

# Banking Conditions in Minnesota and the Twin Cities Third Quarter 2016

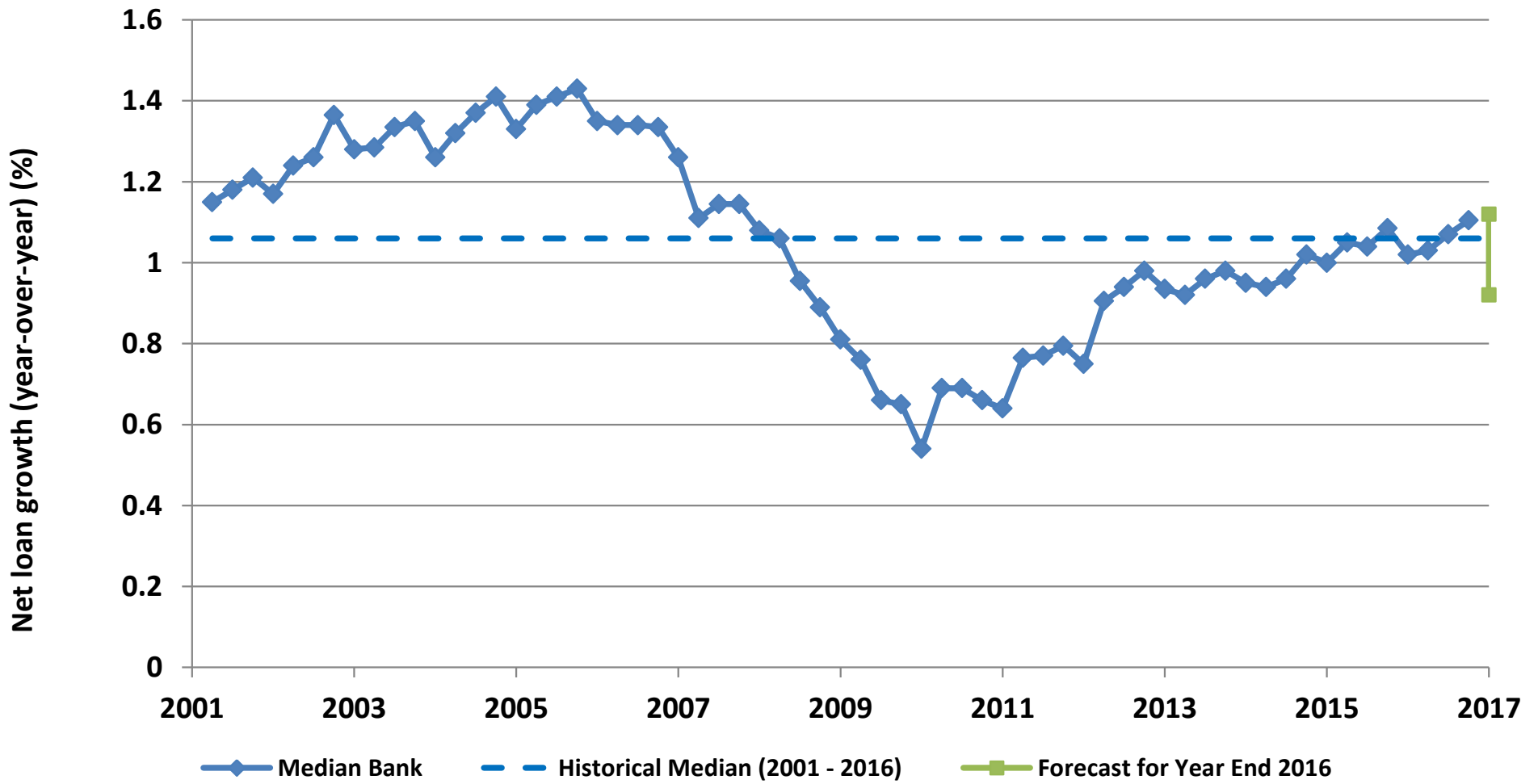
Ron Feldman  
Executive Vice President  
Federal Reserve Bank of  
Minneapolis



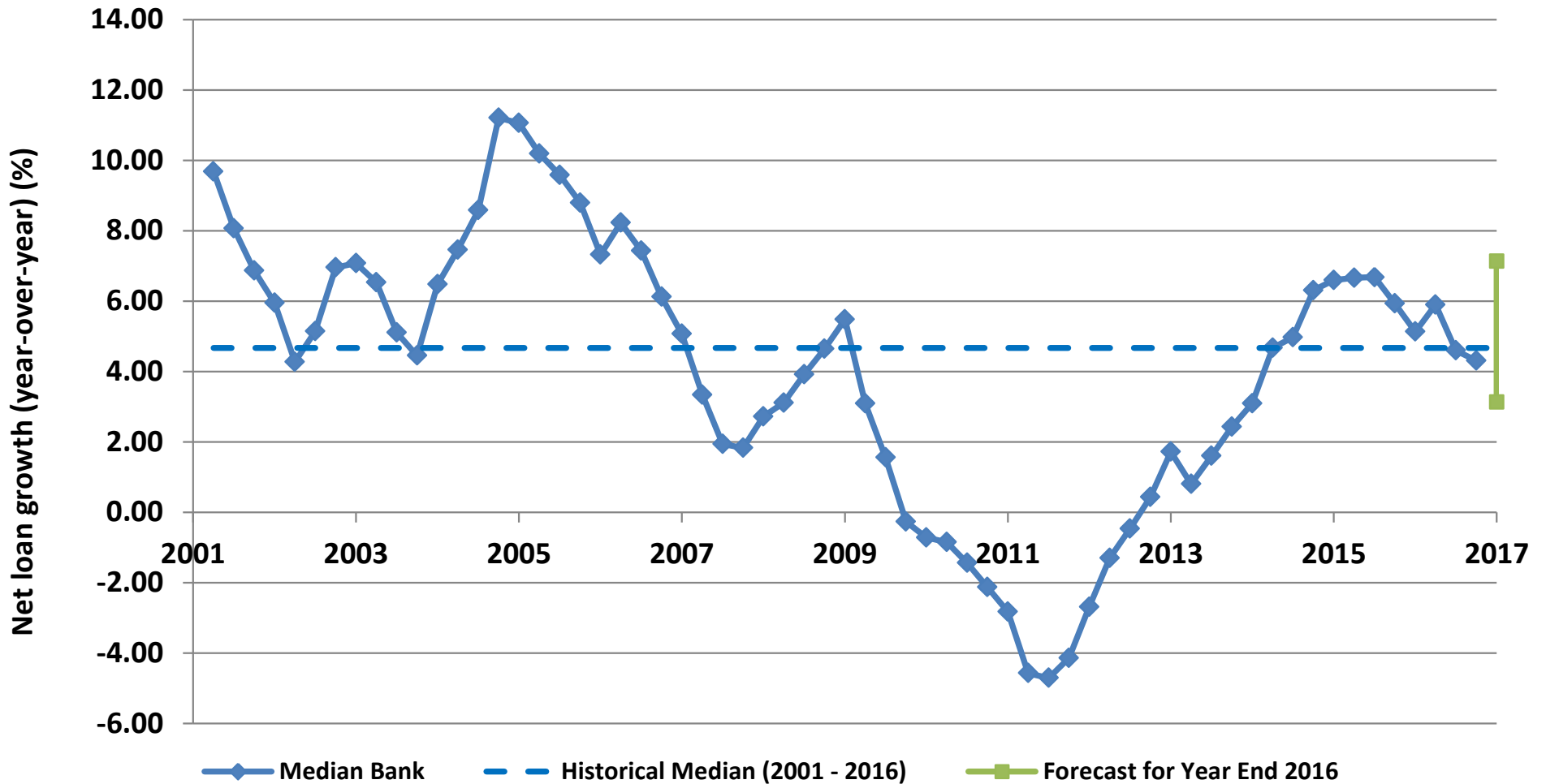
# Third Quarter 2016 Results

- Little change in TC and MN banking conditions since second quarter 2016
- Profitability up a bit in TC and MN
- Loan growth and problem loans did not change from second quarter

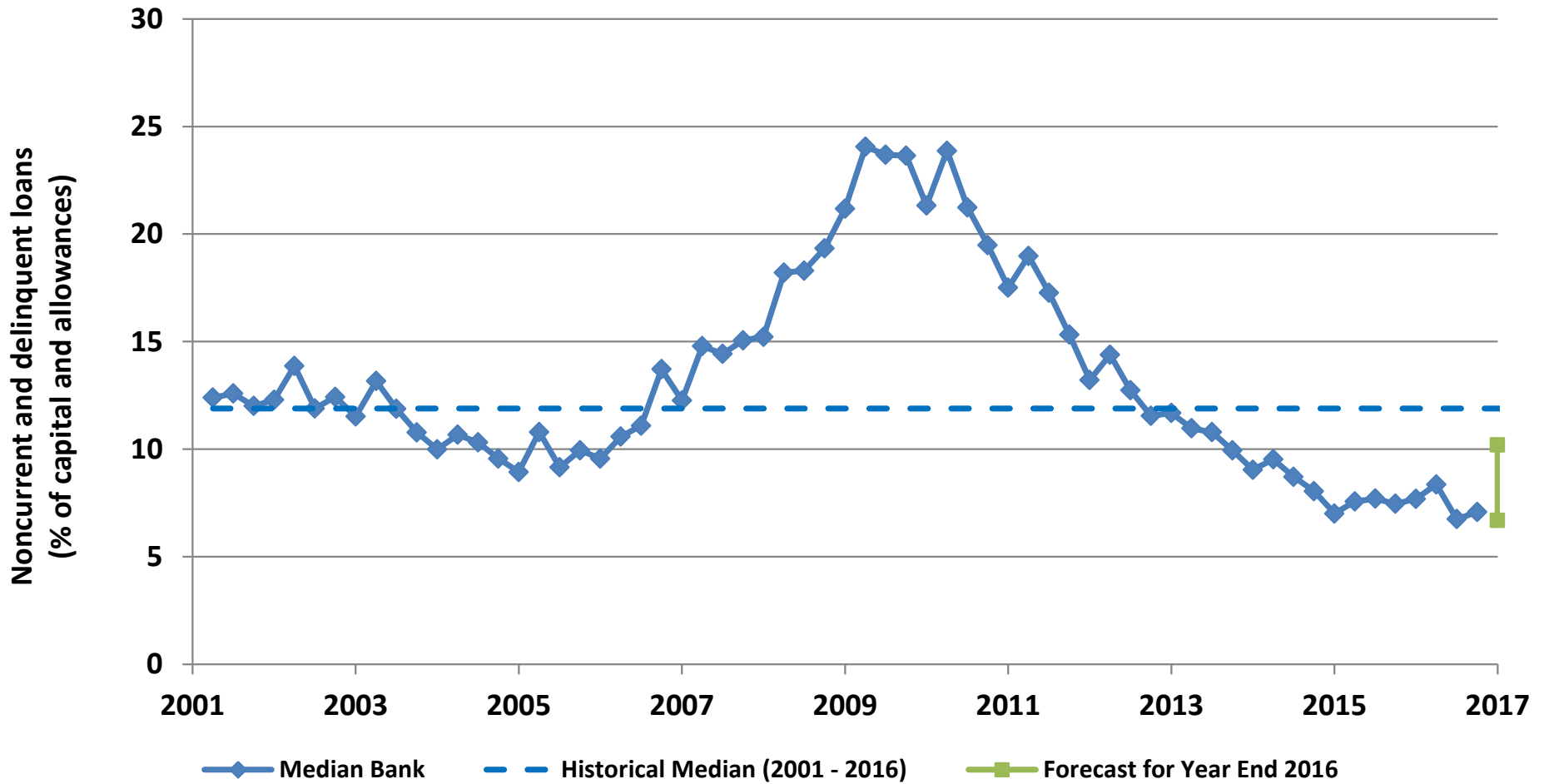
# Small Increase in MN Bank Profitability in 2016 Q3



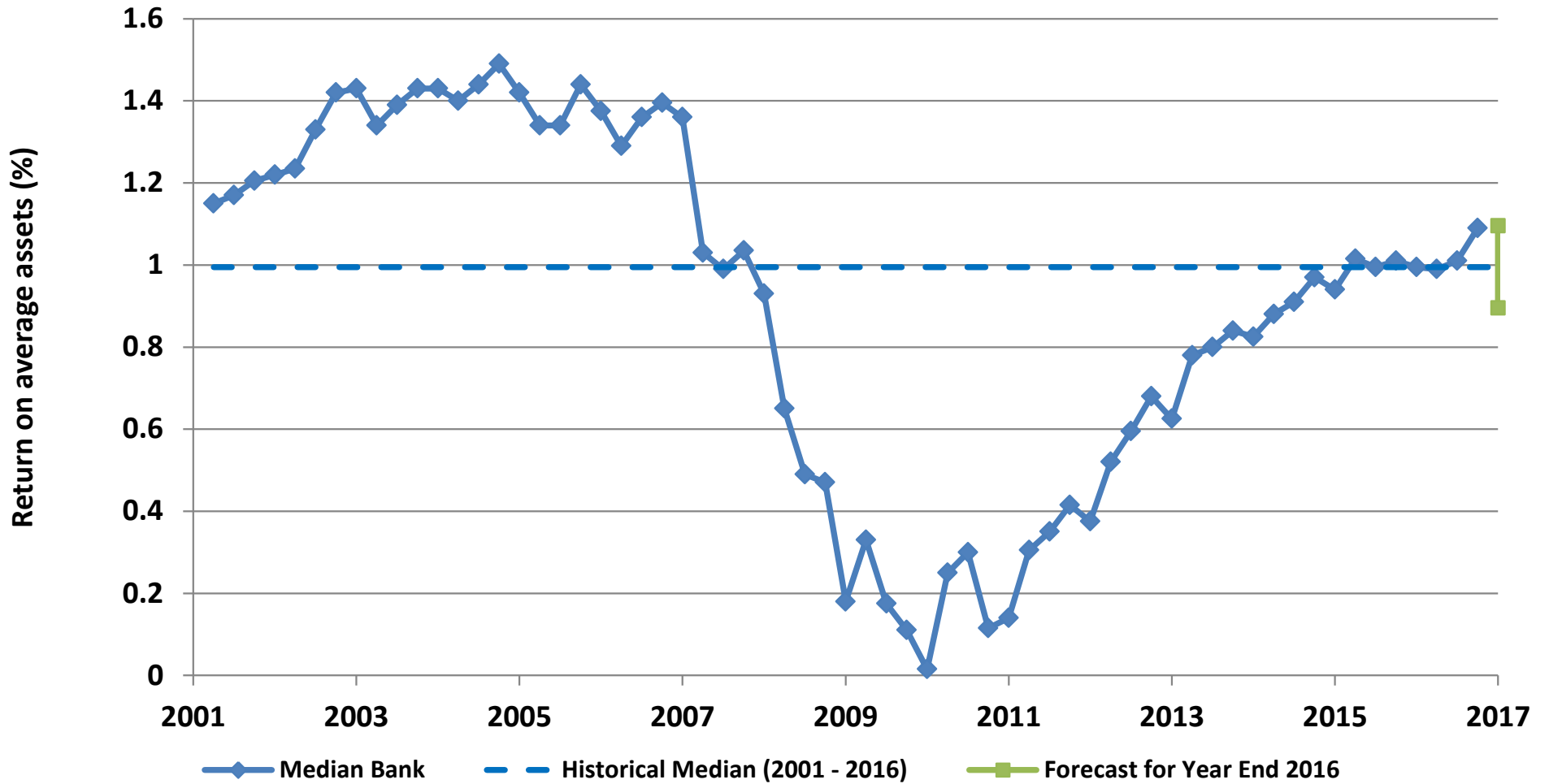
# MN Bank Loan Growth Was Flat in 2016 Q3



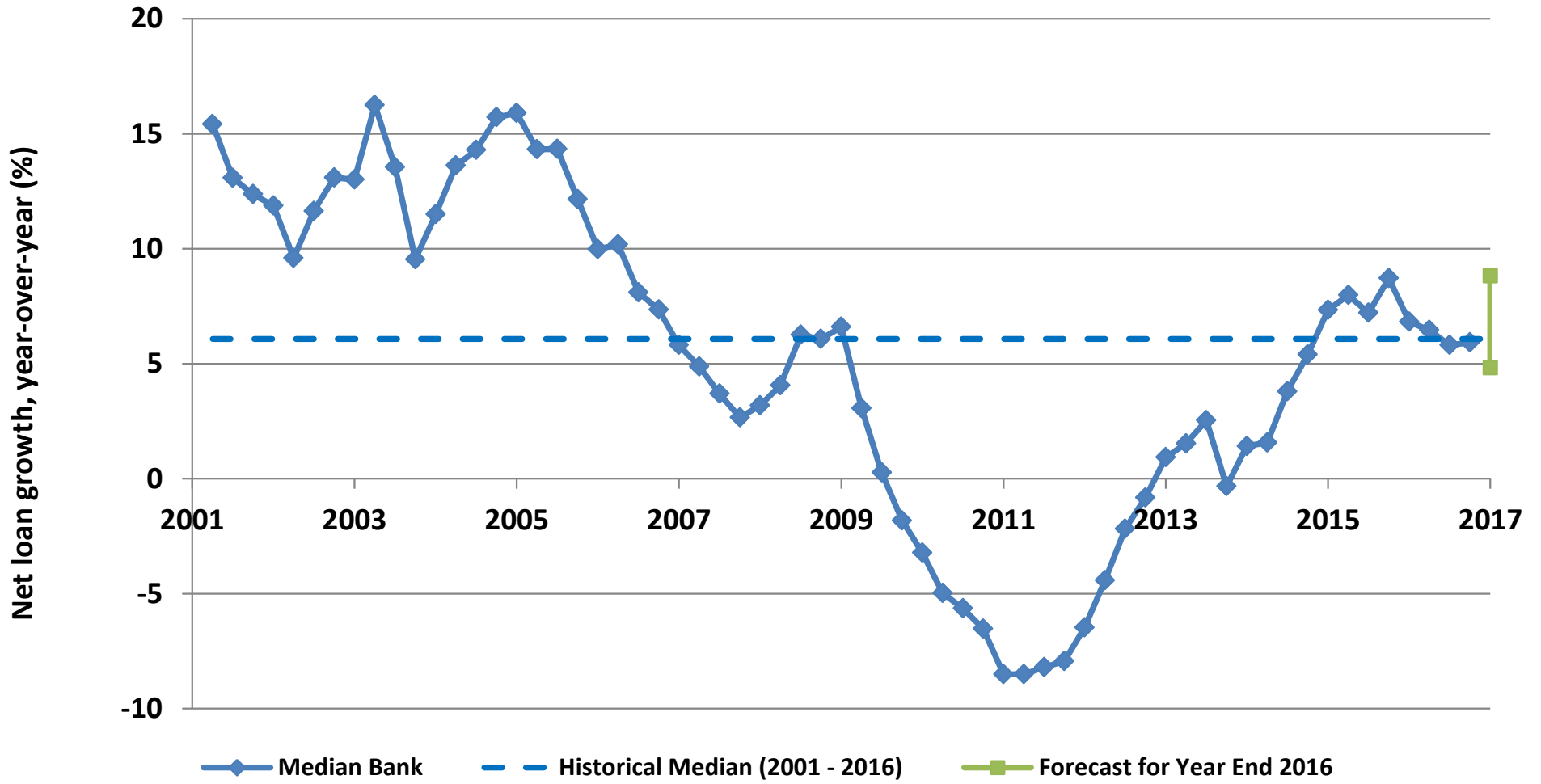
# MN Bank Problem Loans Were Flat in 2016 Q3



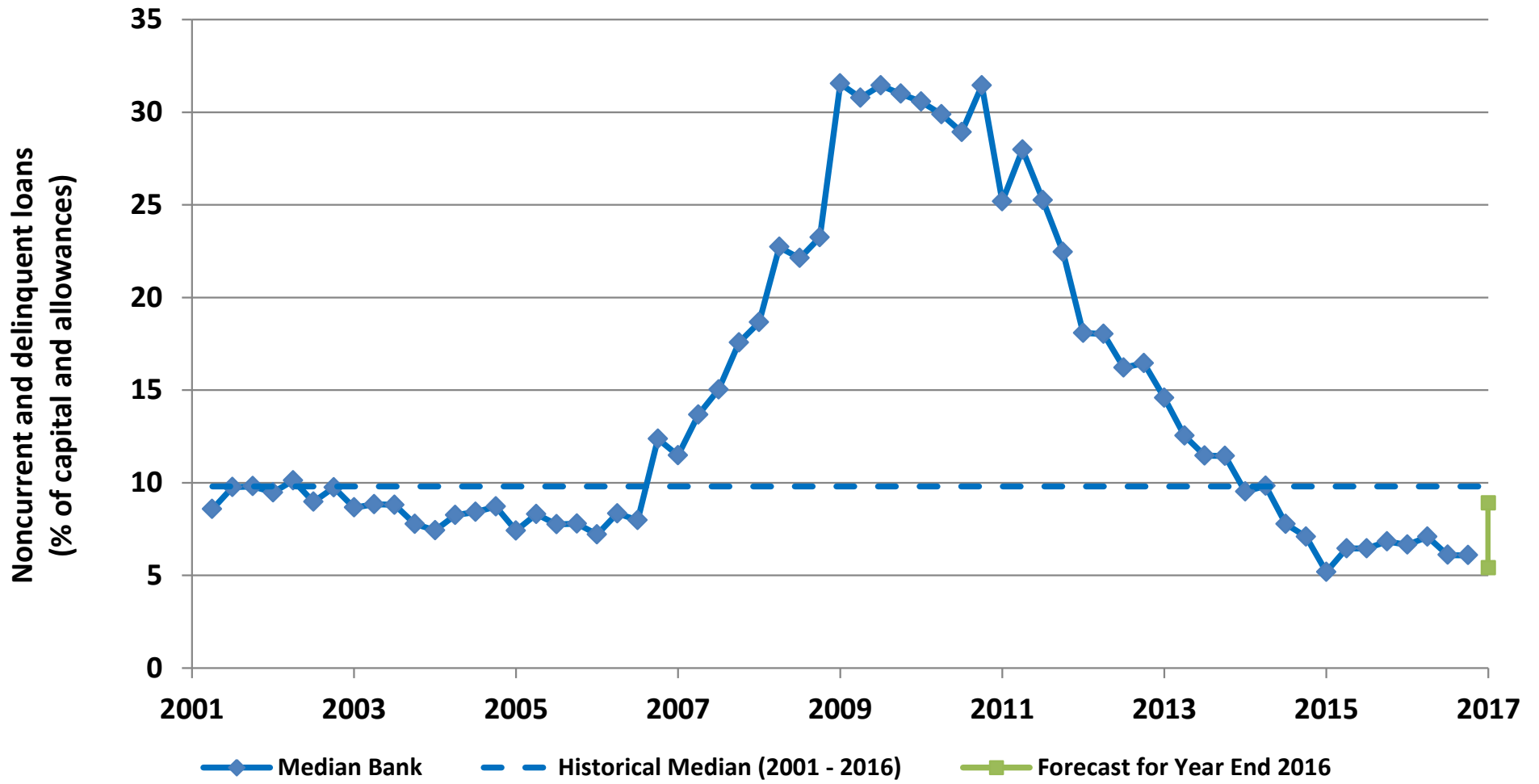
# Medium Increase in Twin Cities Bank Profitability in 2016 Q3



# Twin Cities Bank Loan Growth Was Flat in 2016 Q3



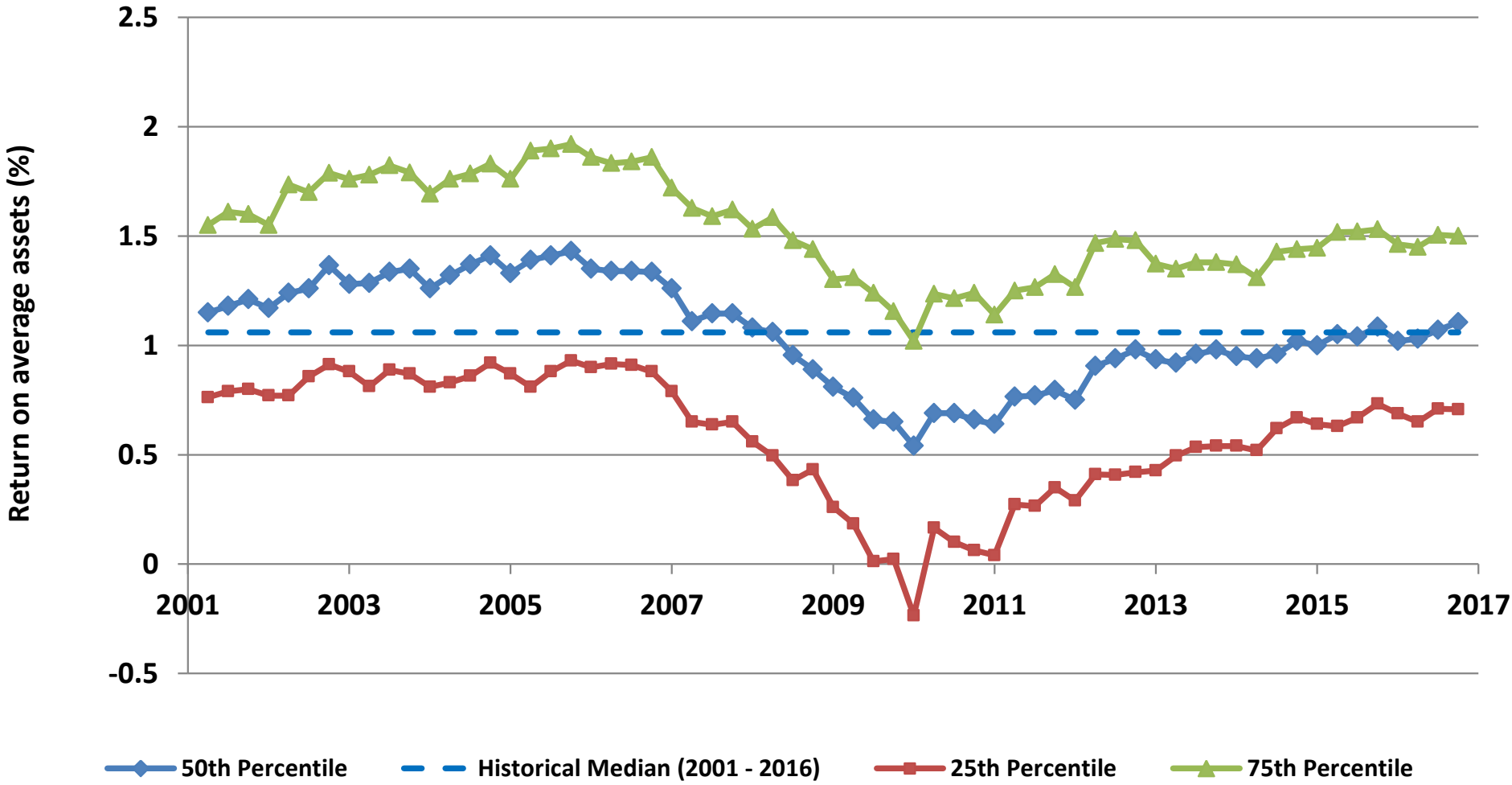
# Twin Cities Bank Problem Loans Were Flat in 2016 Q3



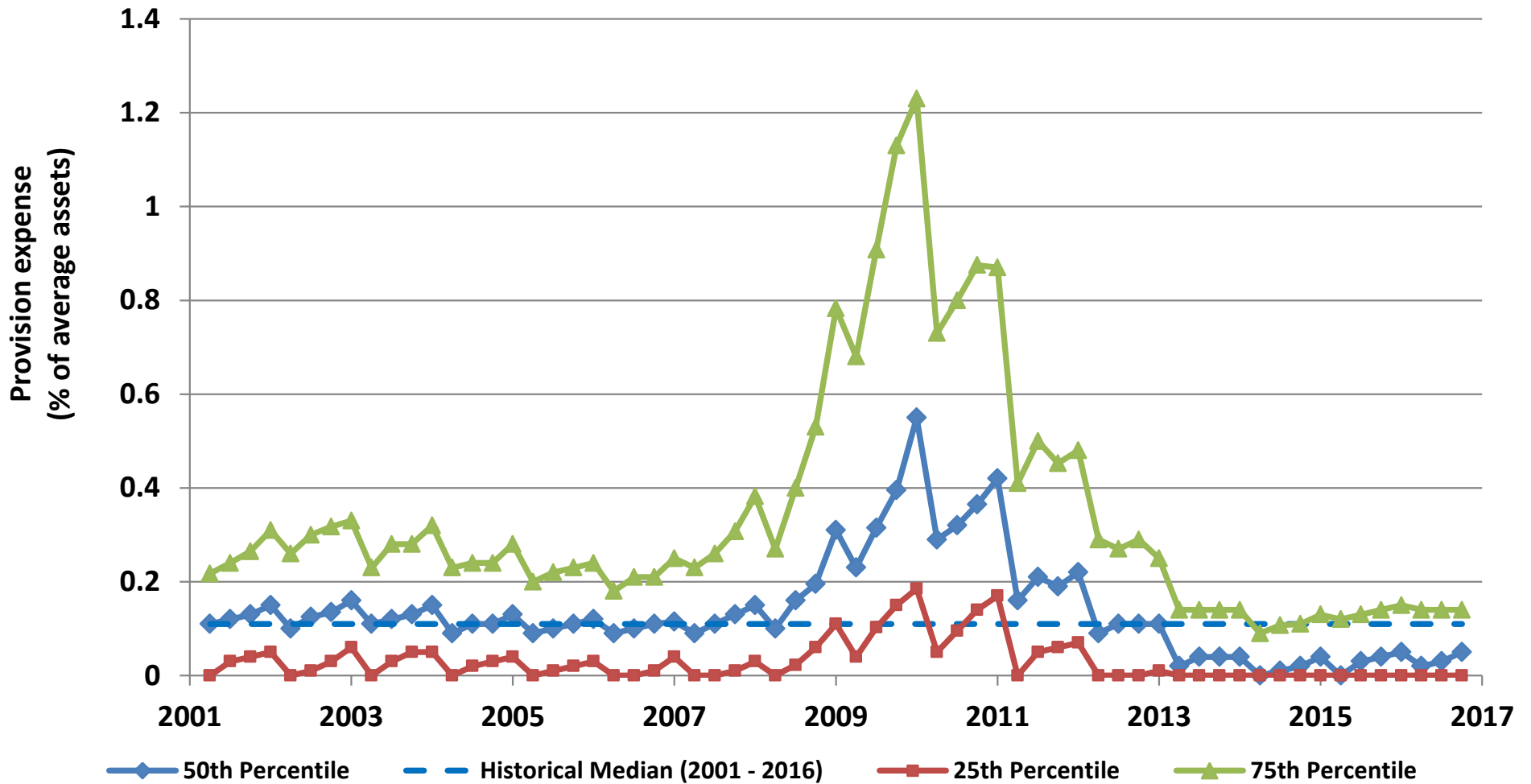


**Appendix:**  
**Details on 2016 Q3 Minnesota and Twin Cities Bank Performance**

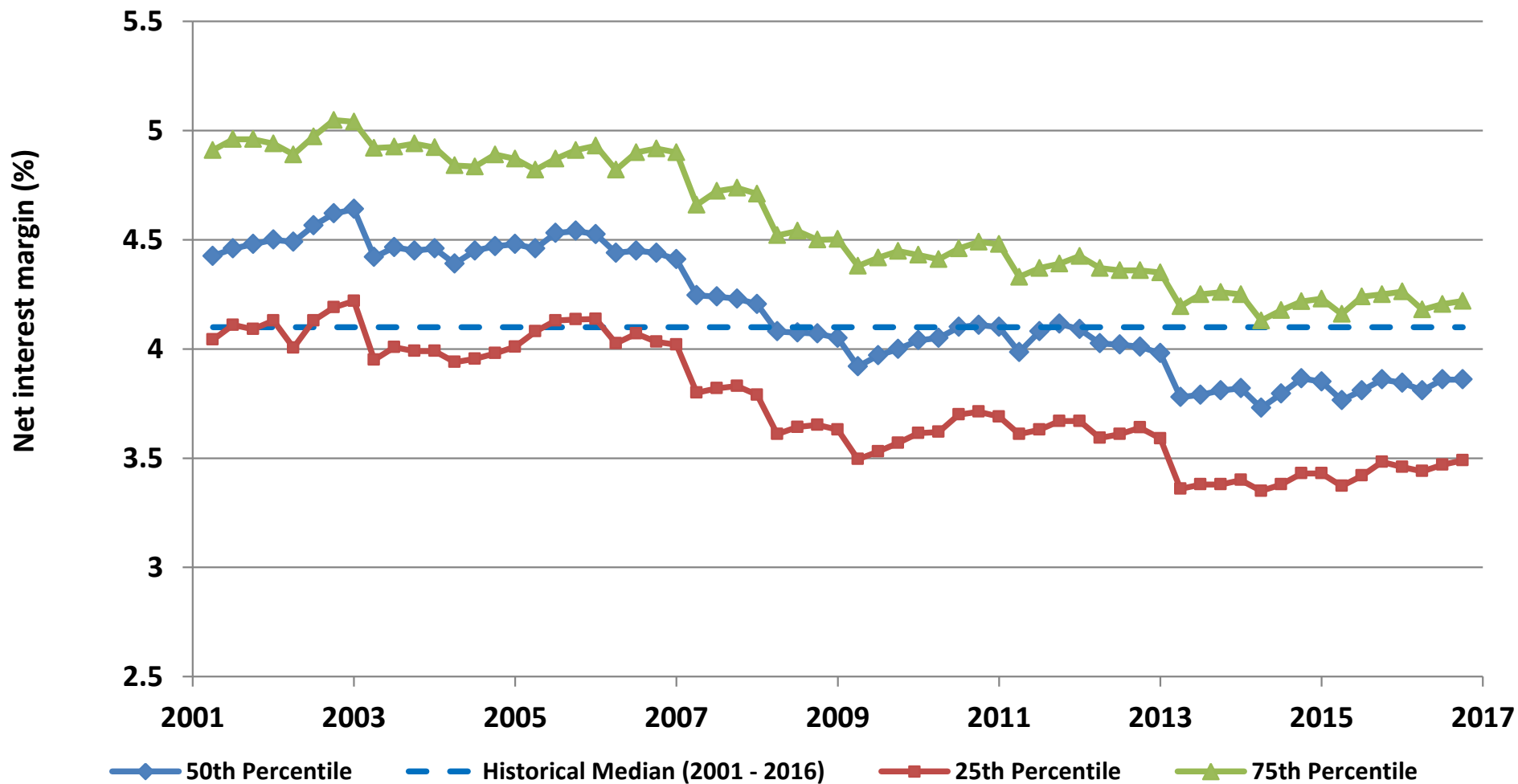
# Small Increase in Profitability in 2016 Q3 at Minnesota Banks



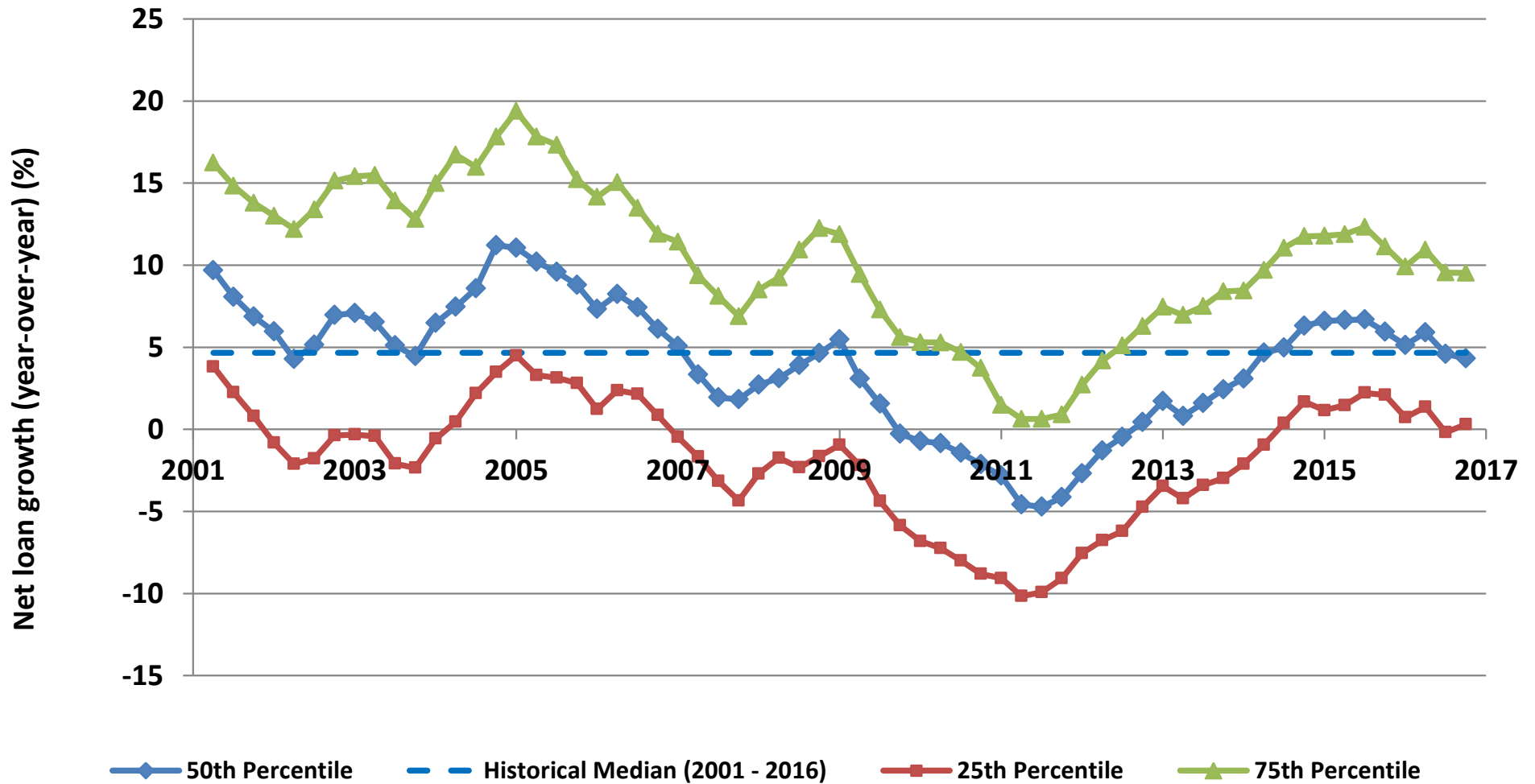
# Medium Increase in Provisions in 2016 Q3 at Minnesota Banks



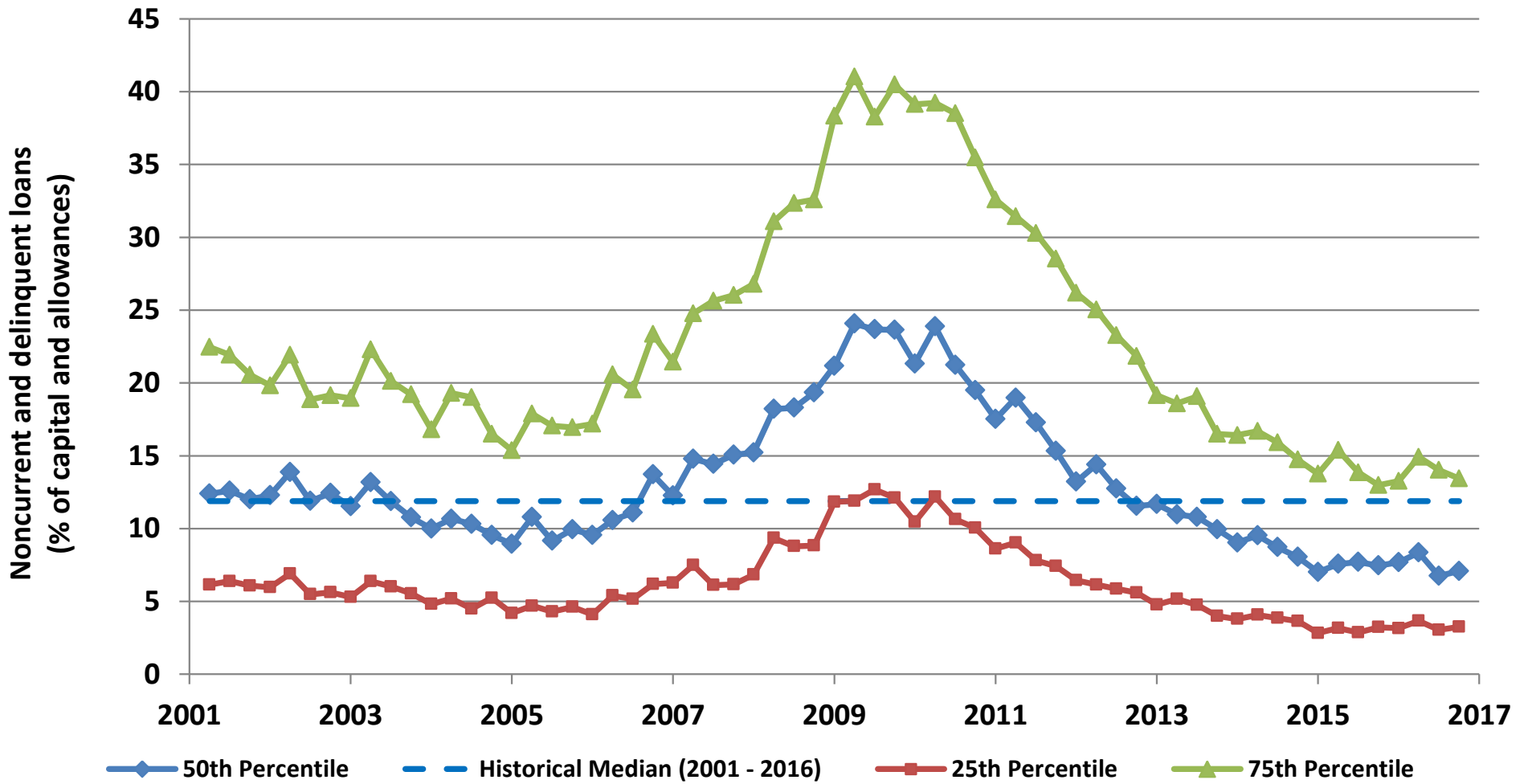
# Net Interest Margin Was Flat in 2016 Q3 at Minnesota Banks



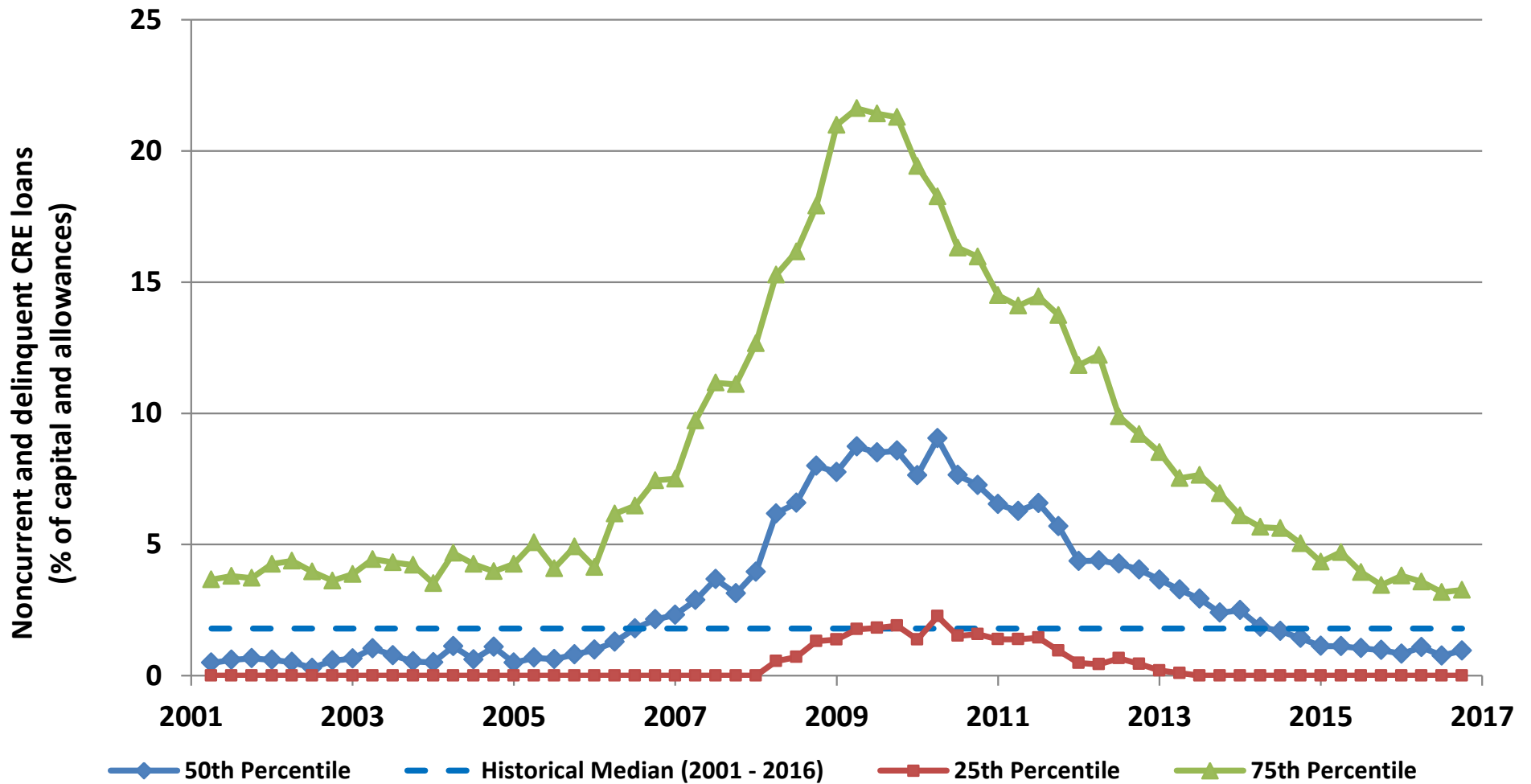
# Loan Growth Was Flat in 2016 Q3 at Minnesota Banks



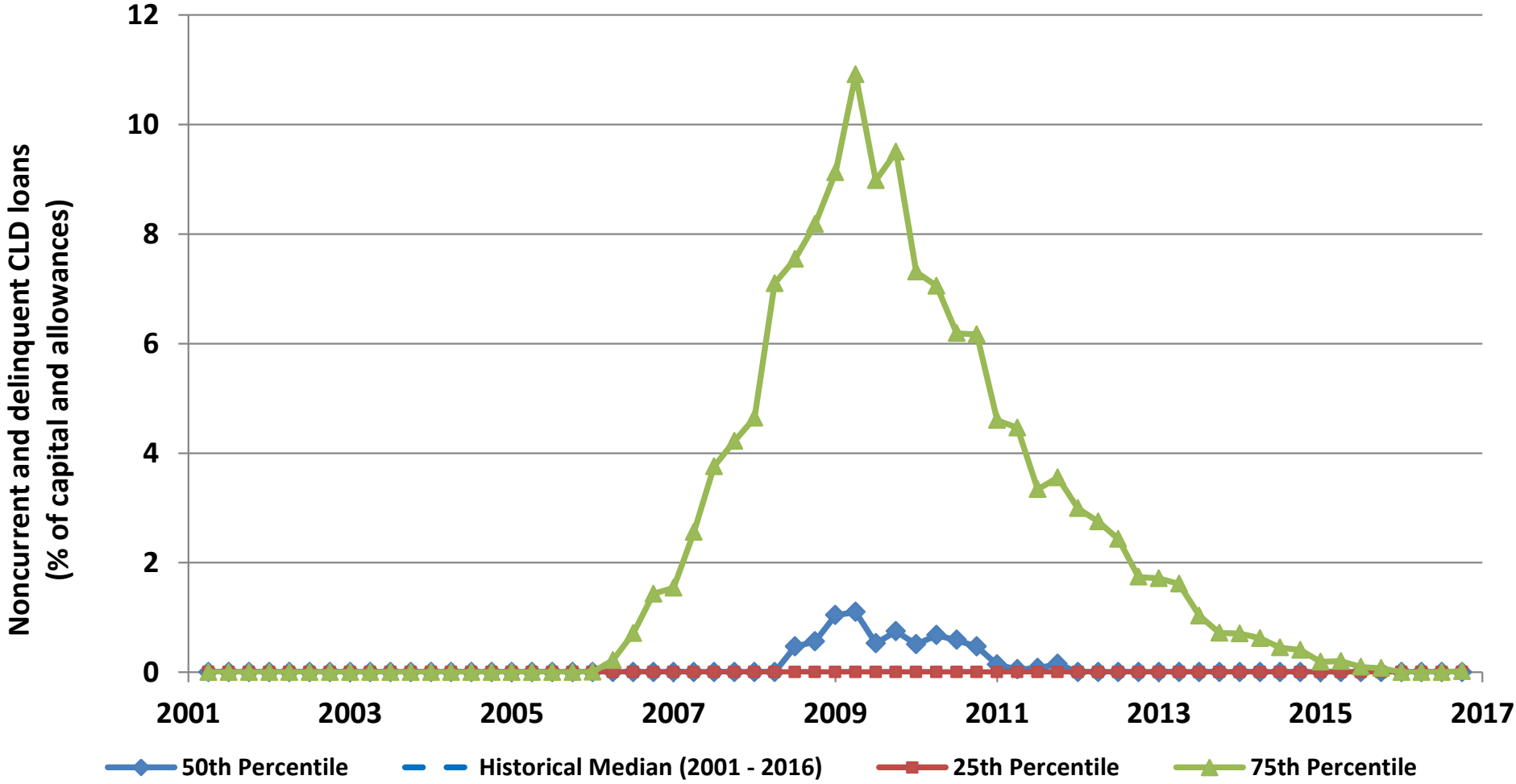
# Overall Problem Loans Were Flat in 2016 Q3 at Minnesota Banks



# Small Increase in Commercial Real Estate (CRE) Problem Loans in 2016 Q3 at Minnesota Banks

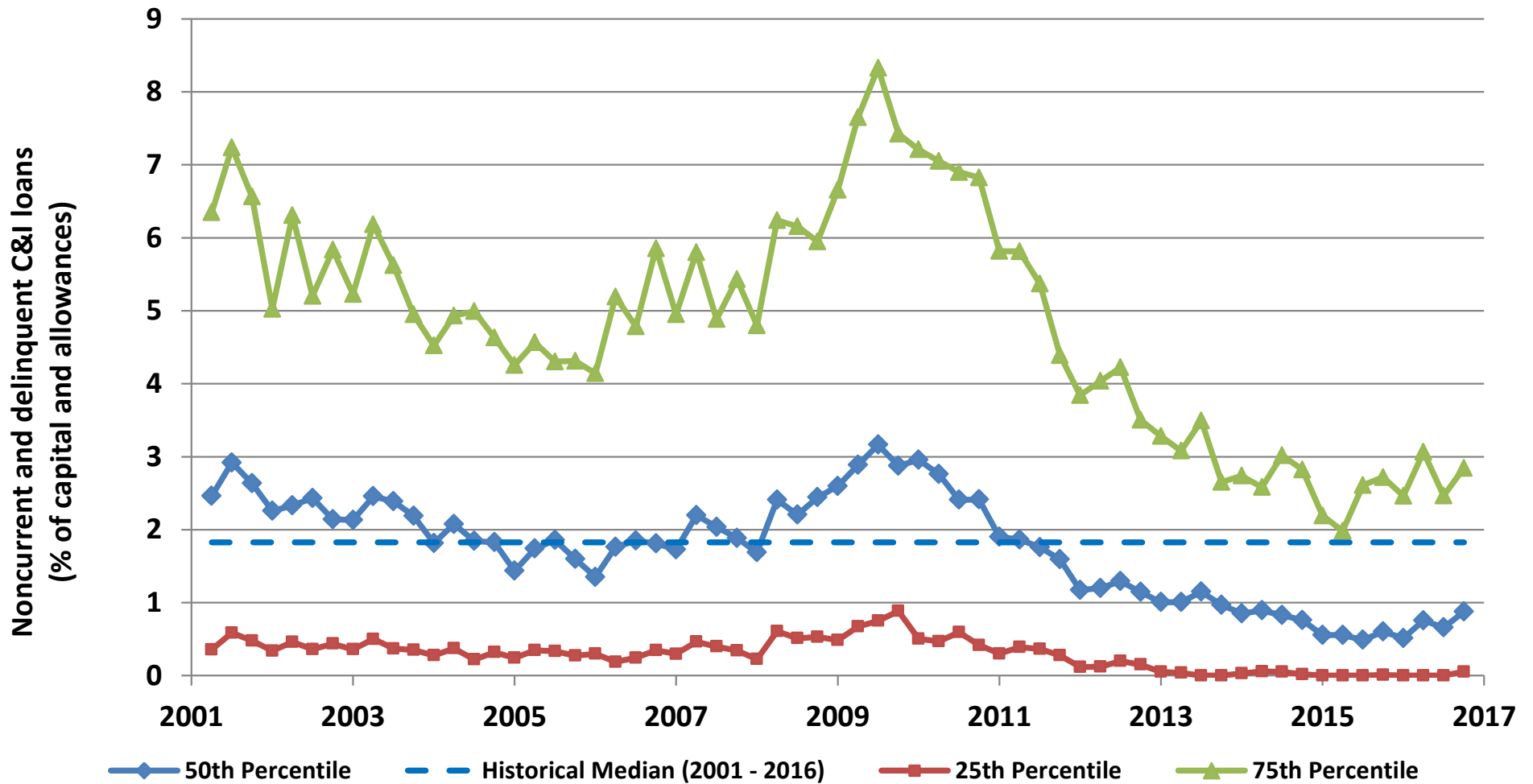


# Construction & Land Development (CLD) Problem Loans Were Flat in 2016 Q3 at Minnesota Banks

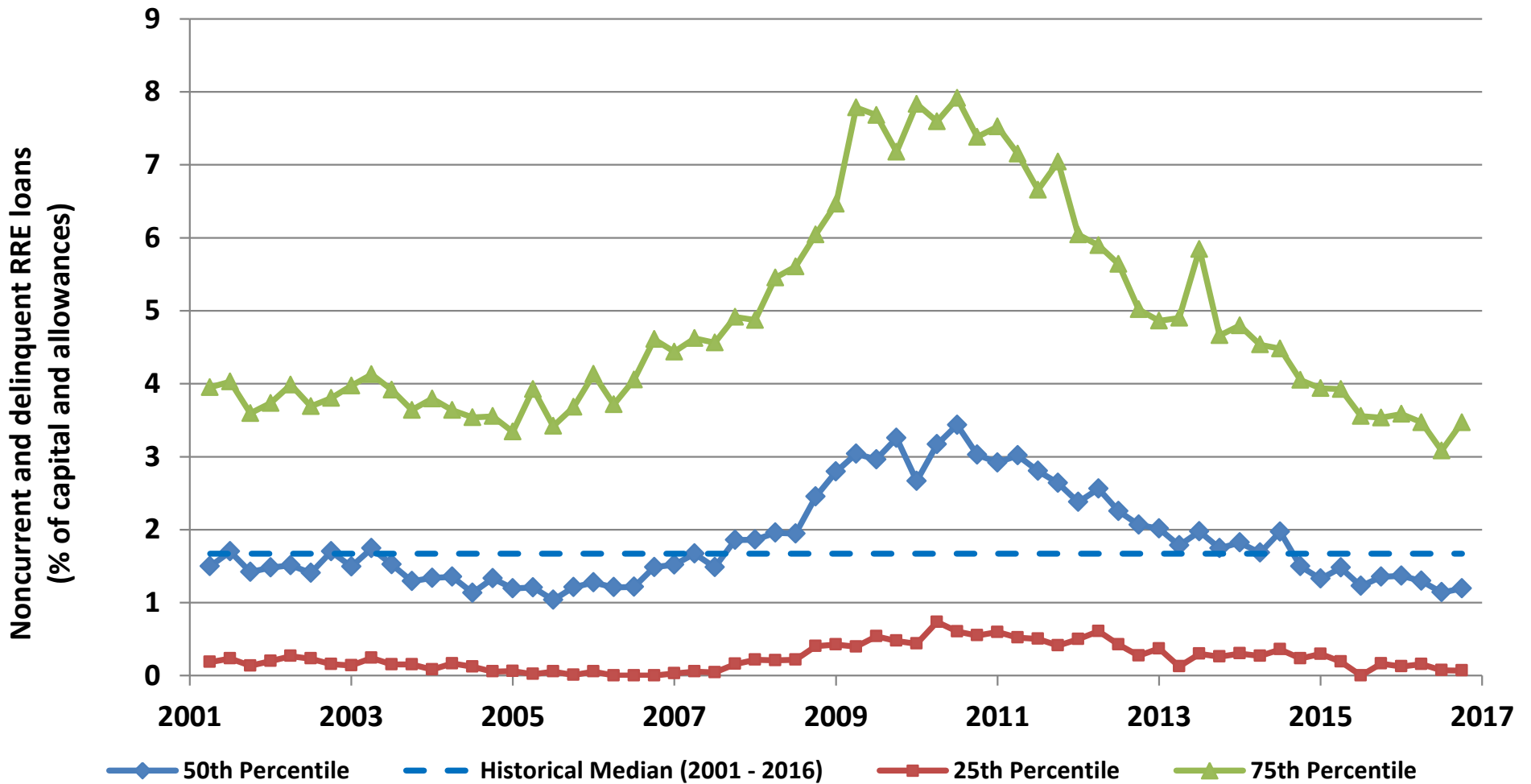




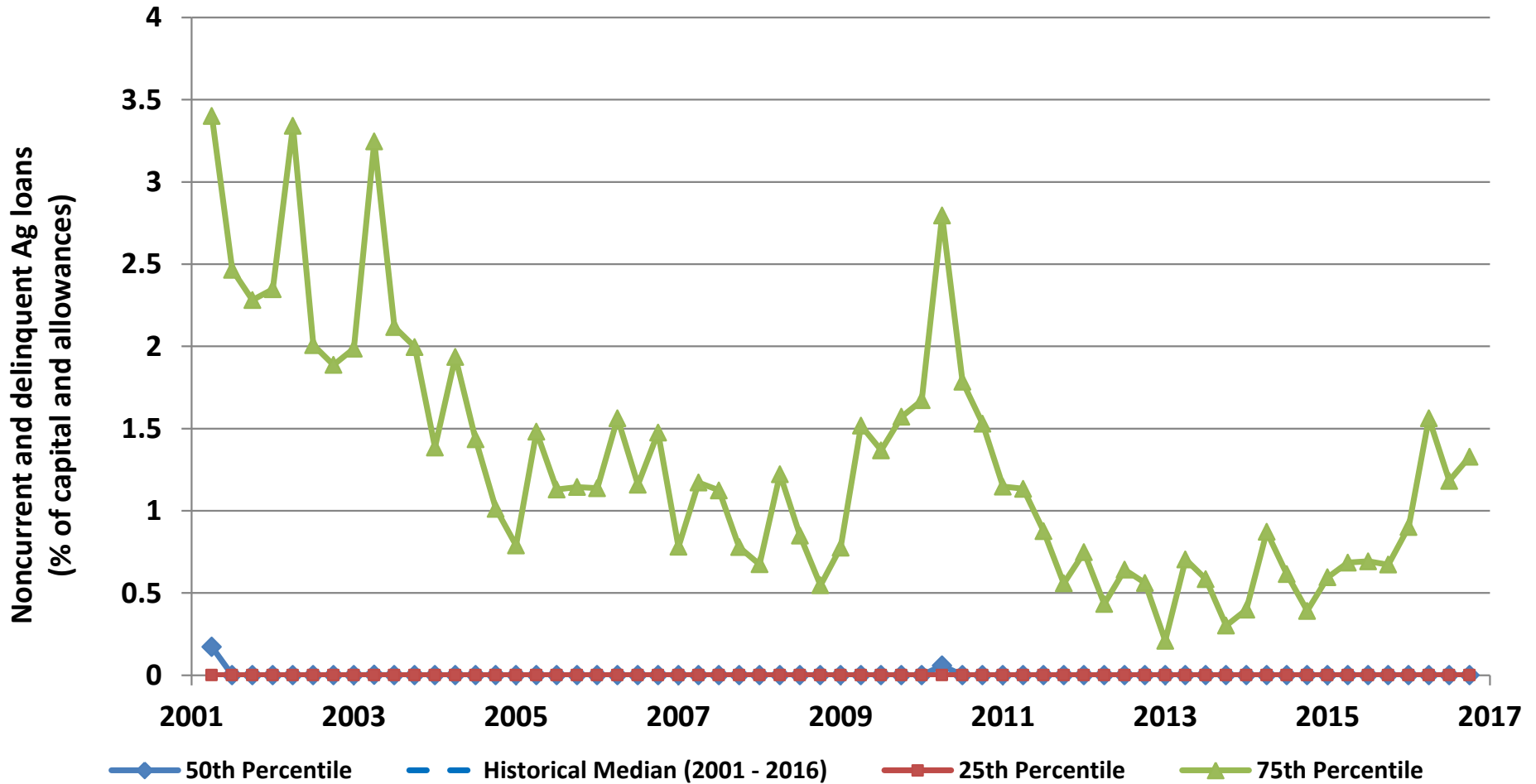
# Medium Increase in Commercial & Industrial (C&I) Problem Loans in 2016 Q3 at Minnesota Banks



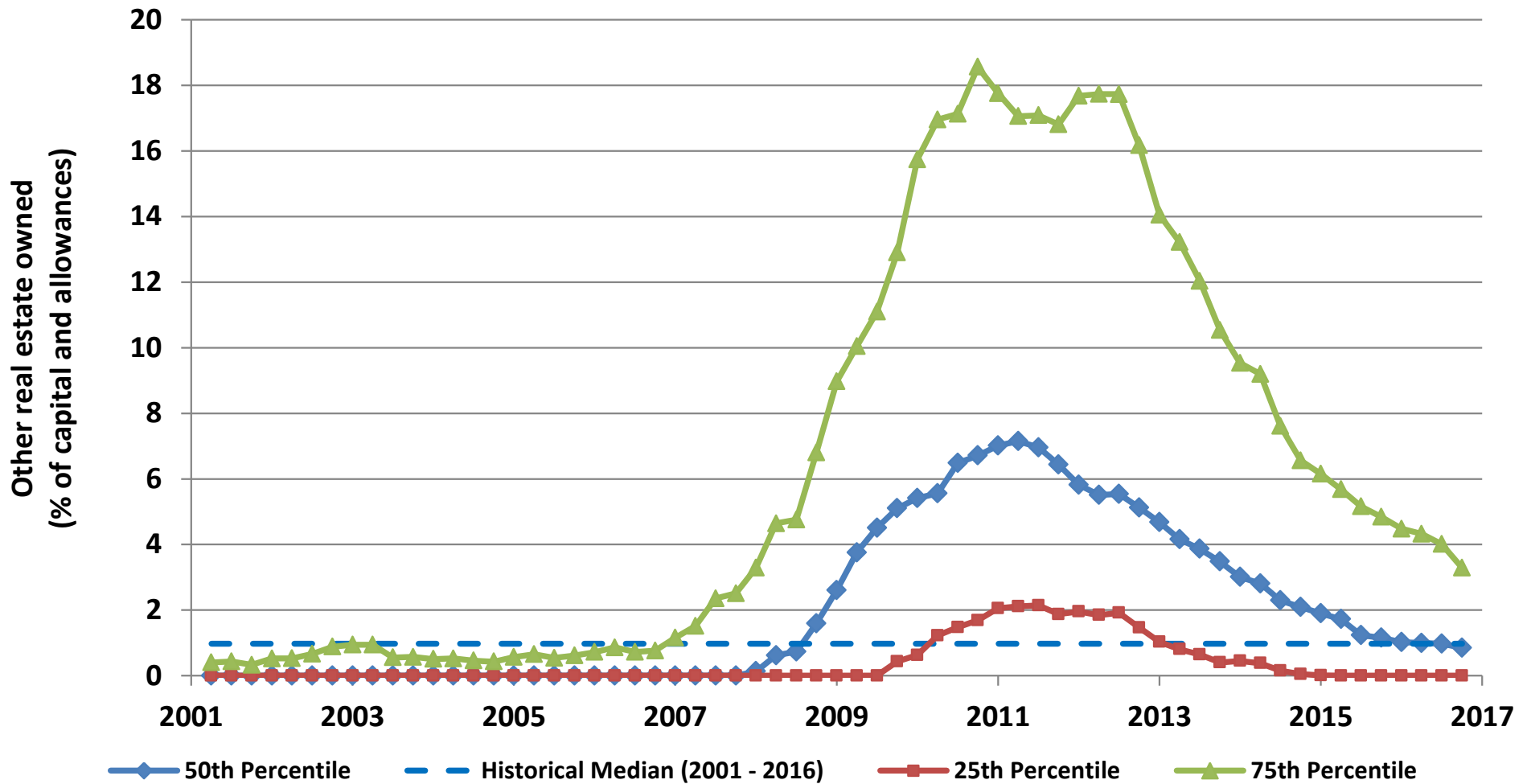
# Residential Real Estate (RRE) Problem Loans Were Flat in 2016 Q3 at Minnesota Banks



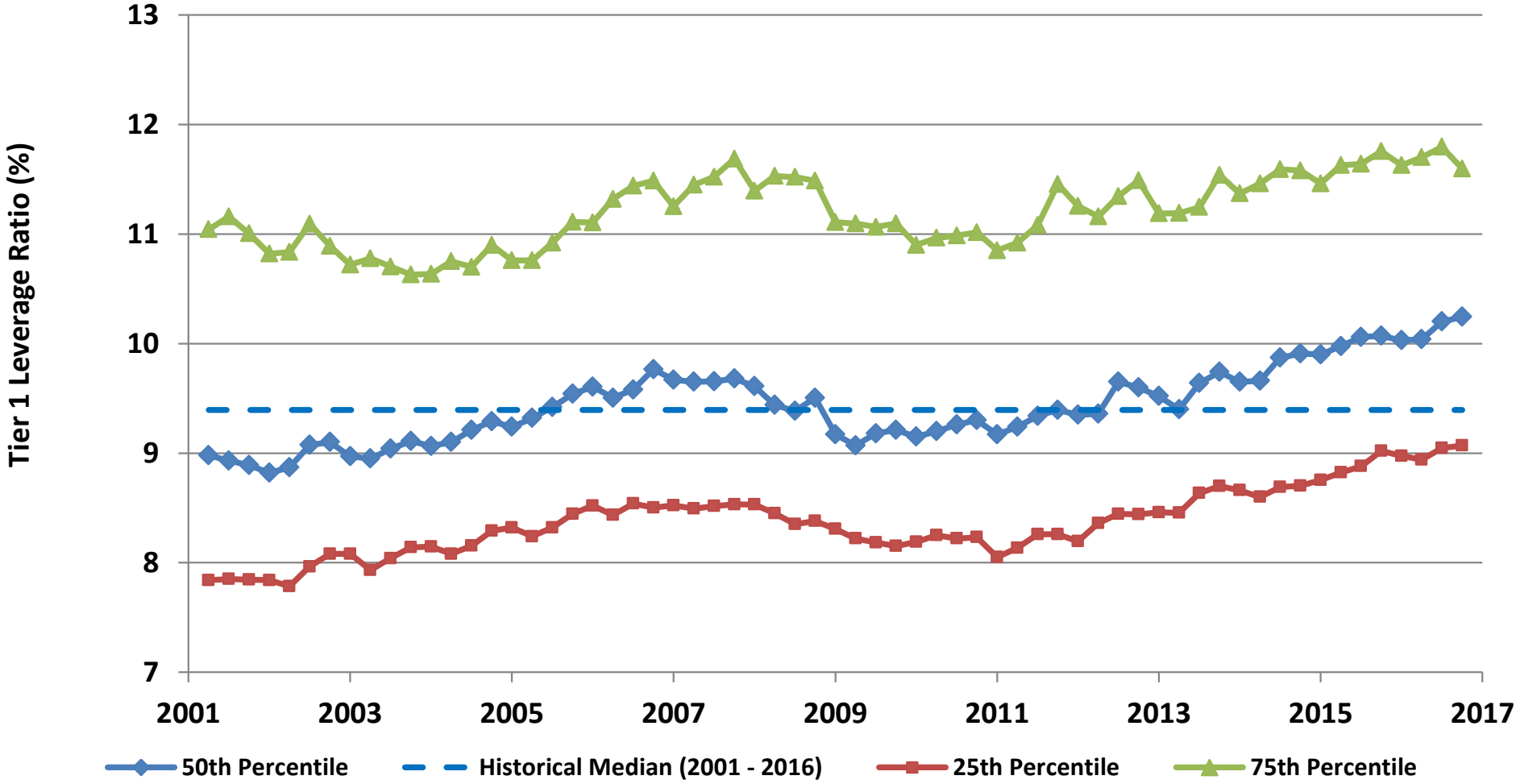
# Agricultural (Ag) Problem Loans Were Flat in 2016 Q3 at Minnesota Banks



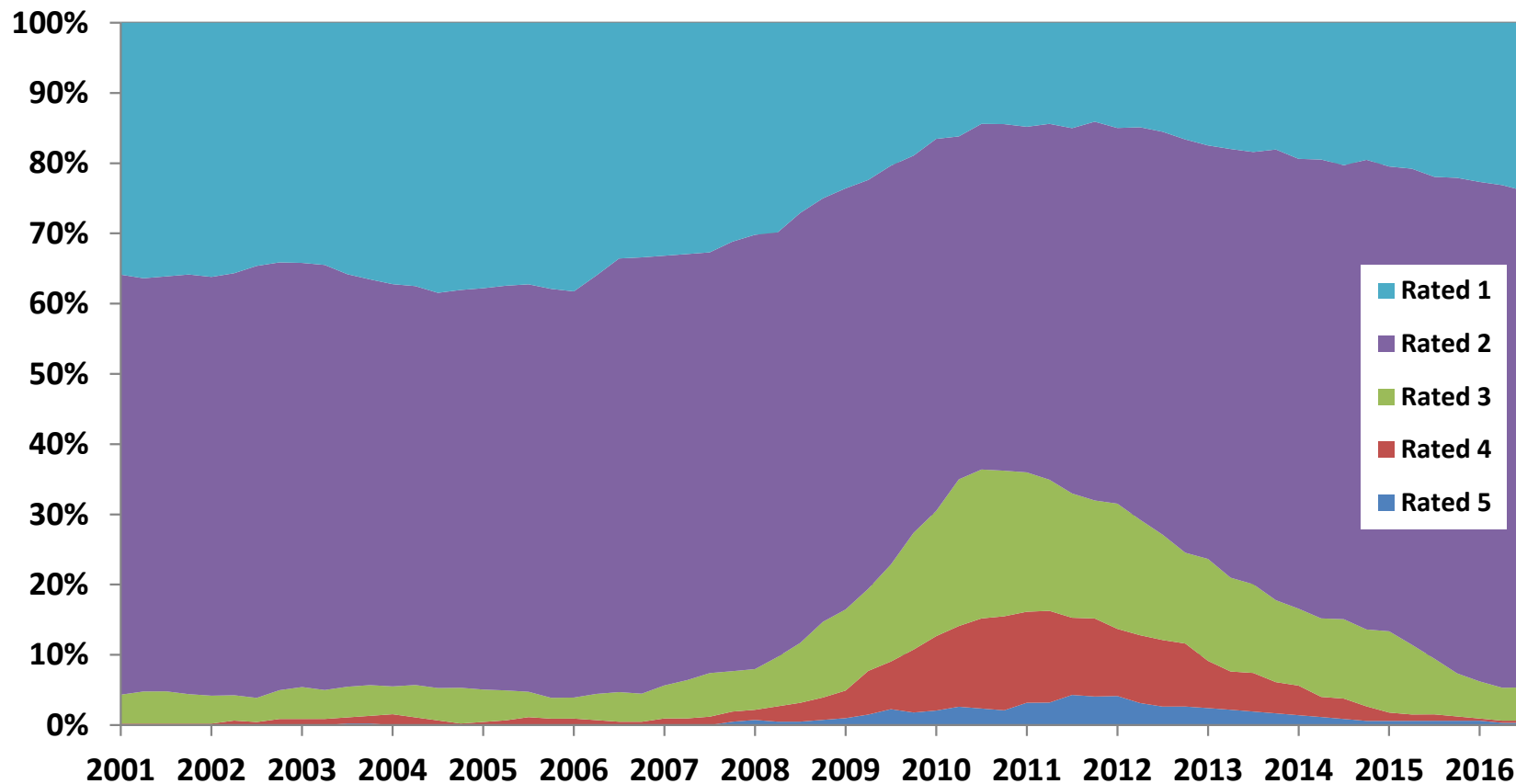
# Medium Decrease in Other Real Estate Owned (OREO) Problem Loans in 2016 Q3 at Minnesota Banks



# Small Increase in Capital in 2016 Q3 at Minnesota Banks



# Bank Ratings Were Consistent During 2016 Q3 at Minnesota Banks

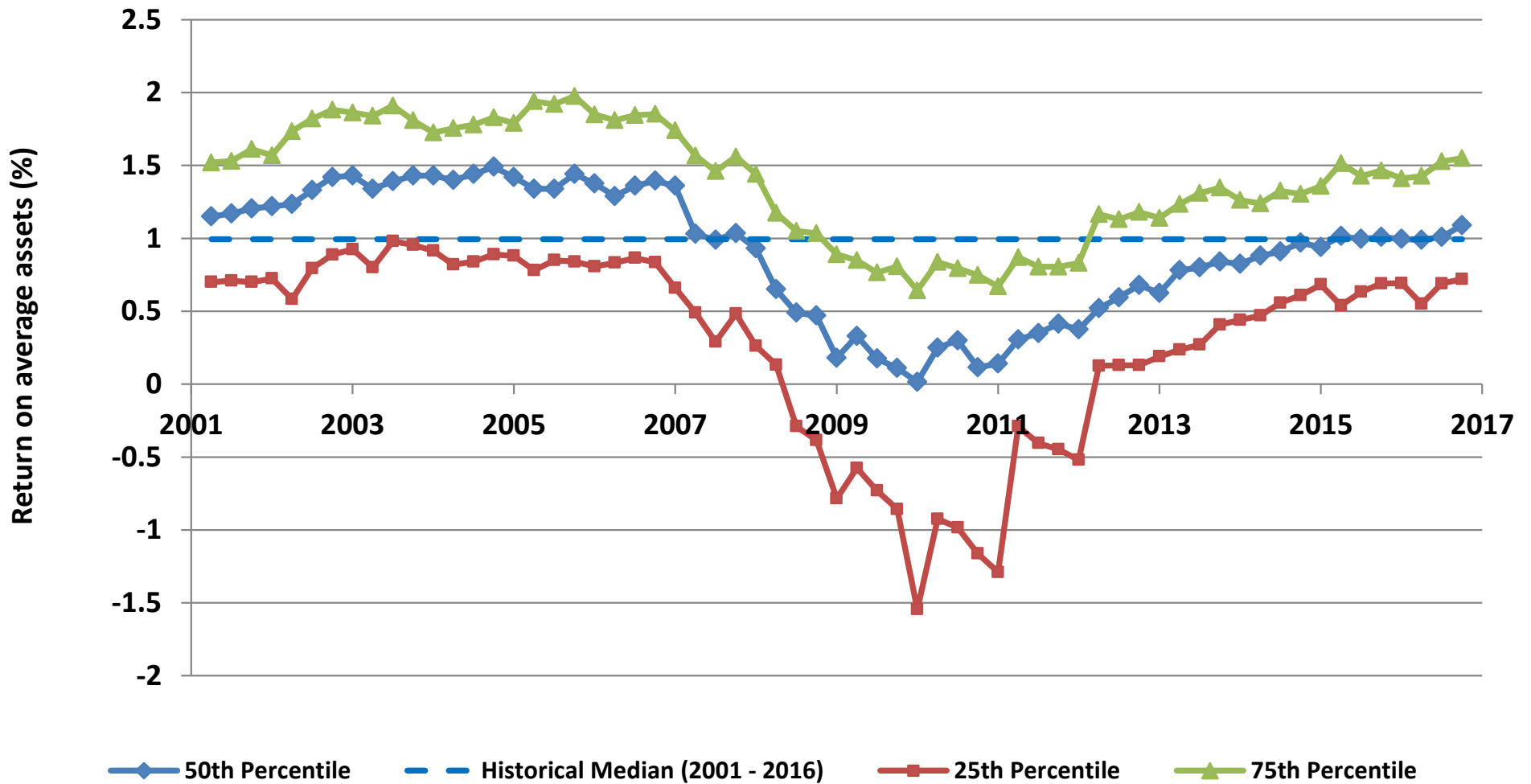


## Federal Reserve Risk Management Ratings – Summary of Definitions

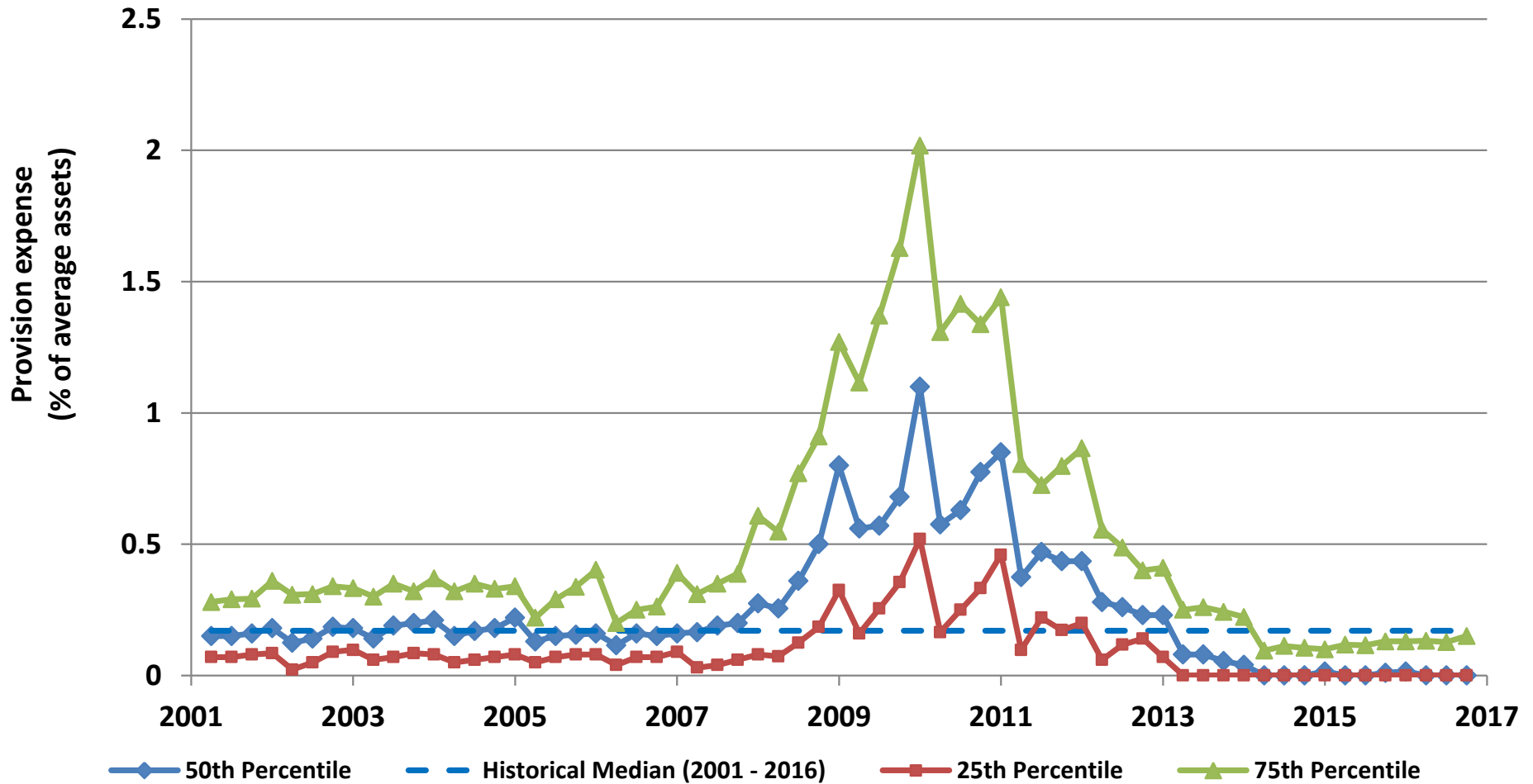
- 1 – Strong or sound in every respect
- 2 – Satisfactory or fundamentally sound
- 3 – Fair/less than satisfactory; requires more than normal supervision
- 4 – Unsatisfactory; unsafe and/or unsound practices and conditions; failure a possibility
- 5 – Critically deficient; extremely unsafe and unsound; failure is highly probable

Commercial Bank Examination Manual. [“Overall Conclusions Regarding Condition of the Bank: Uniform Financial Institutions Rating System and the Federal Reserve’s Risk Management Rating.”](#) Section A.5020.1. October 2015.

# Medium Increase in Profitability in 2016 Q3 at Twin Cities Banks

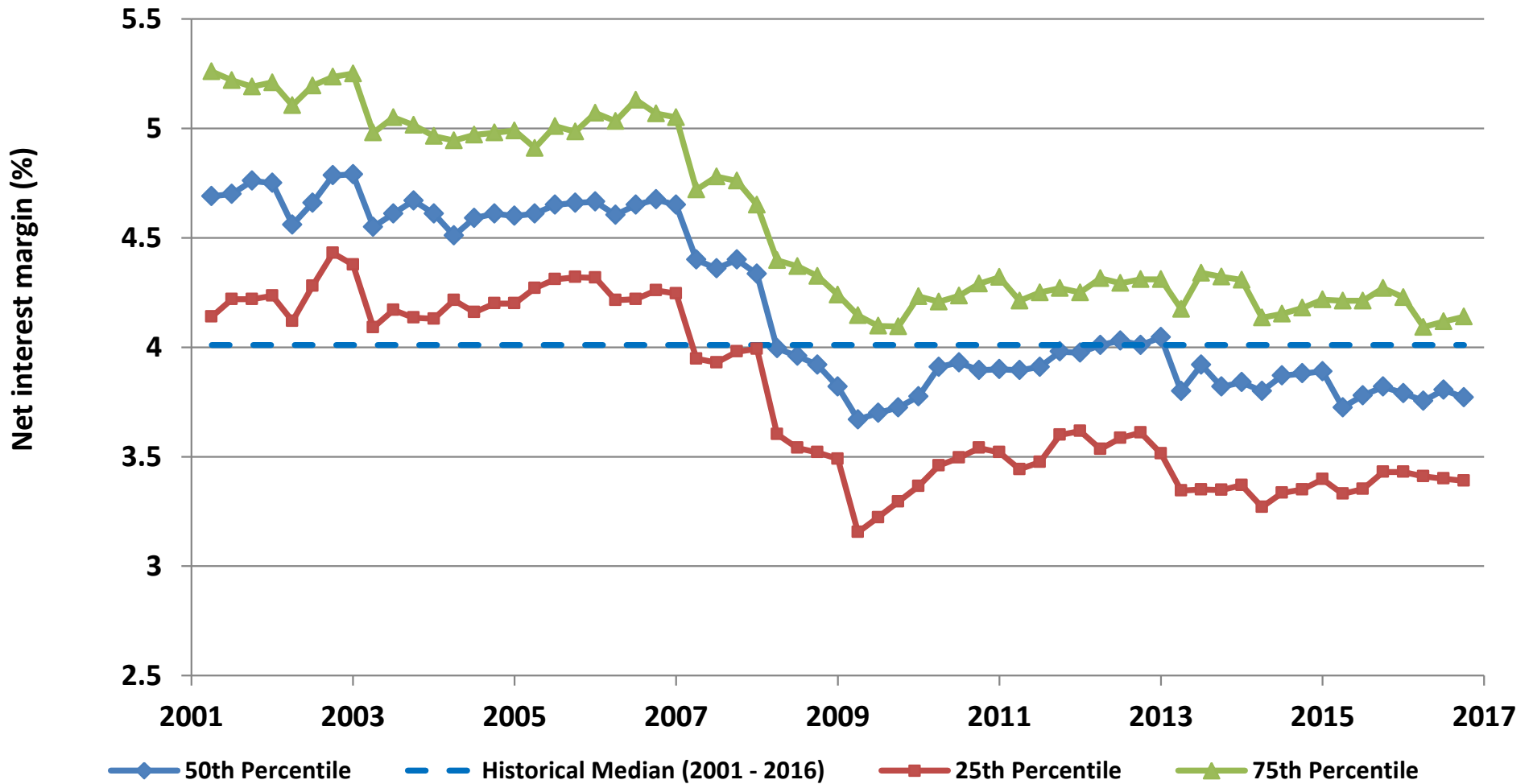


# Provisions Were Flat in 2016 Q3 at Twin Cities Banks

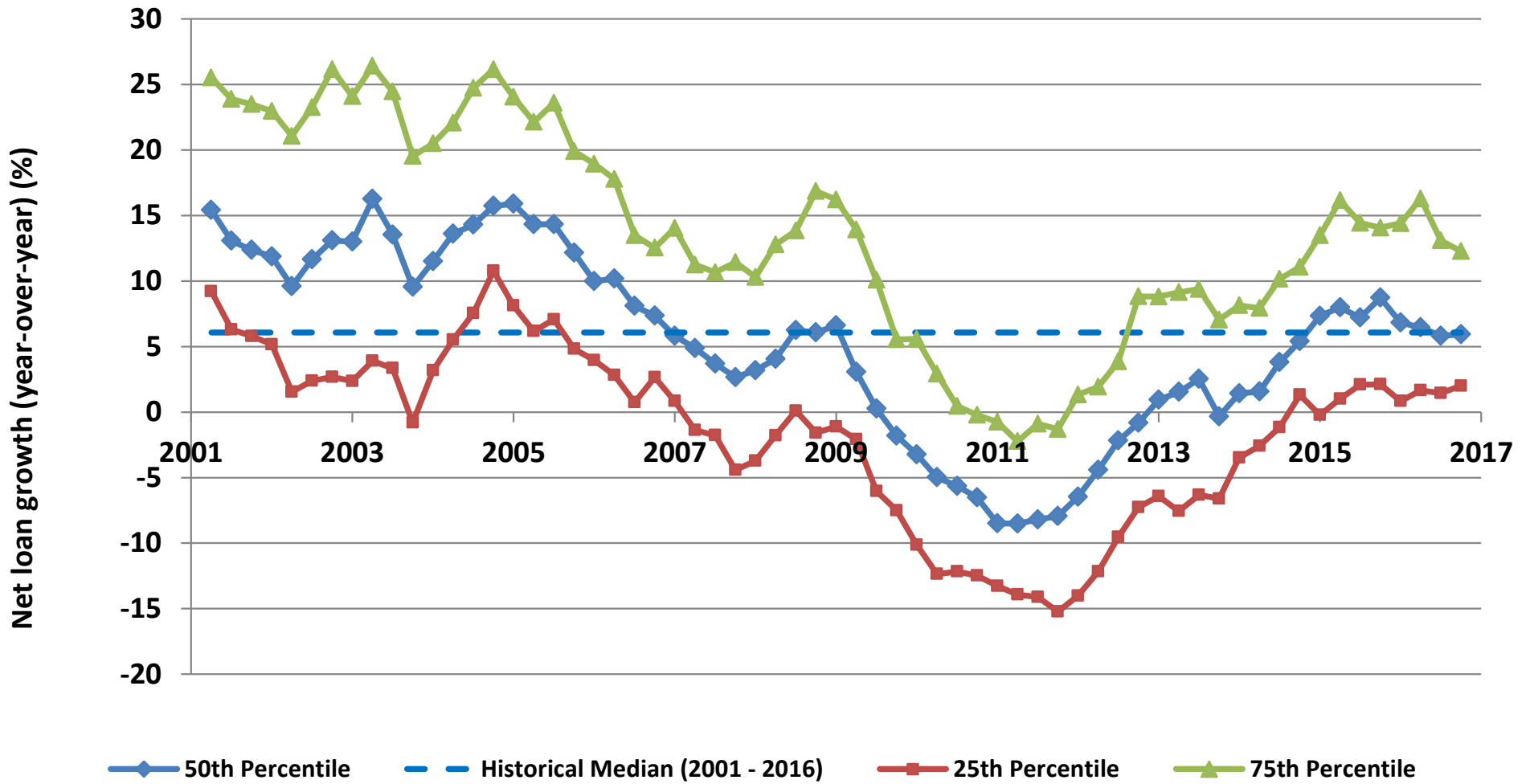




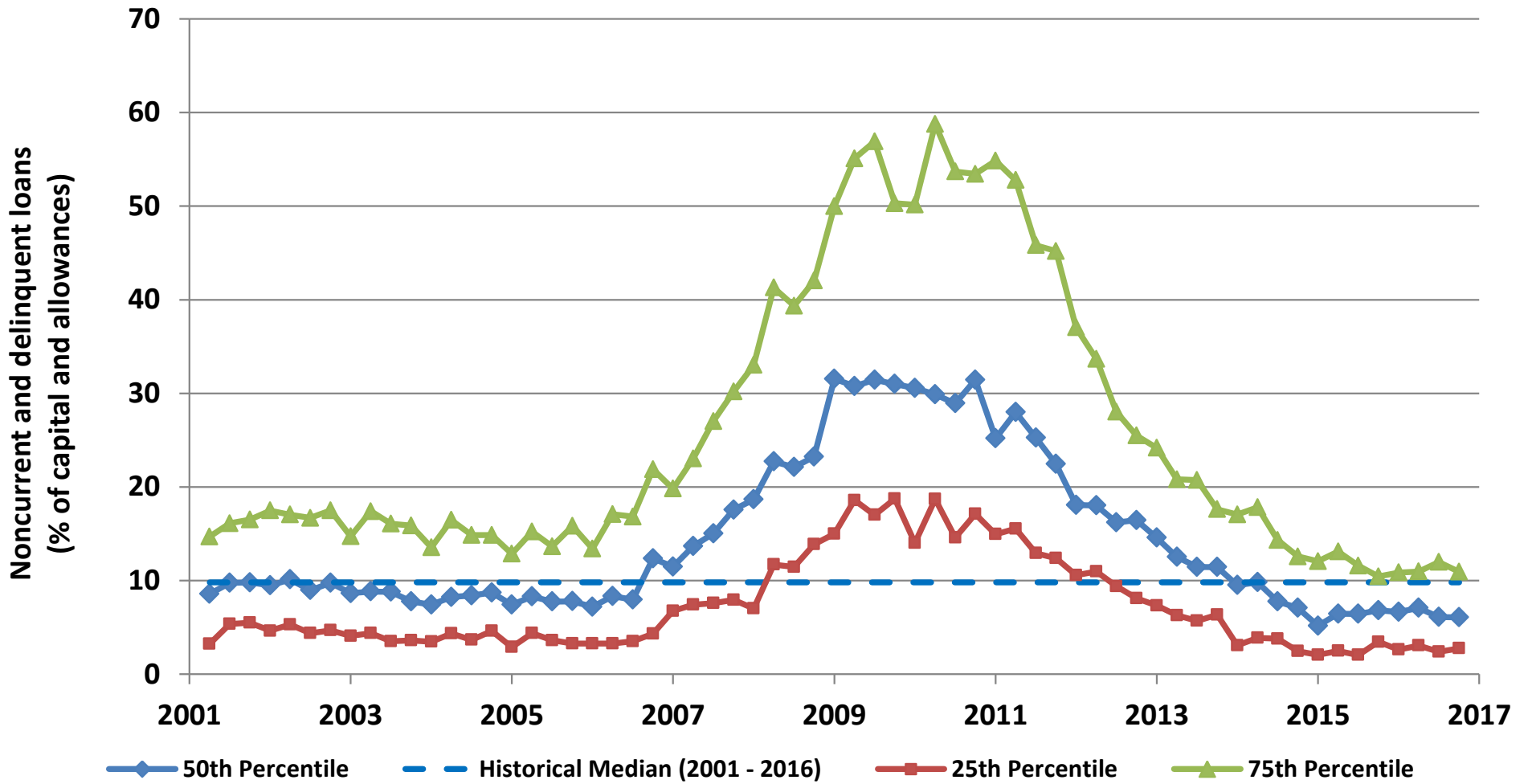
# Small Decrease in Net Interest Margin in 2016 Q3 at Twin Cities Banks



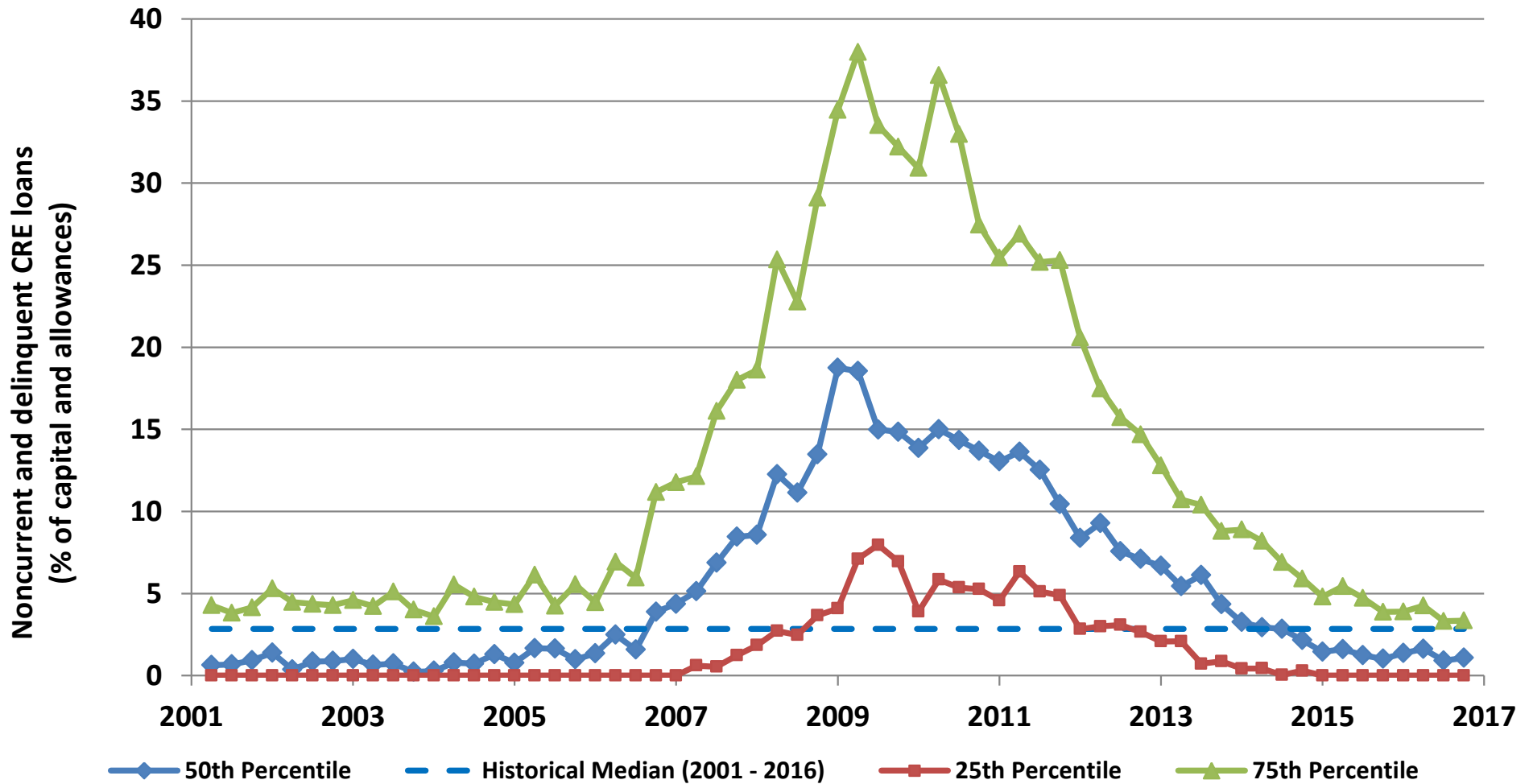
# Loan Growth Was Flat in 2016 Q3 at Twin Cities Banks



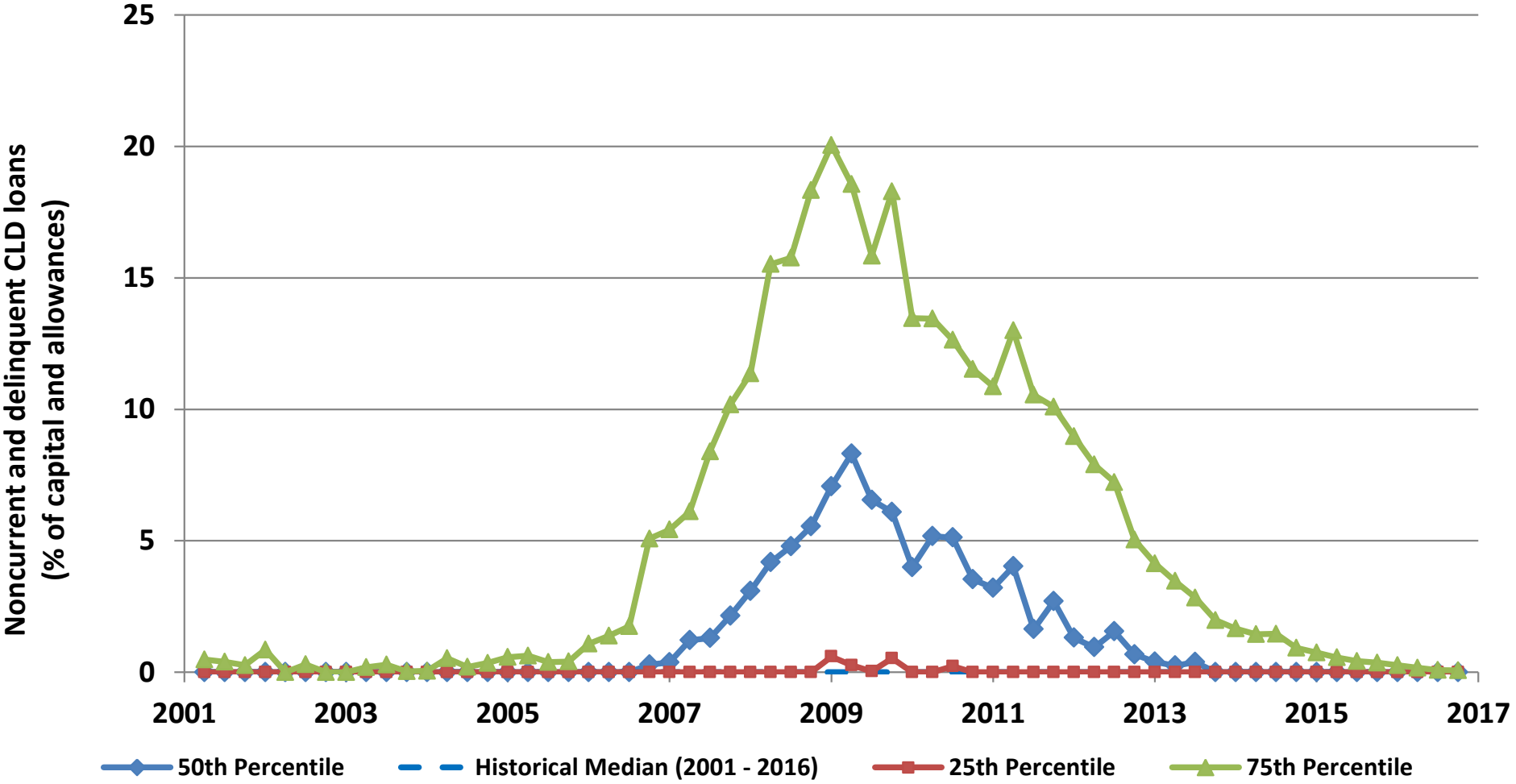
# Overall Problem Loans Were Flat in 2016 Q3 at Twin Cities Banks



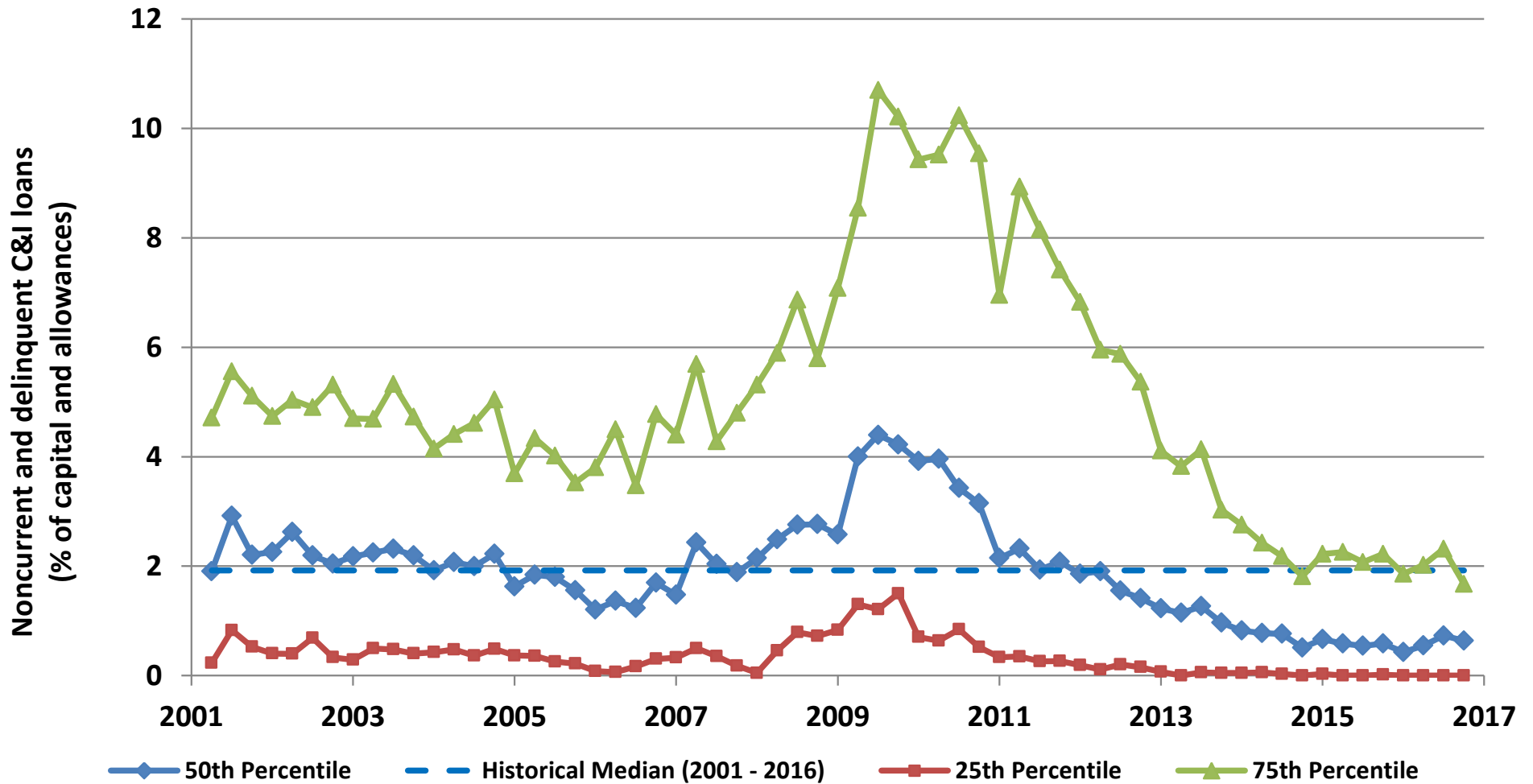
# Commercial Real Estate (CRE) Problem Loans Were Flat in 2016 Q3 at Twin Cities Banks



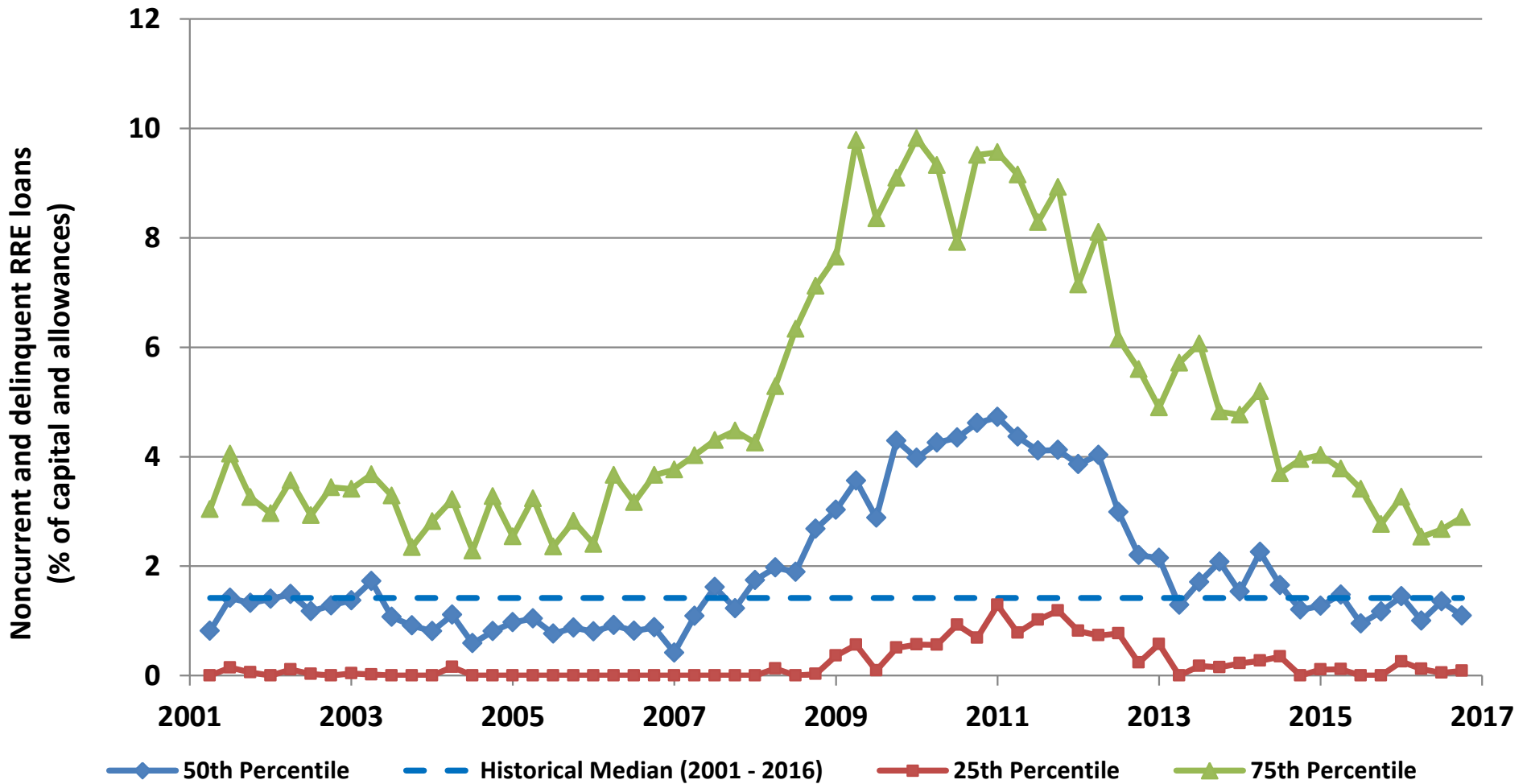
# Construction & Land Development (CLD) Problem Loans Were Flat in 2016 Q3 at Twin Cities Banks



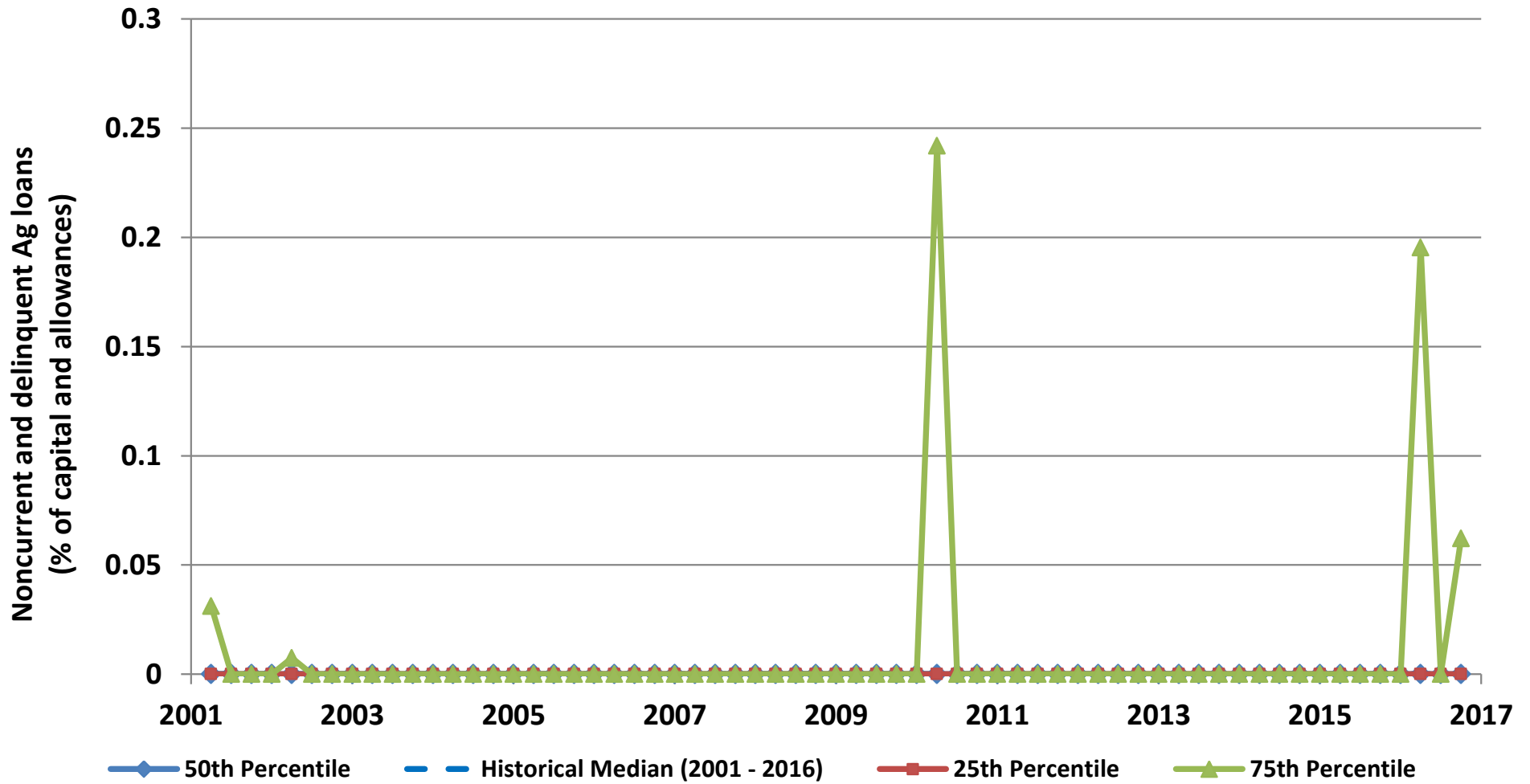
# Commercial & Industrial (C&I) Were Flat Problem Loans in 2016 Q3 at Twin Cities Banks



# Small Decrease in Residential Real Estate (RRE) Problem Loans in 2016 Q3 at Twin Cities Banks

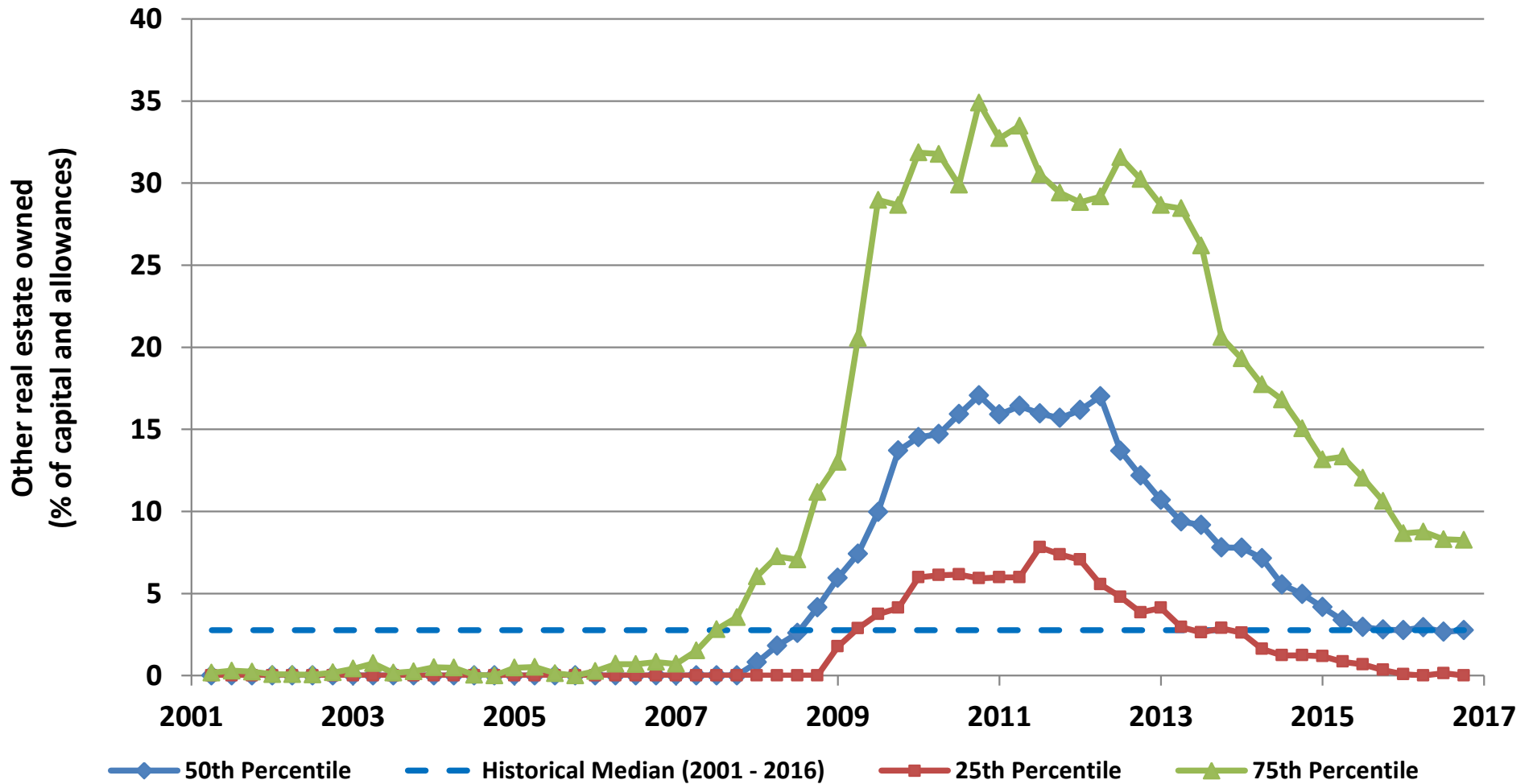


# Agricultural (Ag) Problem Loans Were Flat in 2016 Q3 at Twin Cities Banks

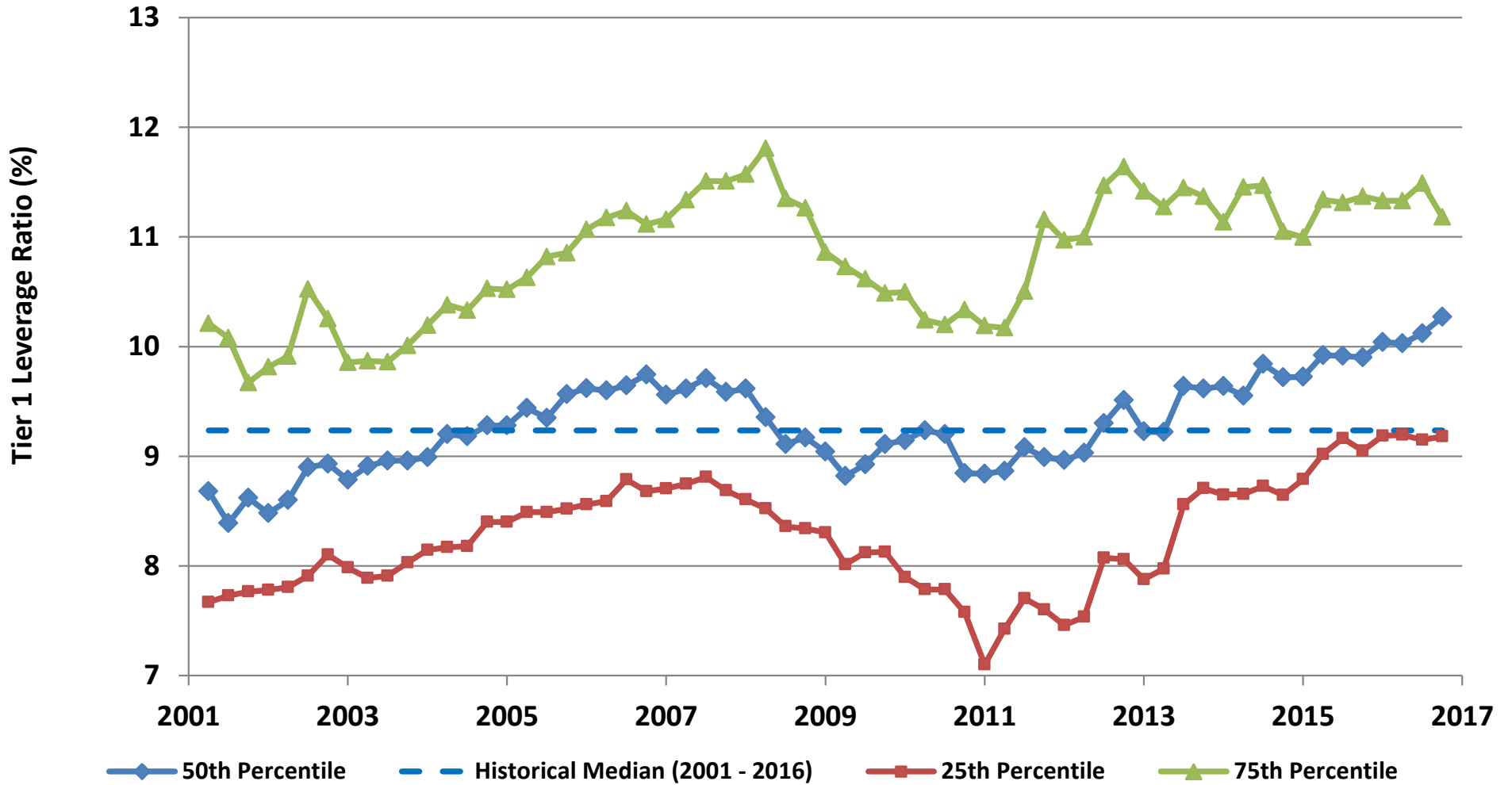




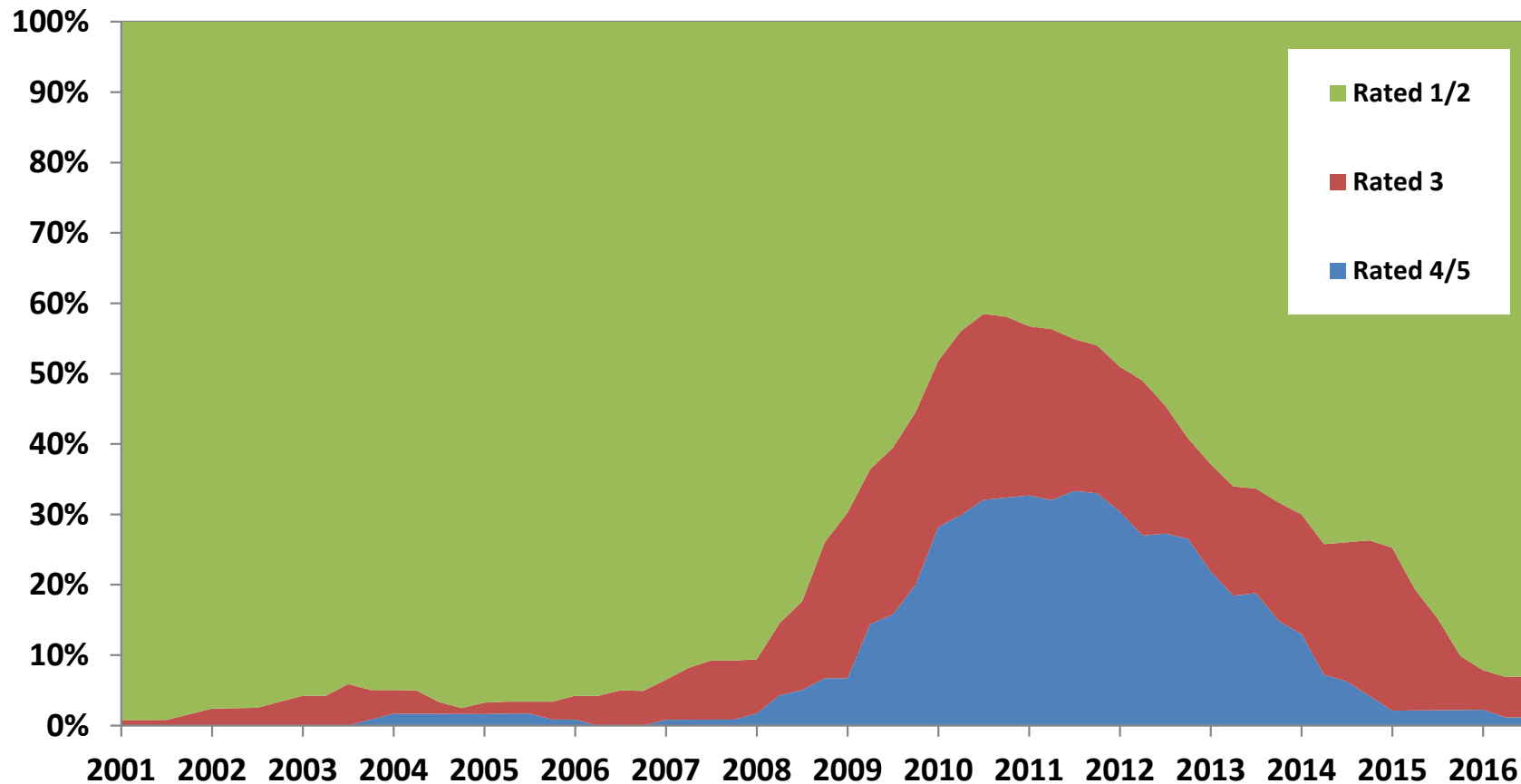
# Other Real Estate Owned (OREO) Problem Loans Were Flat in 2016 Q3 at Twin Cities Banks



# Medium Increase in Capital in 2016 Q3 at Twin Cities Banks



# Ratings Were Consistent During 2016 Q3 at Banks in the Twin Cities



## Federal Reserve Risk Management Ratings – Summary of Definitions

- 1 – Strong or sound in every respect
- 2 – Satisfactory or fundamentally sound
- 3 – Fair/less than satisfactory; requires more than normal supervision
- 4 – Unsatisfactory; unsafe and/or unsound practices and conditions; failure a possibility
- 5 – Critically deficient; extremely unsafe and unsound; failure is highly probable

Commercial Bank Examination Manual. [“Overall Conclusions Regarding Condition of the Bank: Uniform Financial Institutions Rating System and the Federal Reserve’s Risk Management Rating.”](#) Section A.5020.1. October 2015.