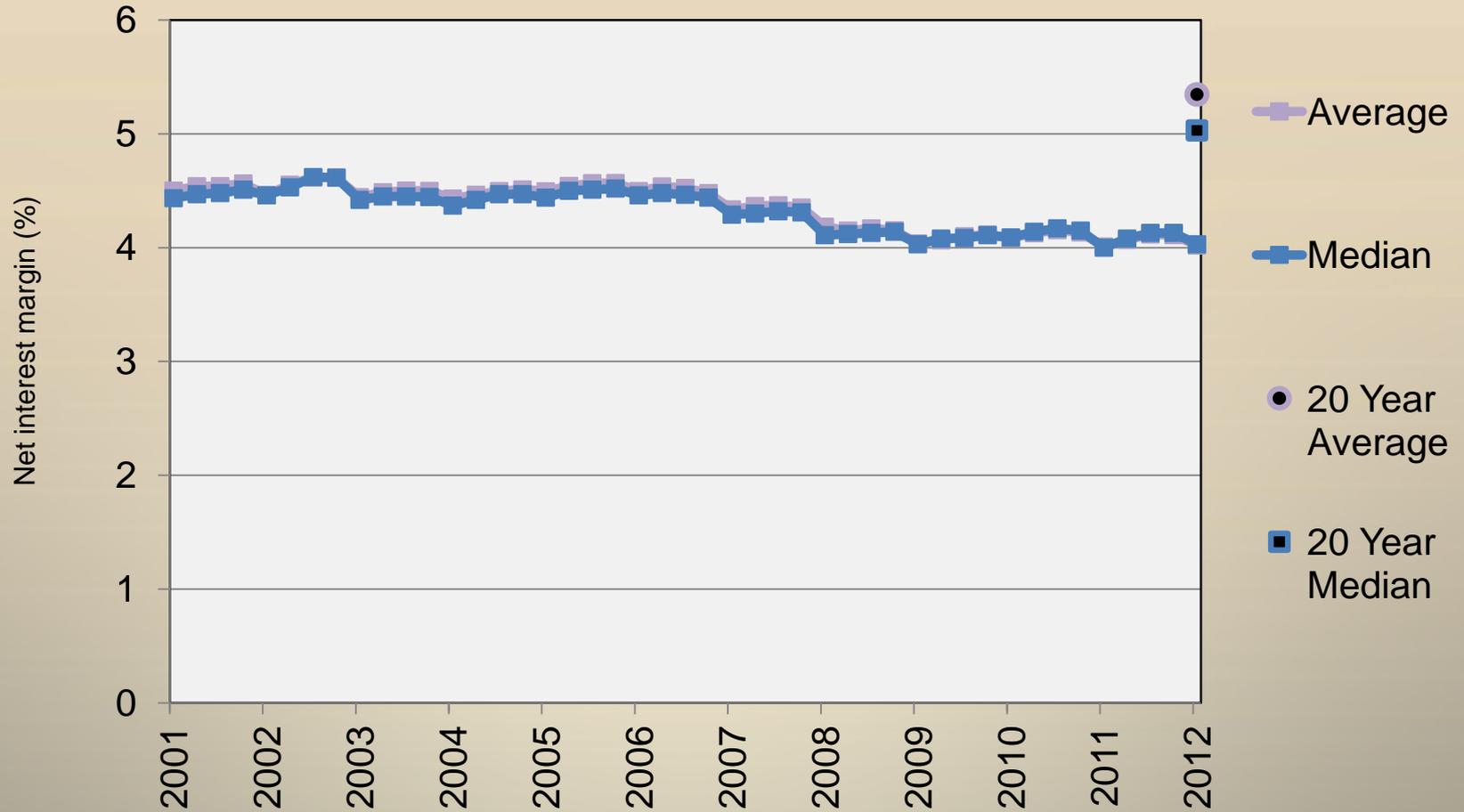




# Strong Decline in Provisions

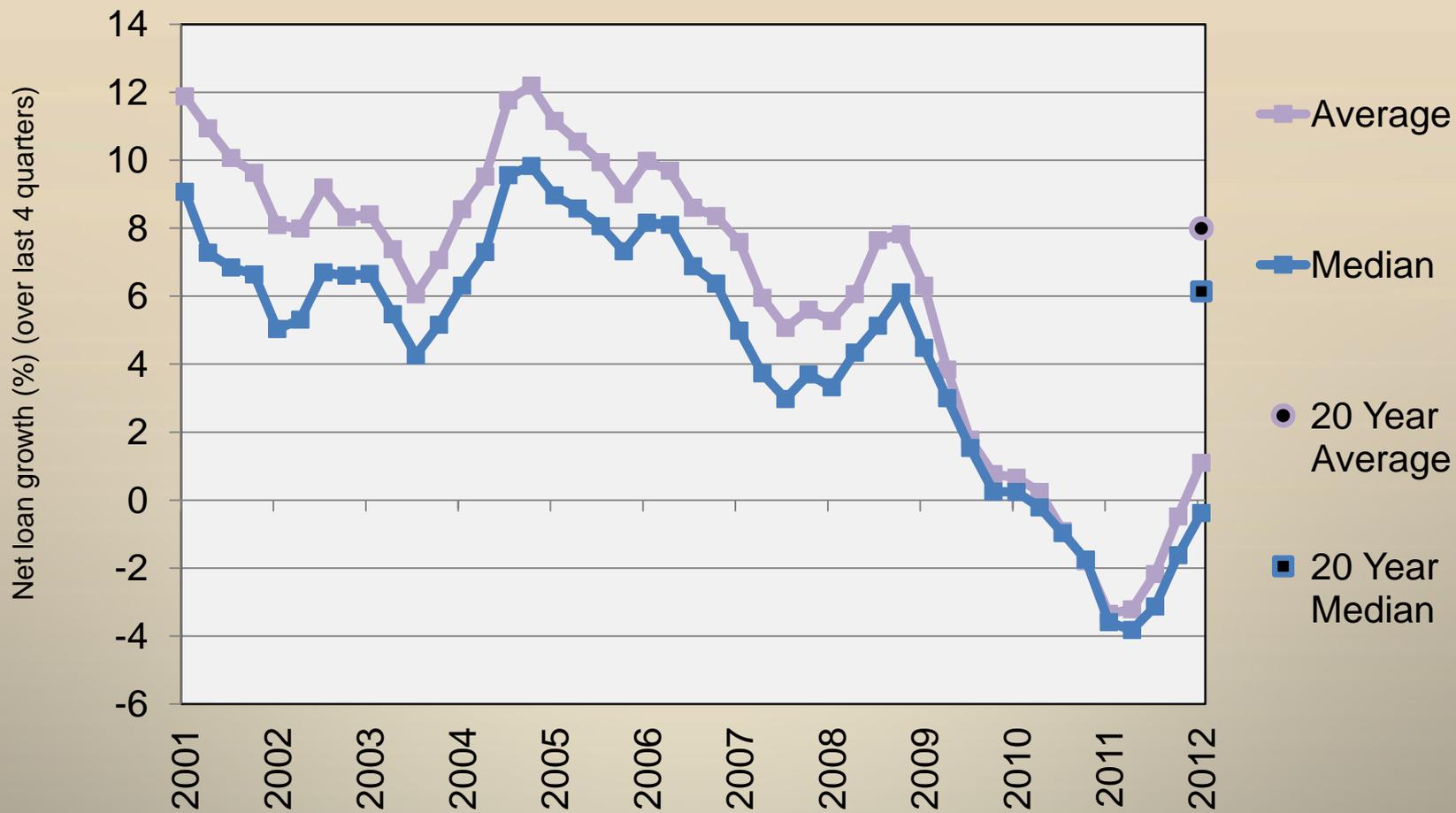


# Strong Declines in Net Interest Margin

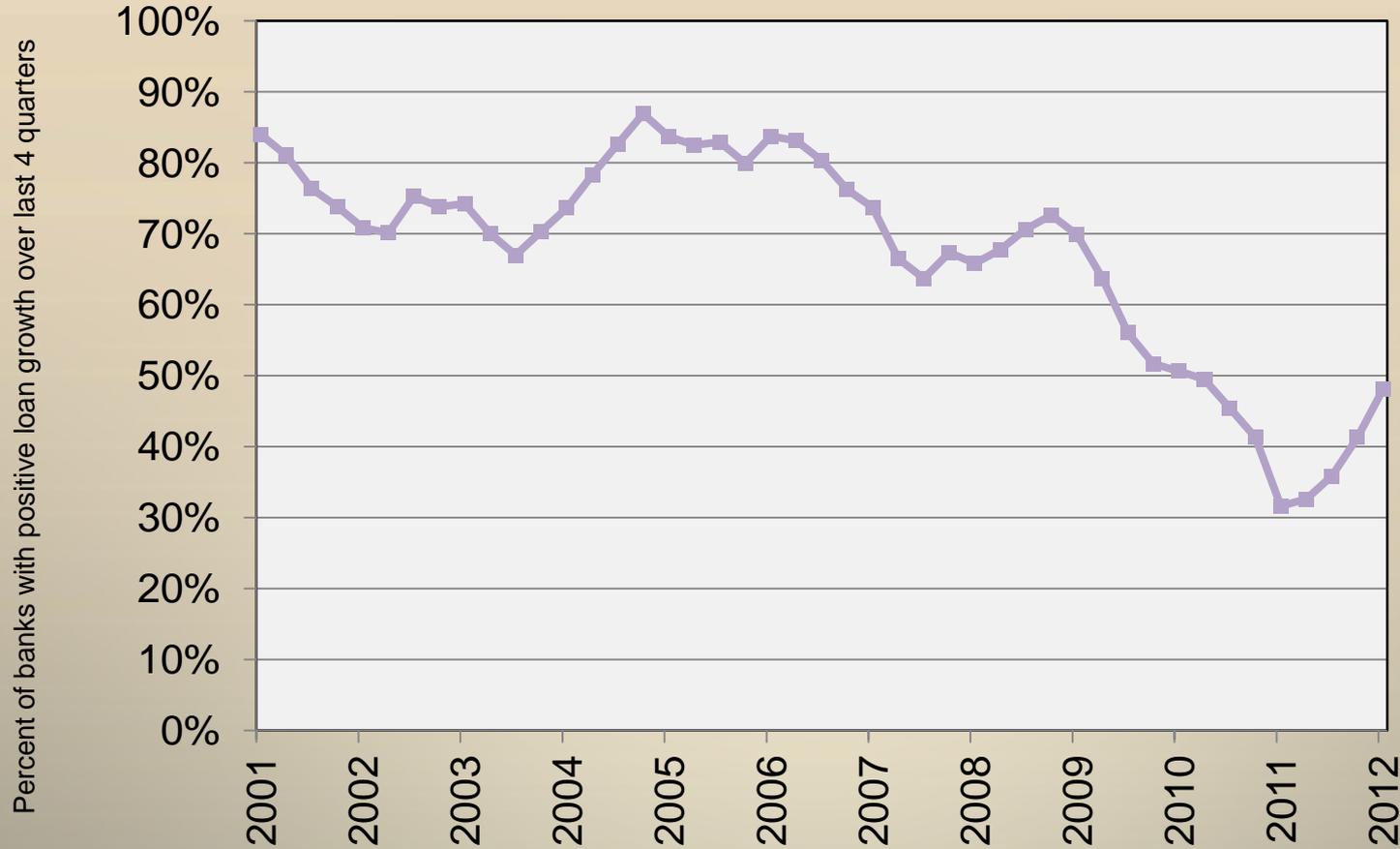




# Strong Improvement in Year-Over-Year Loan Growth; Average Bank Now Positive



# More Banks with Positive Loan Growth; About a 50/50 Split



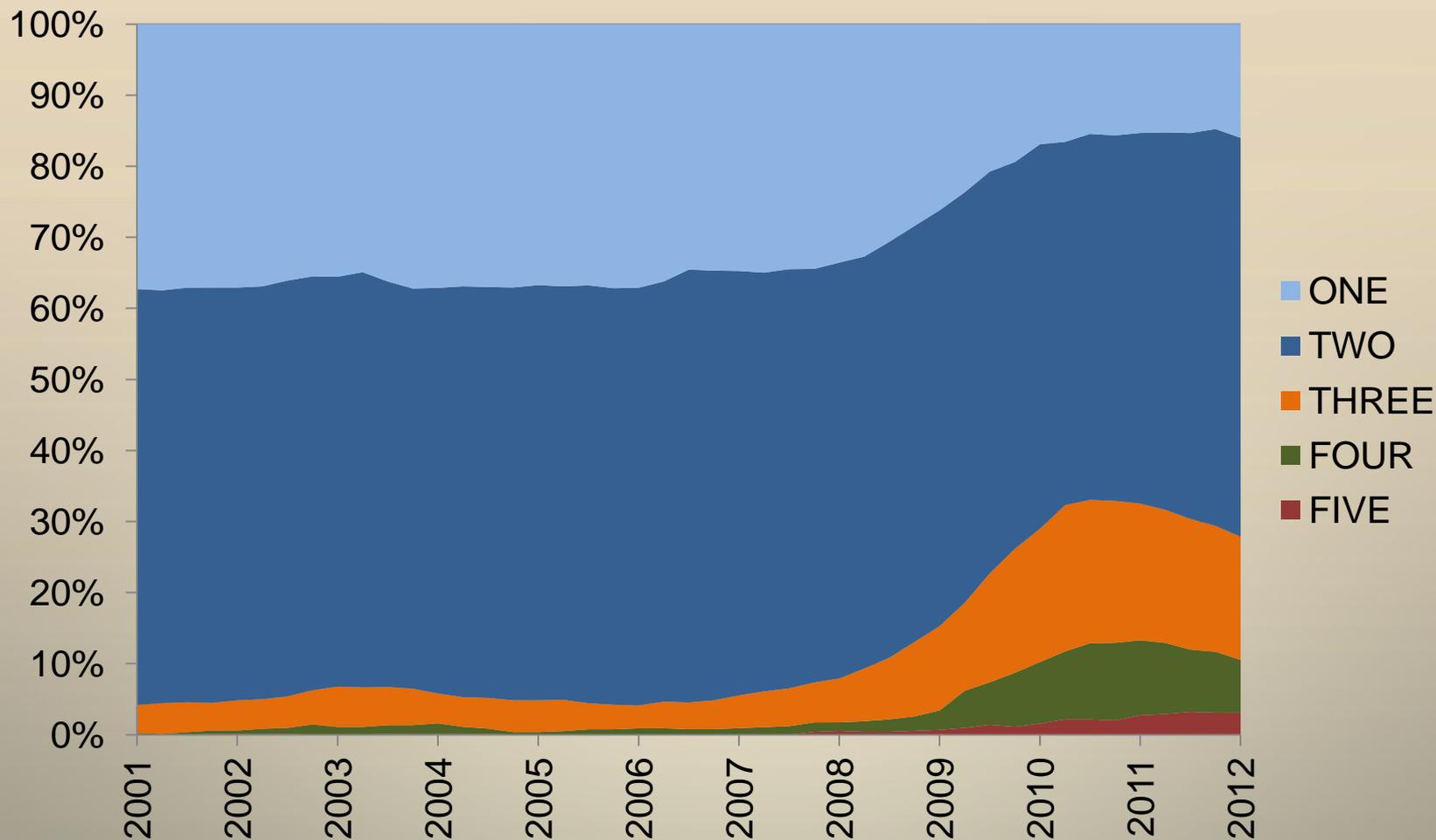


# Continued Improvement for Liquidity and Capital

- Small improvement in liquidity metrics continues
  - Noncore funding continued to fall at a moderate rate
  - Small gain in liquid assets
  - Falling use of brokered deposits
- Capital levels stronger

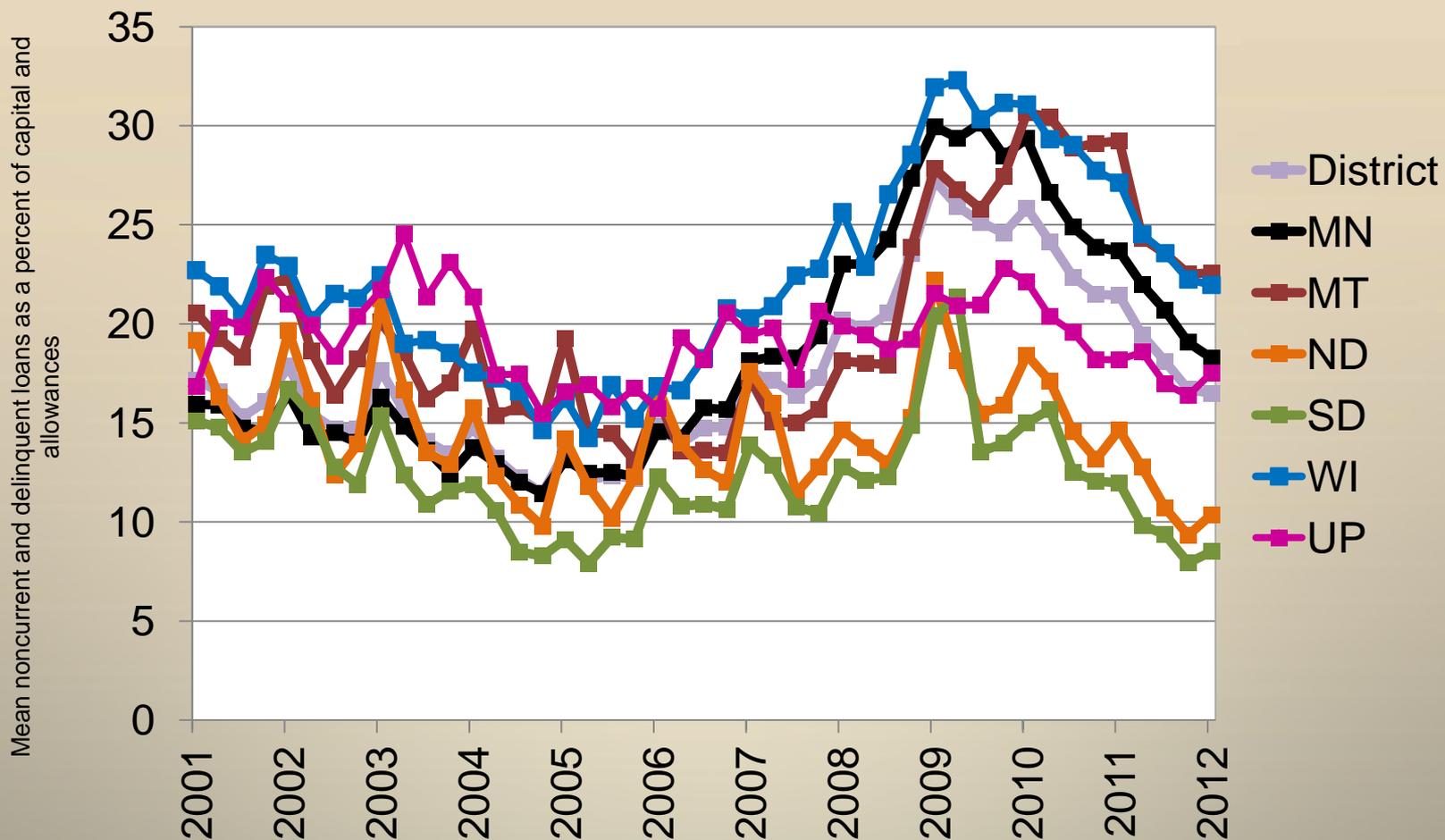


# Bank Ratings: Middling Improvement



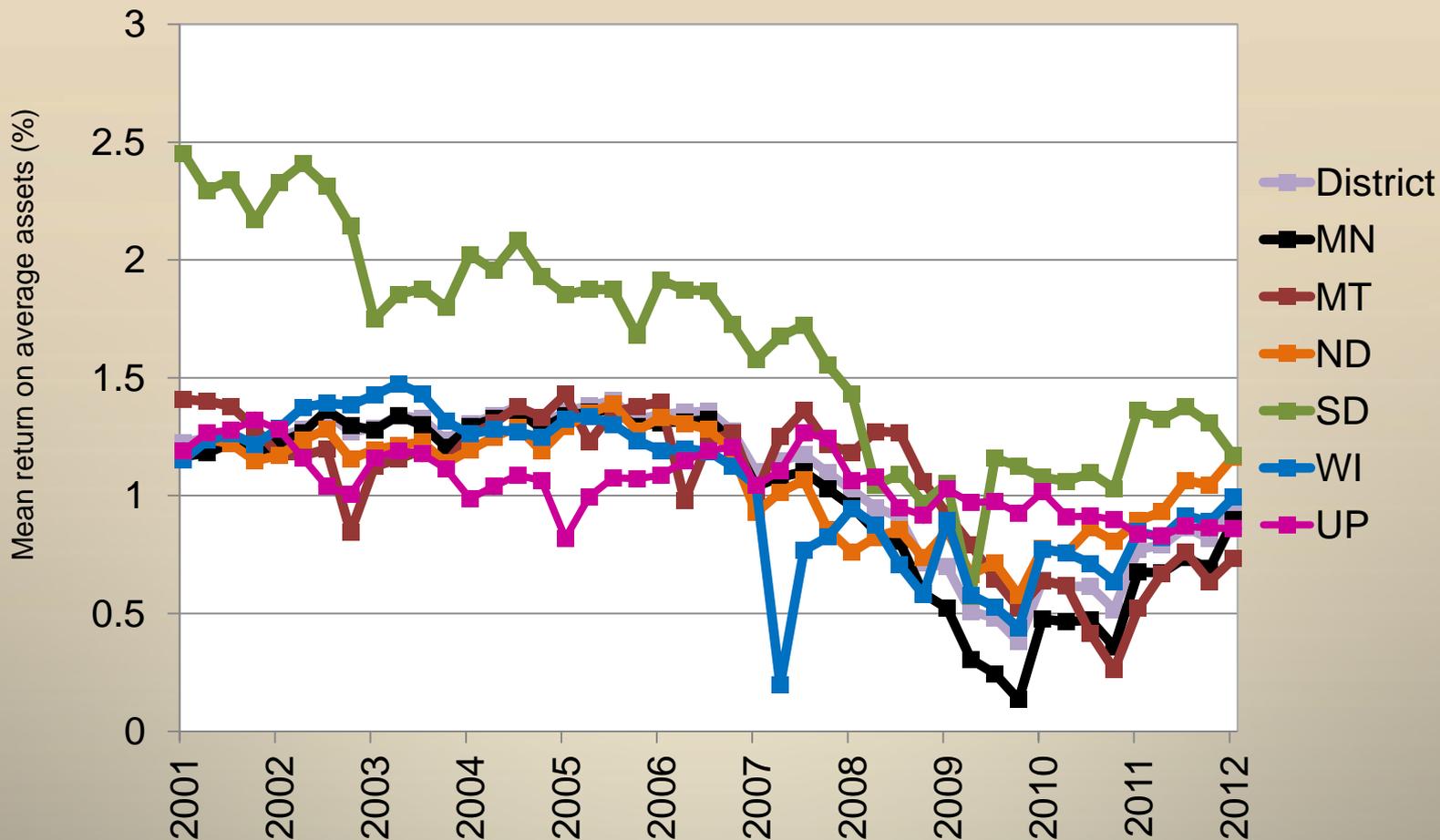


# Dakotas Have Significantly Better Asset Quality; MT and WI, the Worst



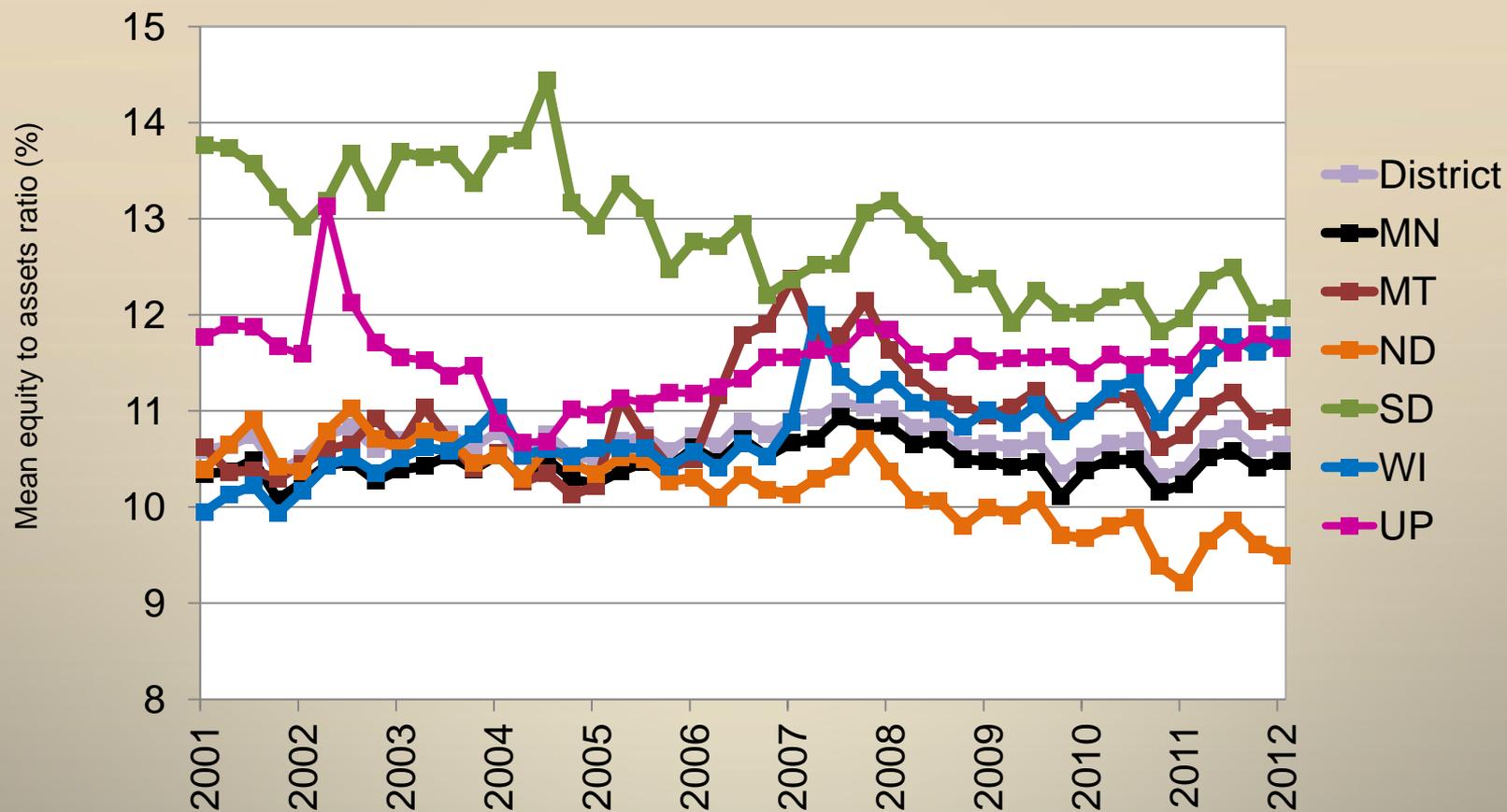


# Dakotas Continue to Have Highest Profits; MT the Lowest



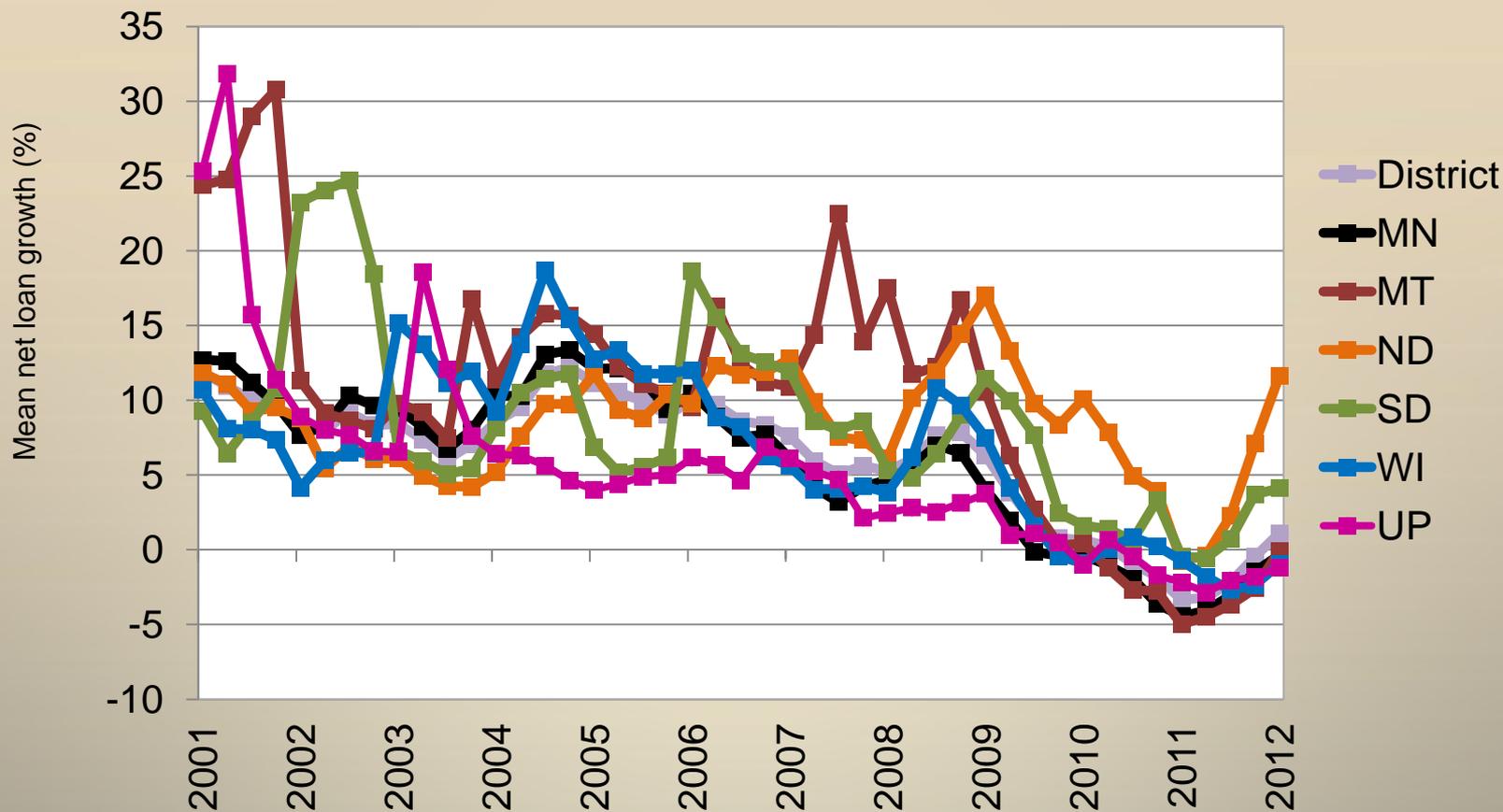


# SD, WI and UP Have Highest Capital; ND the Lowest

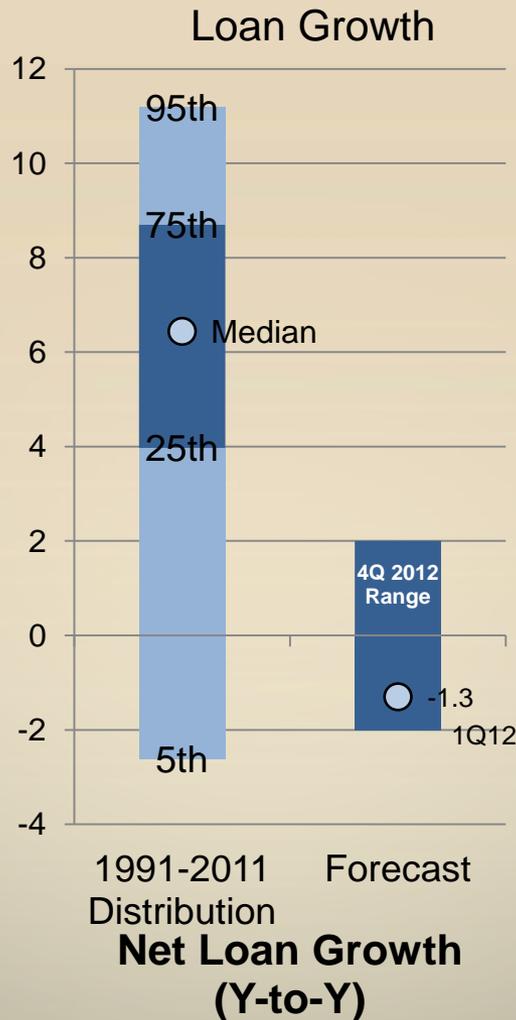
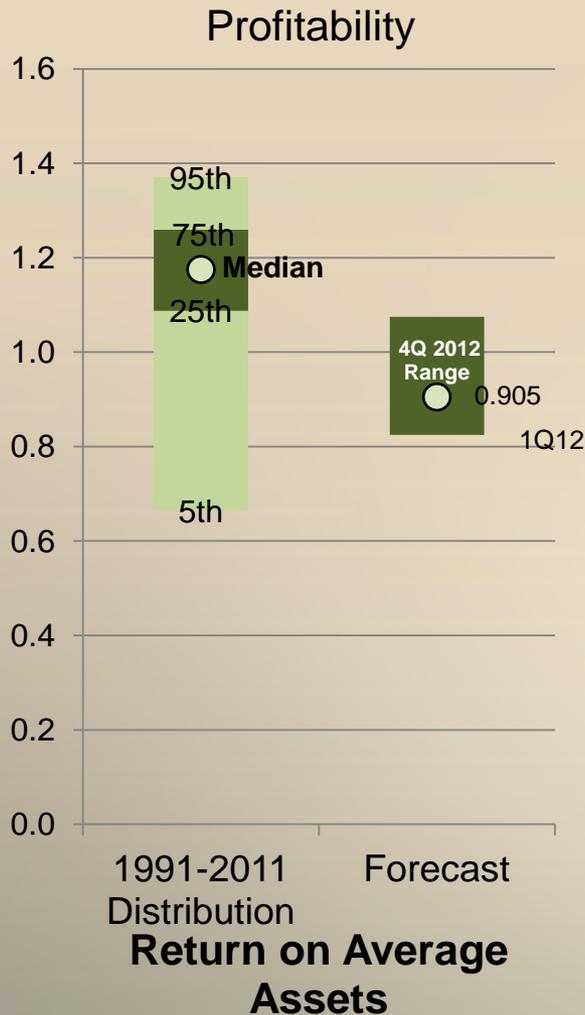




# All but Dakotas Have Negative Loan Growth; Many Near Positive Levels



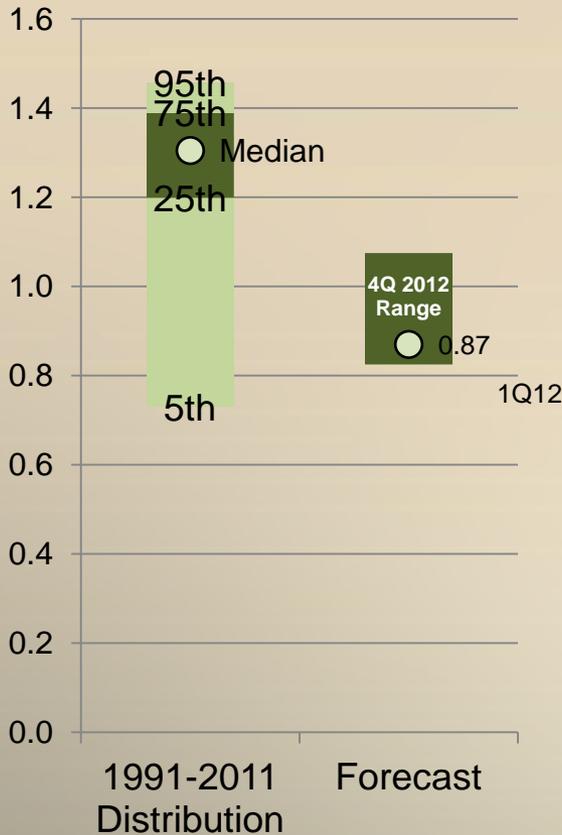
# Status of 4Q12 Minnesota Forecast as of 1Q12 Bank Median



# Status of 4Q12 Montana Forecast as of 1Q12 Bank Median

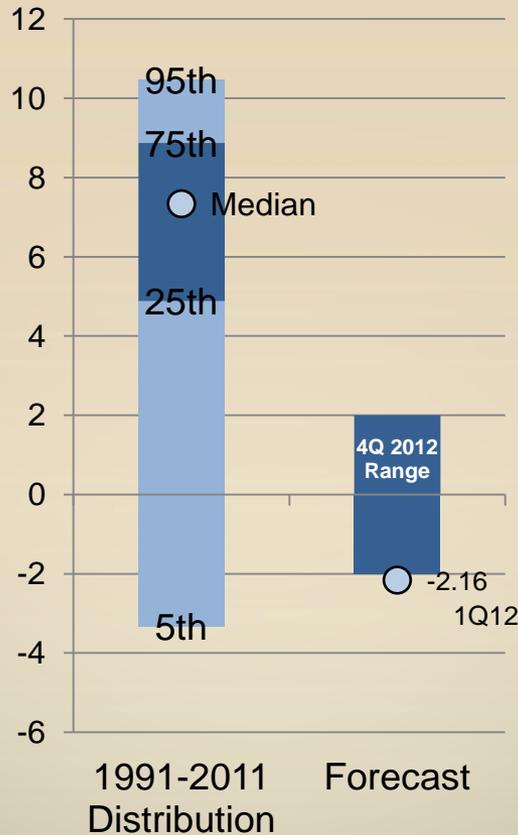


## Profitability



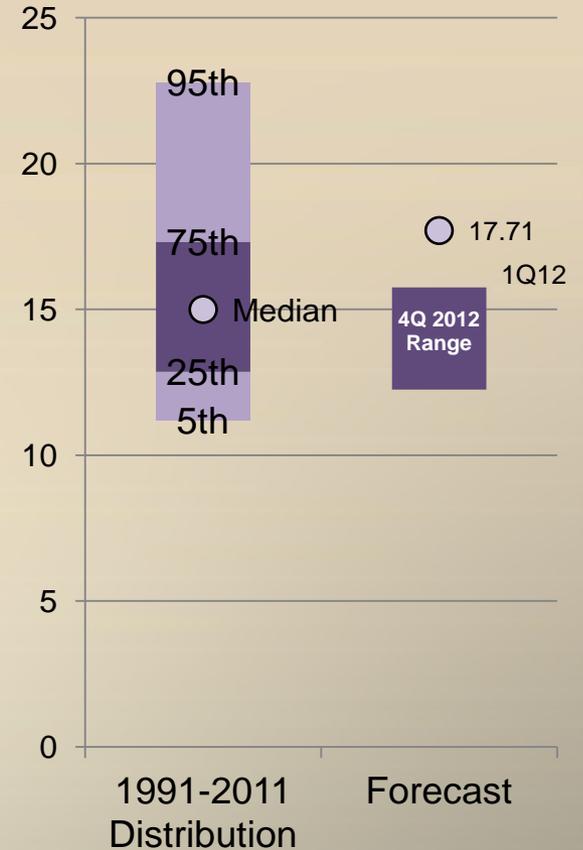
**Return on Average Assets**

## Loan Growth



**Net Loan Growth (Y-to-Y)**

## Asset Quality



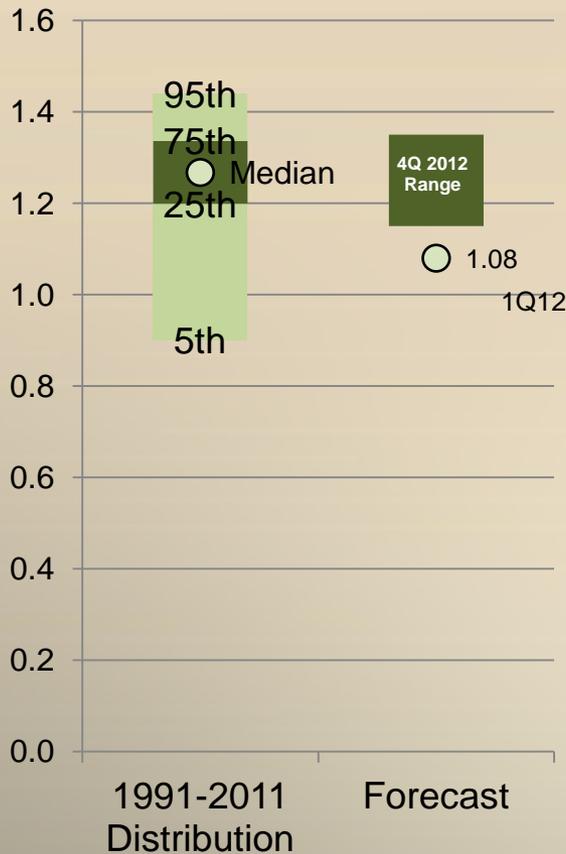
**Noncurrent and Delinquent Loans as a Percent of Capital and Allowance**

# Status of 4Q12 South Dakota Forecast as of 1Q12

## Bank Median



### Profitability



**Return on Average Assets**

### Loan Growth



**Net Loan Growth (Y-to-Y)**

### Asset Quality



**Noncurrent and Delinquent Loans as a Percent of Capital and Allowance**

# Status of 4Q12 North Dakota Forecast as of 1Q12

## Bank Median



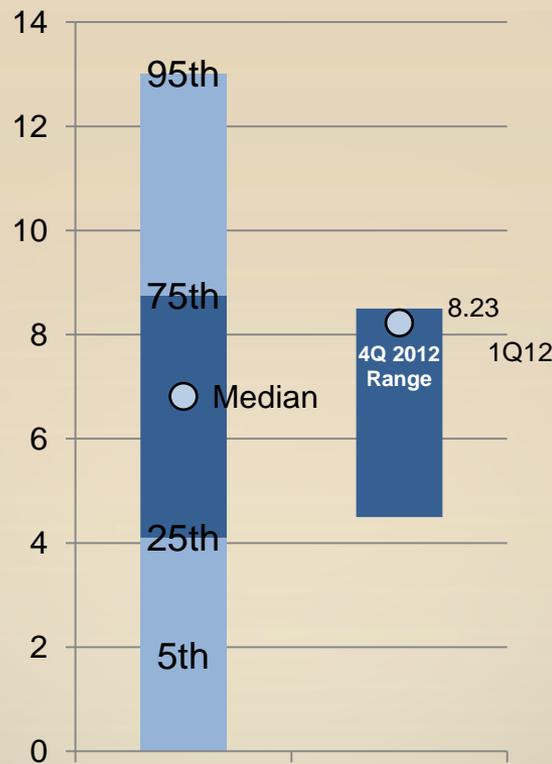
### Profitability



1991-2011 Forecast  
Distribution

**Return on Average Assets**

### Loan Growth



1991-2011 Forecast  
Distribution

**Net Loan Growth (Y-to-Y)**

### Asset Quality



1991-2011 Forecast  
Distribution

**Noncurrent and Delinquent Loans as a Percent of Capital and Allowance**

# Western Wisconsin 1Q12 Performance Data

## Bank Median



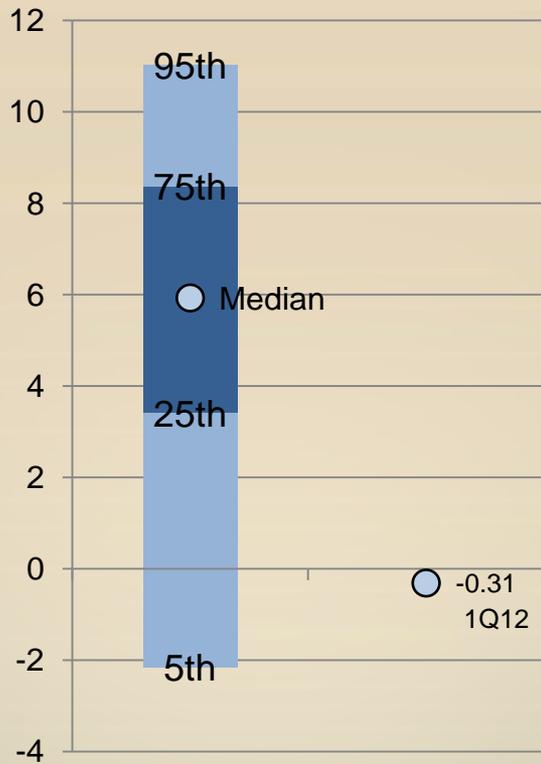
### Profitability



1991-2011  
Distribution

**Return on Average  
Assets**

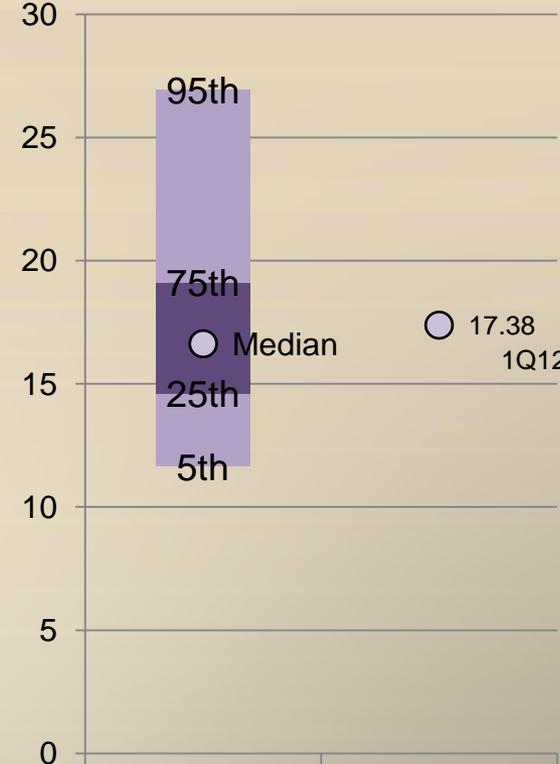
### Loan Growth



1991-2011  
Distribution

**Net Loan Growth  
(Y-to-Y)**

### Asset Quality



1991-2011  
Distribution

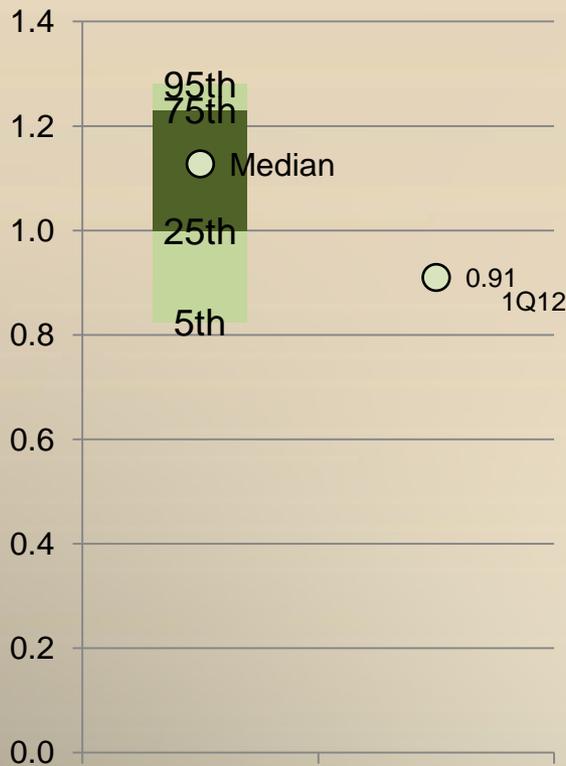
**Noncurrent and  
Delinquent Loans as a  
Percent of Capital and  
Allowance**

# Upper Peninsula of Michigan 1Q12 Performance Data

## Bank Median



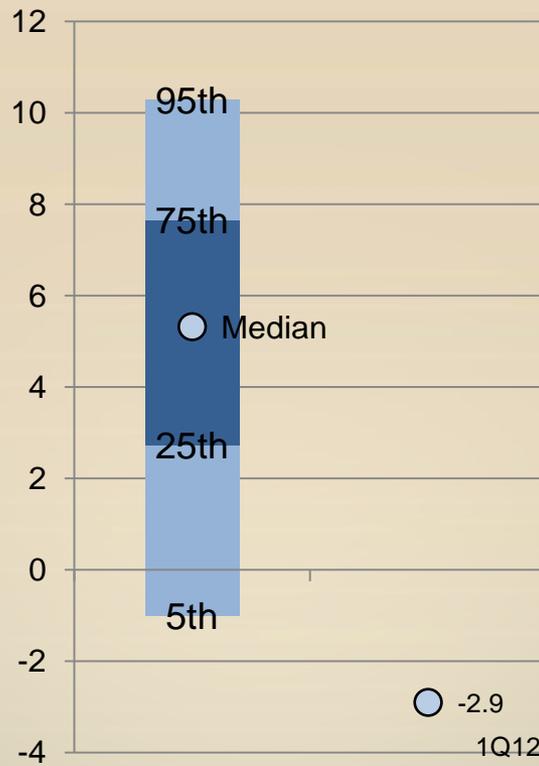
### Profitability



1991-2011  
Distribution

**Return on Average  
Assets**

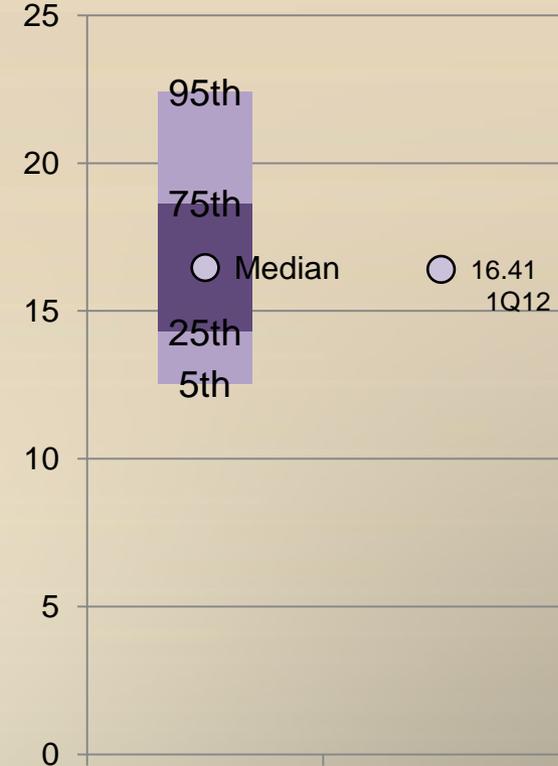
### Loan Growth



1991-2011  
Distribution

**Net Loan Growth  
(Y-to-Y)**

### Asset Quality



1991-2011  
Distribution

**Noncurrent and  
Delinquent Loans as a  
Percent of Capital and  
Allowance**

# Status of YE12 Minnesota Forecast Bank Median



<b>Profitability (ROAA)</b>	<b>(%)</b>
Current Value (First Quarter 2012)	0.905
Median Value for 1991 to 2011	1.175
High Value, Range of Forecast	1.075
Low Value, Range of Forecast	0.825

<b>Loan Growth (Yr Over Yr)</b>	<b>(%)</b>
Current Value (First Quarter 2012)	-1.30
Median Value for 1991 to 2011	6.44
High Value, Range of Forecast	2.0
Low Value, Range of Forecast	-2.0

<b>Asset Quality (NC+DL Ratio)</b>	<b>(%)</b>
Current Value (First Quarter 2012)	14.39
Median Value for 1991 to 2011	12.29
High Value, Range of Forecast	13.25
Low Value, Range of Forecast	9.75

Forecast made for YE2012 as of YE2011

# Status of YE12 Montana Forecast Bank Median



<b>Profitability (ROAA)</b>	<b>(%)</b>
Current Value (First Quarter 2012)	0.87
Median Value for 1991 to 2011	1.305
High Value, Range of Forecast	1.075
Low Value, Range of Forecast	0.825

<b>Loan Growth (Yr over Yr)</b>	<b>(%)</b>
Current Value (First Quarter 2012)	-2.16
Median Value for 1991 to 2011	7.34
High Value, Range of Forecast	2.0
Low Value, Range of Forecast	-2.0

<b>Asset Quality (NC+DL Ratio)</b>	<b>(%)</b>
Current Value (First Quarter 2012)	17.71
Median Value for 1991 to 2011	15.00
High Value, Range of Forecast	15.75
Low Value, Range of Forecast	12.25

Forecast made for YE2012 as of YE2011

# Status of YE12 North Dakota Forecast Bank Median



<b>Profitability (ROAA) (%)</b>	
Current Value (First Quarter 2012)	1.10
Median Value for 1991 to 2011	1.16
High Value, Range of Forecast	1.30
Low Value, Range of Forecast	1.10

<b>Loan Growth (Yr over Yr) (%)</b>	
Current Value (First Quarter 2012)	8.23
Median Value for 1991 to 2011	6.82
High Value, Range of Forecast	8.50
Low Value, Range of Forecast	4.50

<b>Asset Quality (NC+DL Ratio) (%)</b>	
Current Value (First Quarter 2012)	7.81
Median Value for 1991 to 2011	12.02
High Value, Range of Forecast	7.75
Low Value, Range of Forecast	4.25

Forecast made for YE2012 as of YE2011

# Status of YE12 South Dakota Forecast Bank Median



<b>Profitability (ROAA) (%)</b>	
Current Value (First Quarter 2012)	1.08
Median Value for 1991 to 2011	1.27
High Value, Range of Forecast	1.35
Low Value, Range of Forecast	1.15

<b>Loan Growth (Yr over Yr) (%)</b>	
(First Quarter 2012)	2.11
Median Value for 1991 to 2011	6.36
High Value, Range of Forecast	5.0
Low Value, Range of Forecast	1.0

<b>Asset Quality (NC+DL Ratio) (%)</b>	
Current Value (First Quarter 2012)	5.54
Median Value for 1991 to 2011	9.85
High Value, Range of Forecast	6.0
Low Value, Range of Forecast	2.5

Forecast made for YE2012 as of YE2011