



Conversations with the Fed

Ninth District Banks and Their Supervision

Ron Feldman

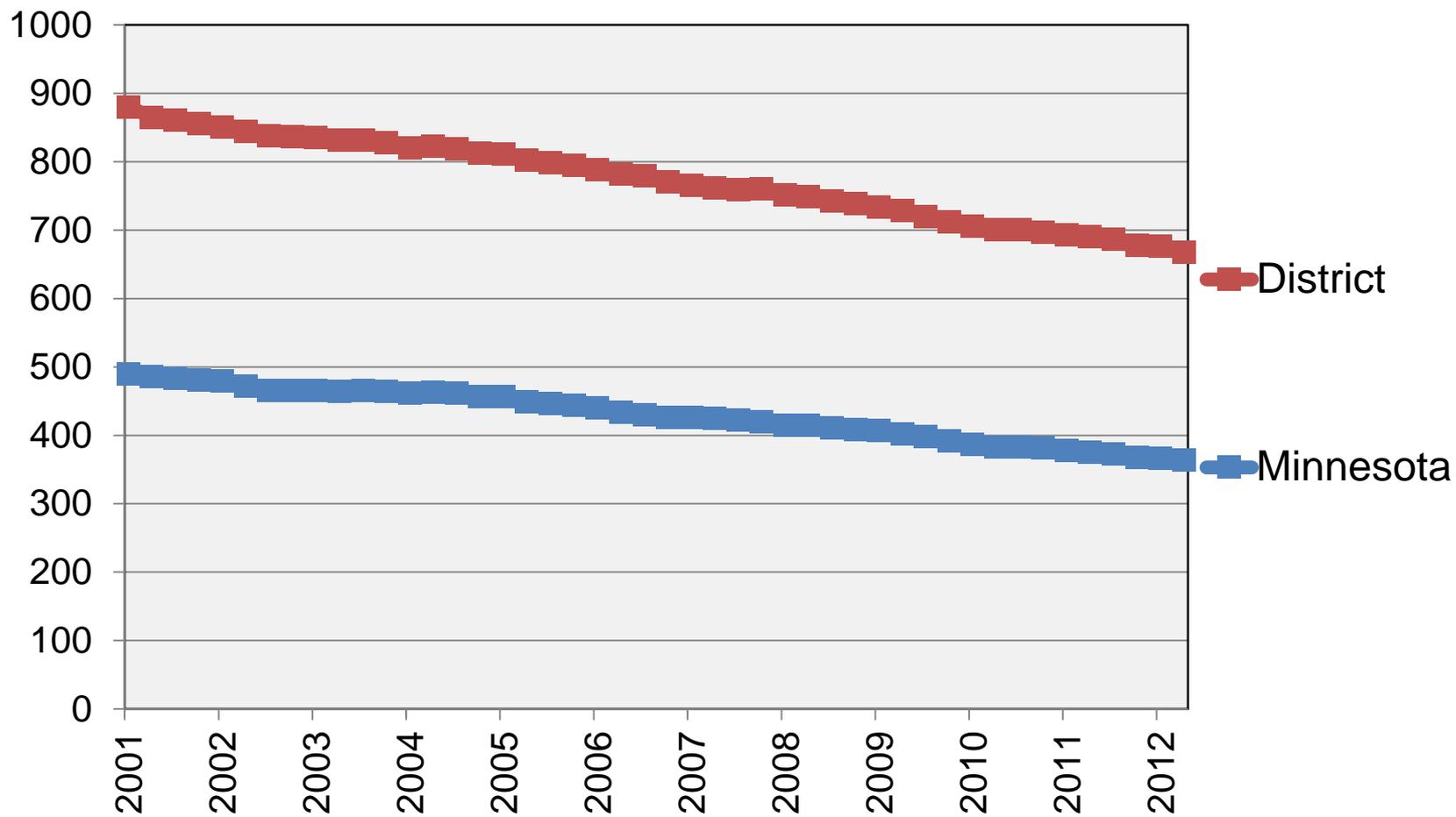
Federal Reserve Bank of Minneapolis

November 13, 2012

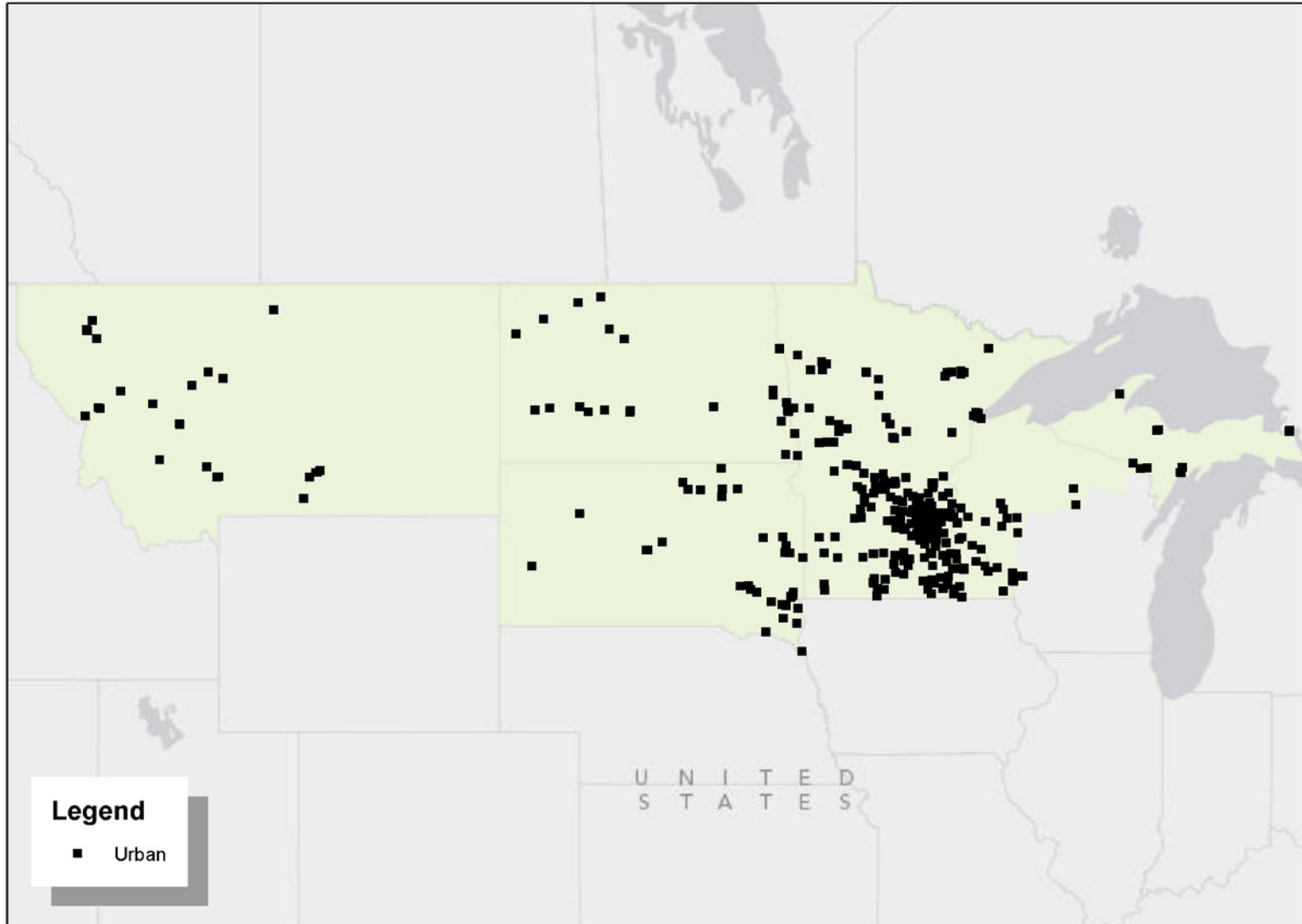
Bottom Lines

- Traditional Community Banks Located in Ninth District
- Banks Face Comprehensive Supervision
- We Will Have a Robust Discussion

Number of Banks Chartered in Ninth District and Minnesota

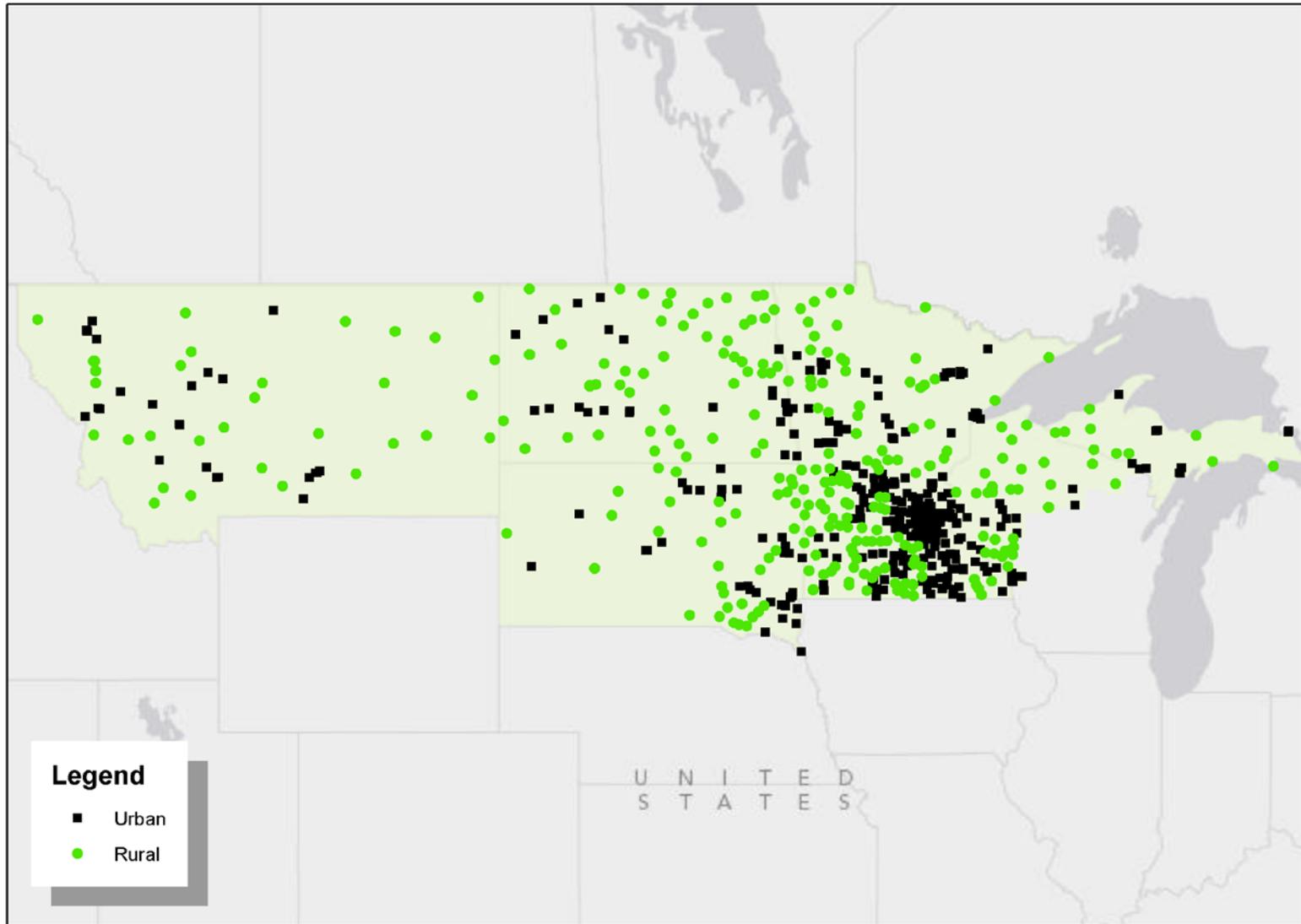


Urban vs. Rural Banks in Ninth District



Source: National Information Center as of 11/1/2012

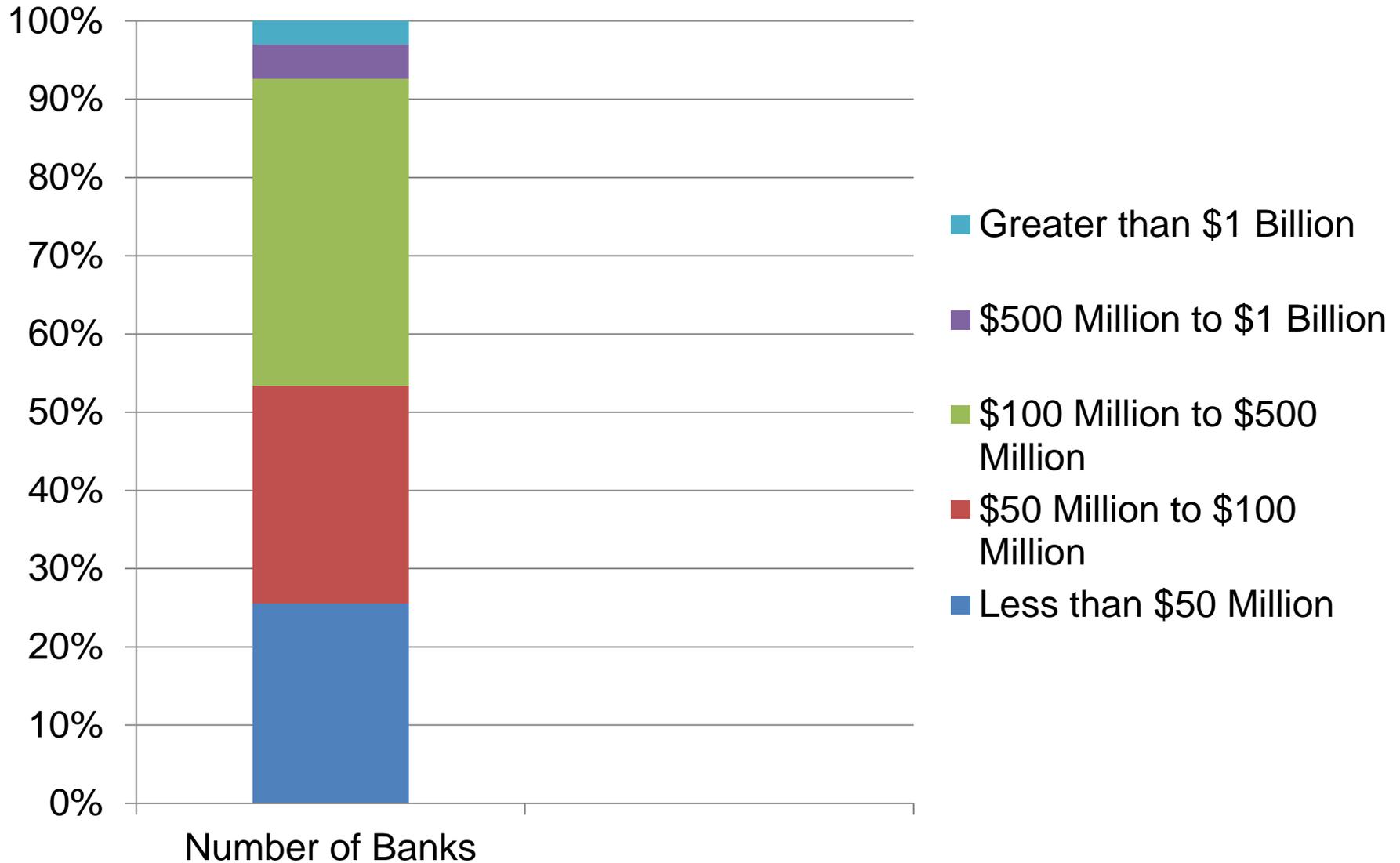
Urban vs. Rural Banks in Ninth District



Source: National Information Center as of 11/1/2012

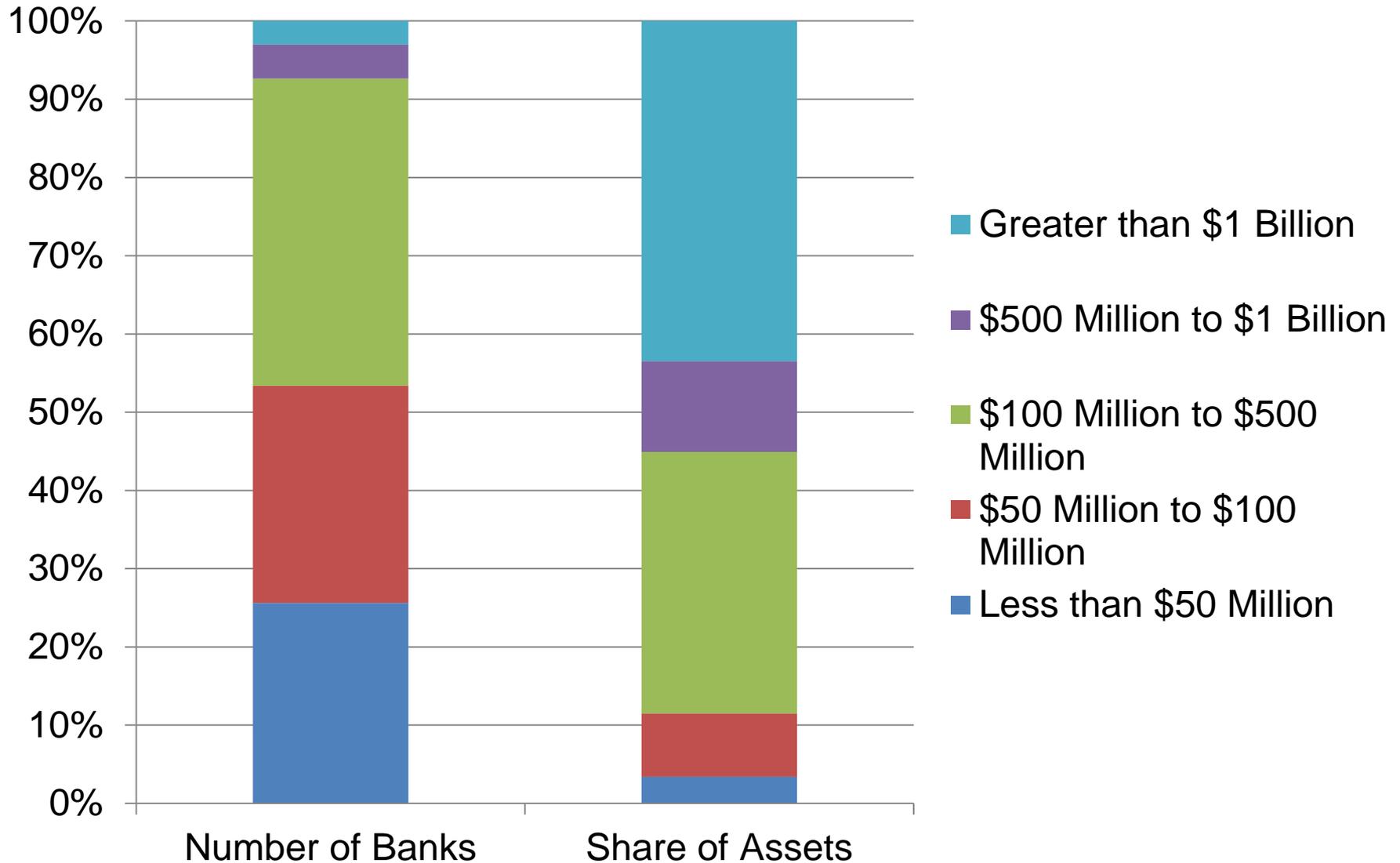
District Banks by Total Asset Size

As of 6/30/2012



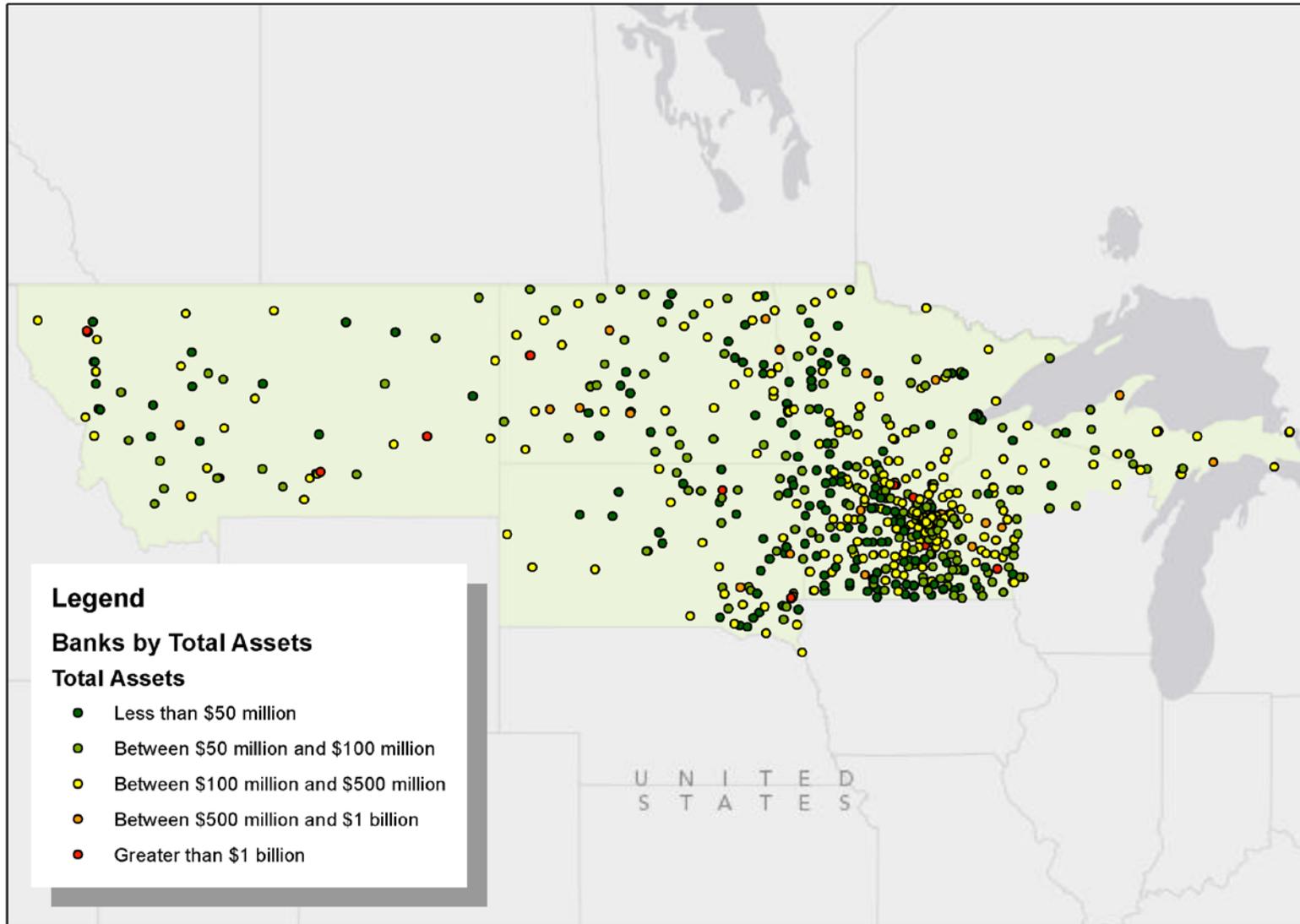
District Banks by Total Asset Size and Share of Assets

As of 6/30/2012

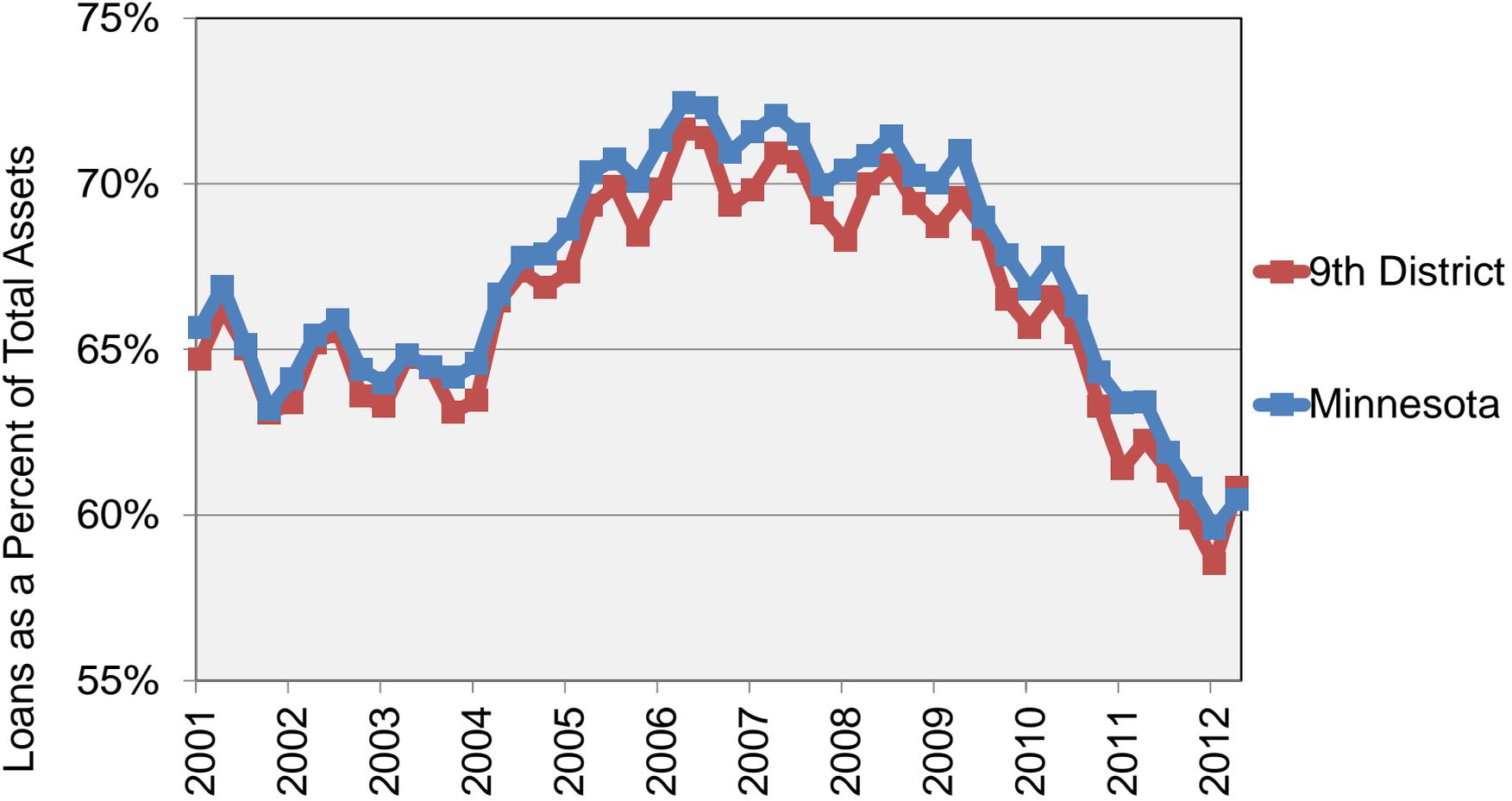


Location of District Banks by Total Asset Size

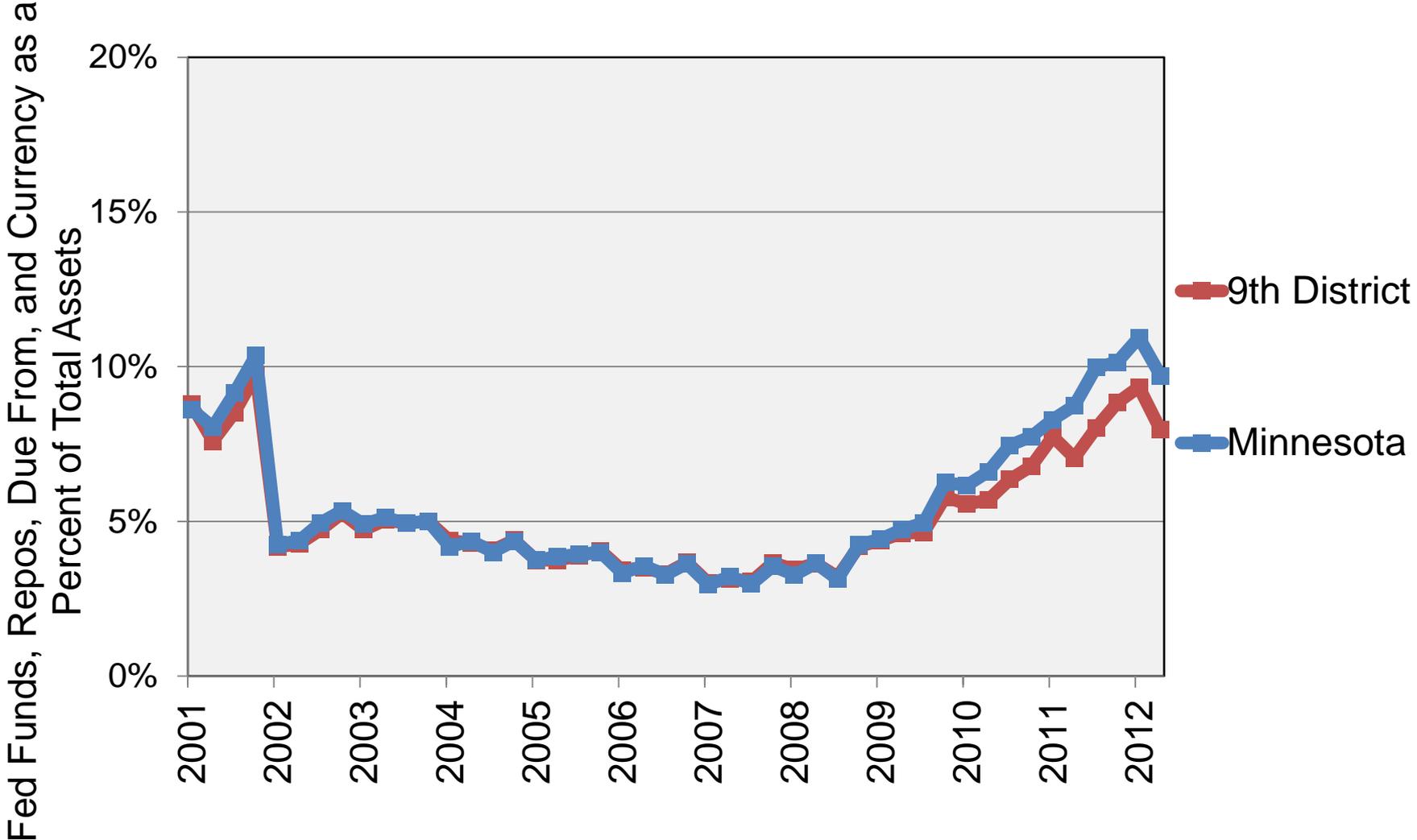
As of 6/30/2012



Minnesota and District Bank Median Loans as a Percent of Total Assets

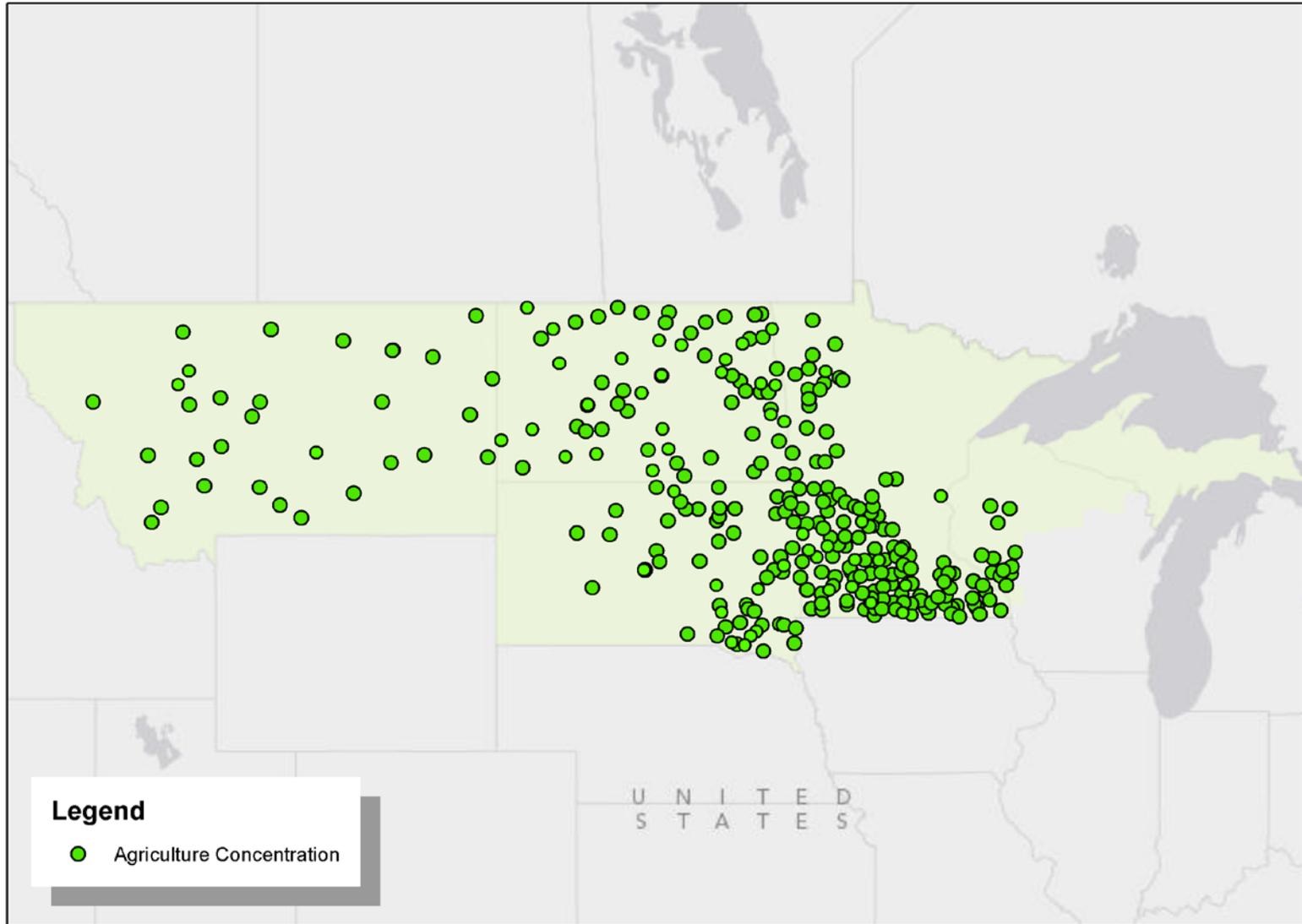


Minnesota and District Bank Median “Cash” as a Percent of Total Assets



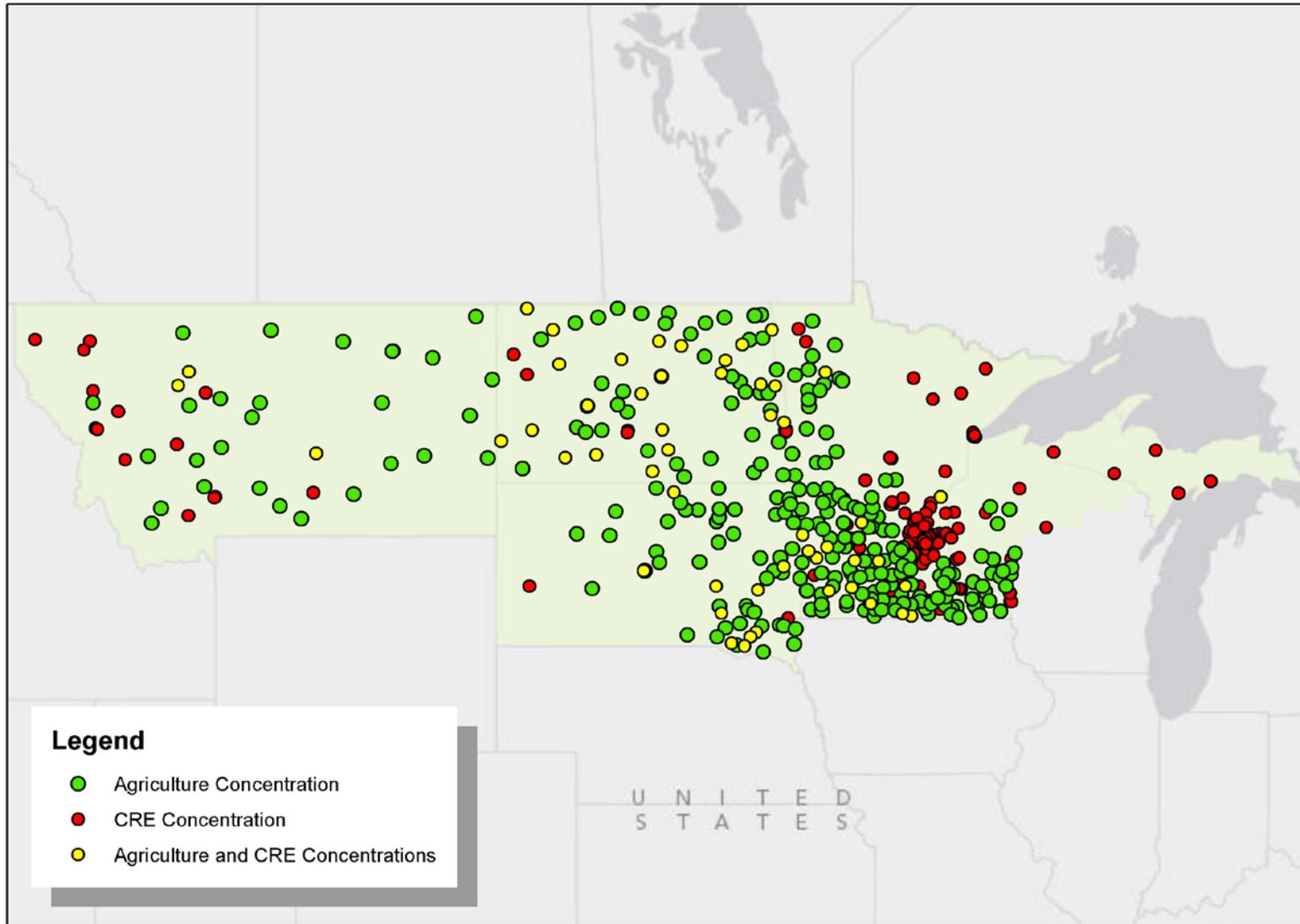
District Banks with Concentrations of Lending

As of 6/30/2012



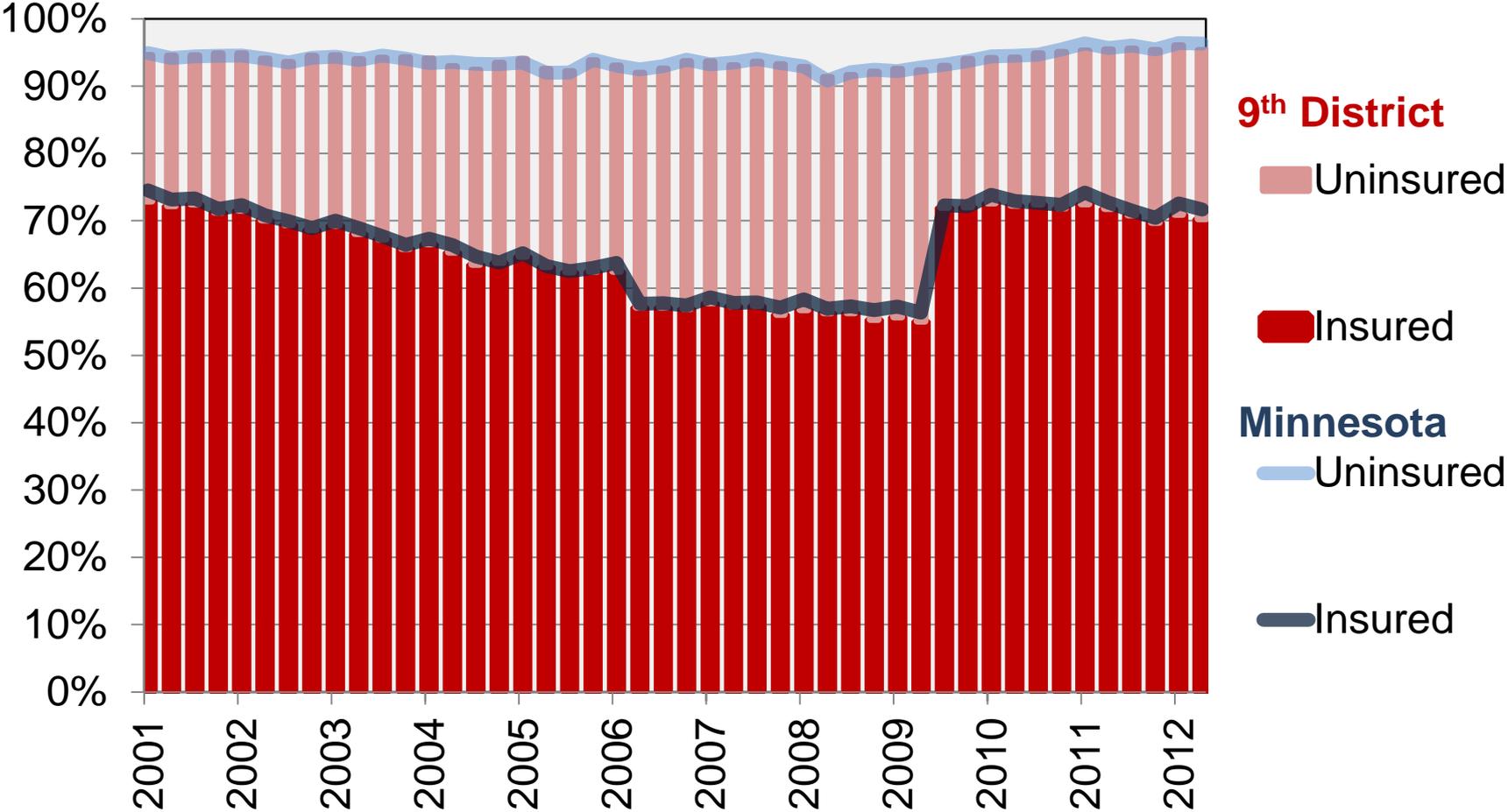
District Banks with Concentrations of Lending

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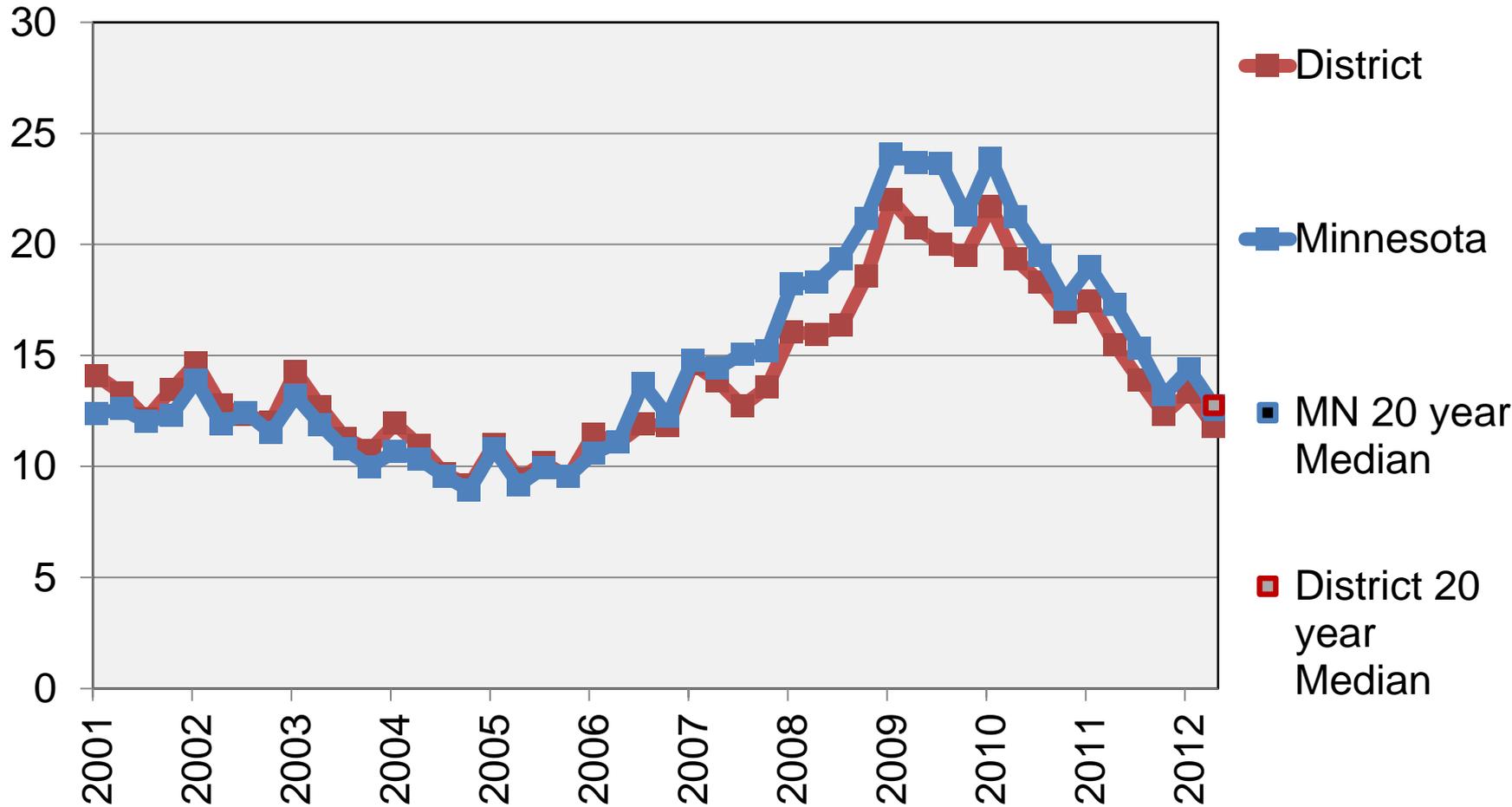
Deposits as a Share of Total Liabilities

Insured and Uninsured, District and Minnesota

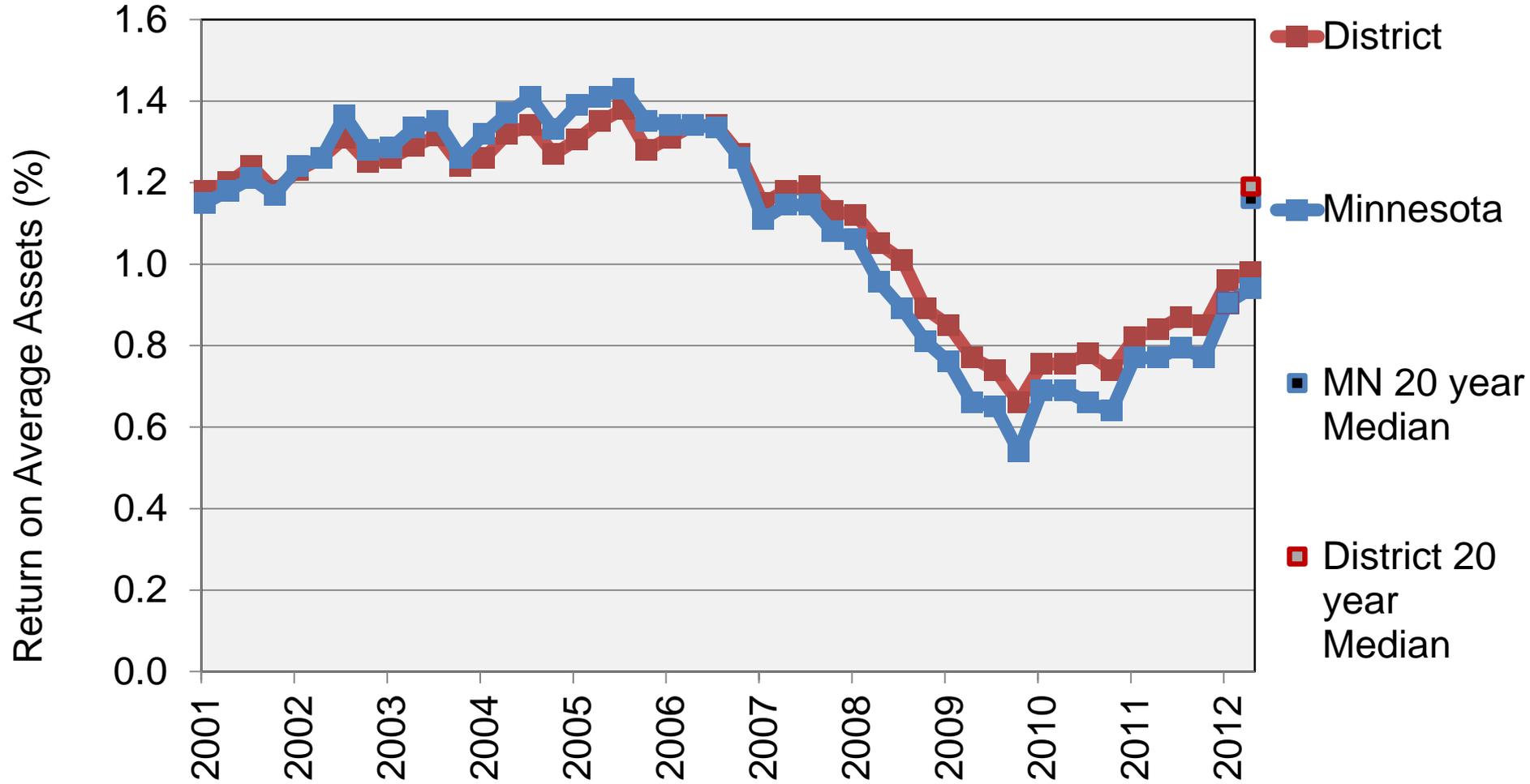


Total Problem Assets, Median Bank District and Minnesota

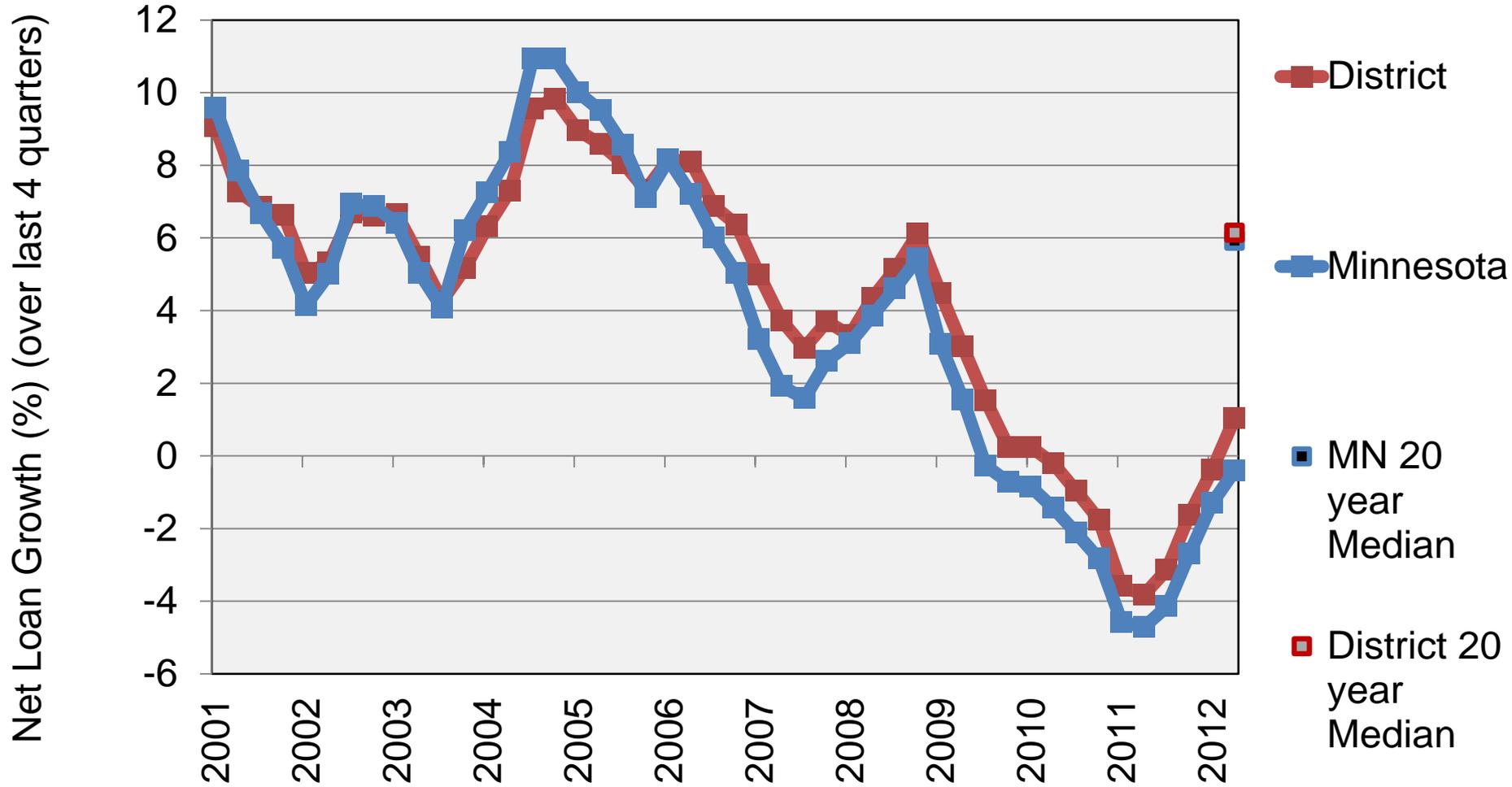
Median Noncurrent and Delinquent Loans as a Percent of Capital and Allowance



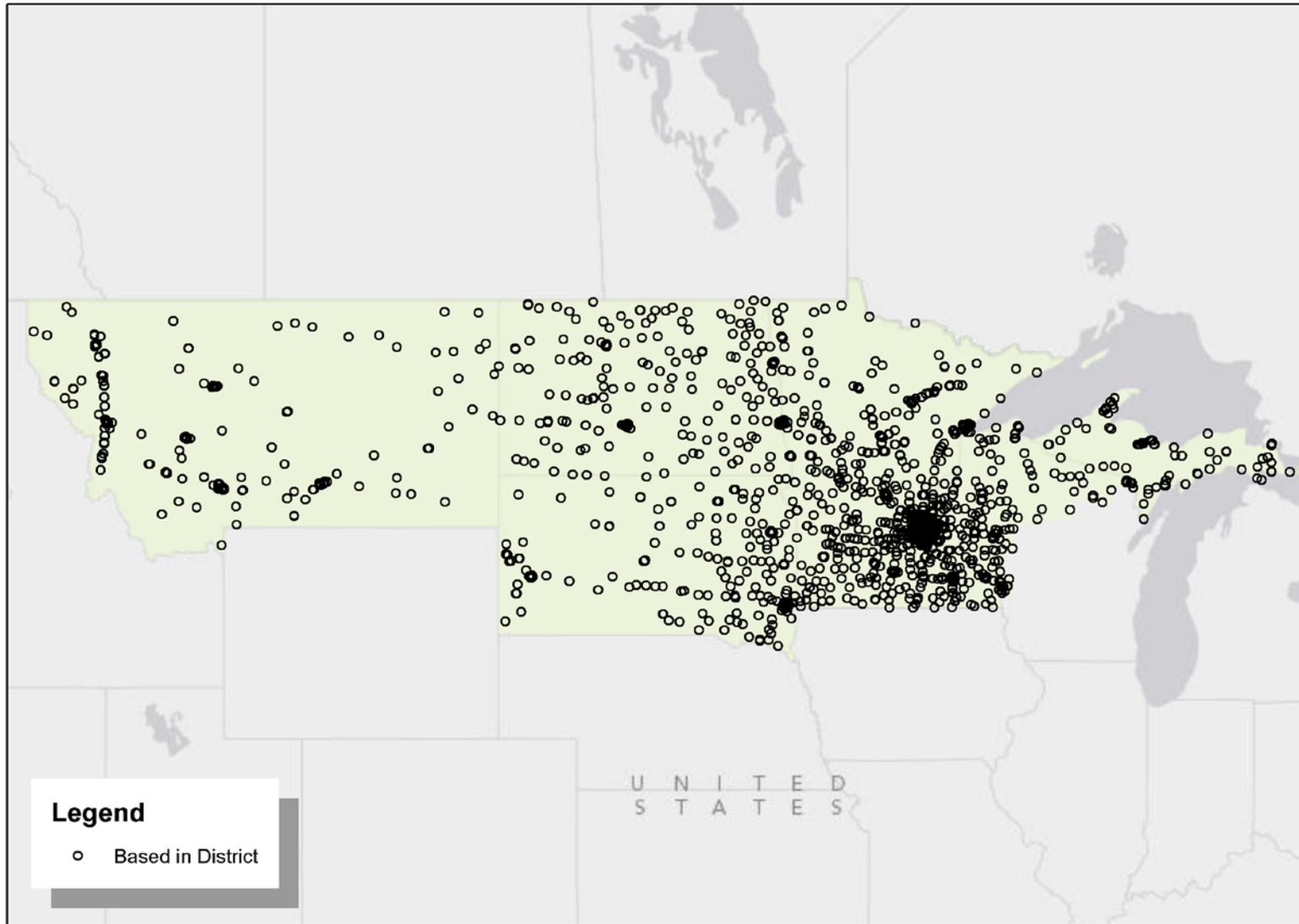
Profitability, Median Bank District and Minnesota



Growth Rate of Outstanding Loan Balances District and Minnesota

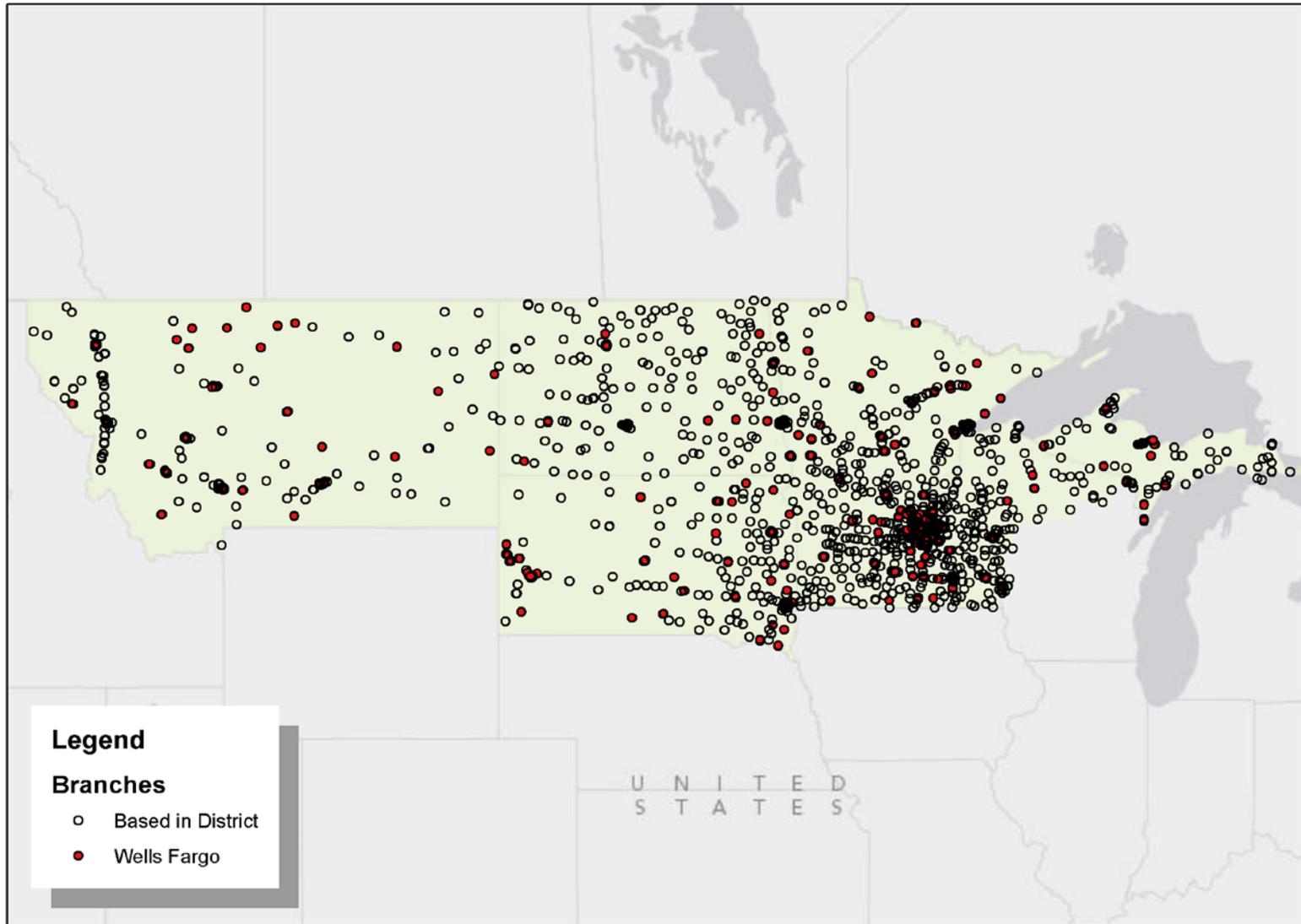


District Bank Branch Locations and Ownership



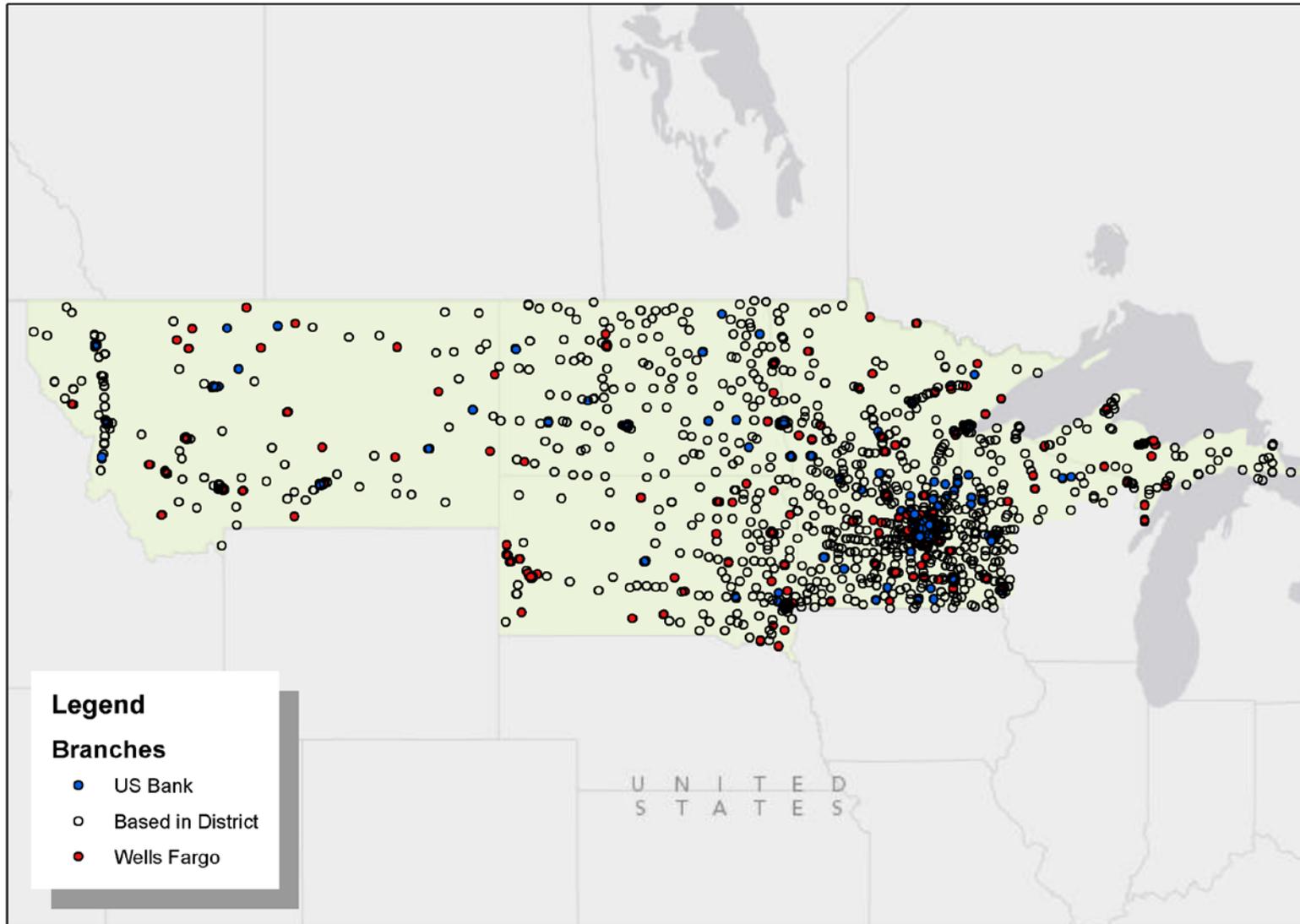
Source: National Information Center as of 11/1/2012

District Bank Branch Locations and Ownership



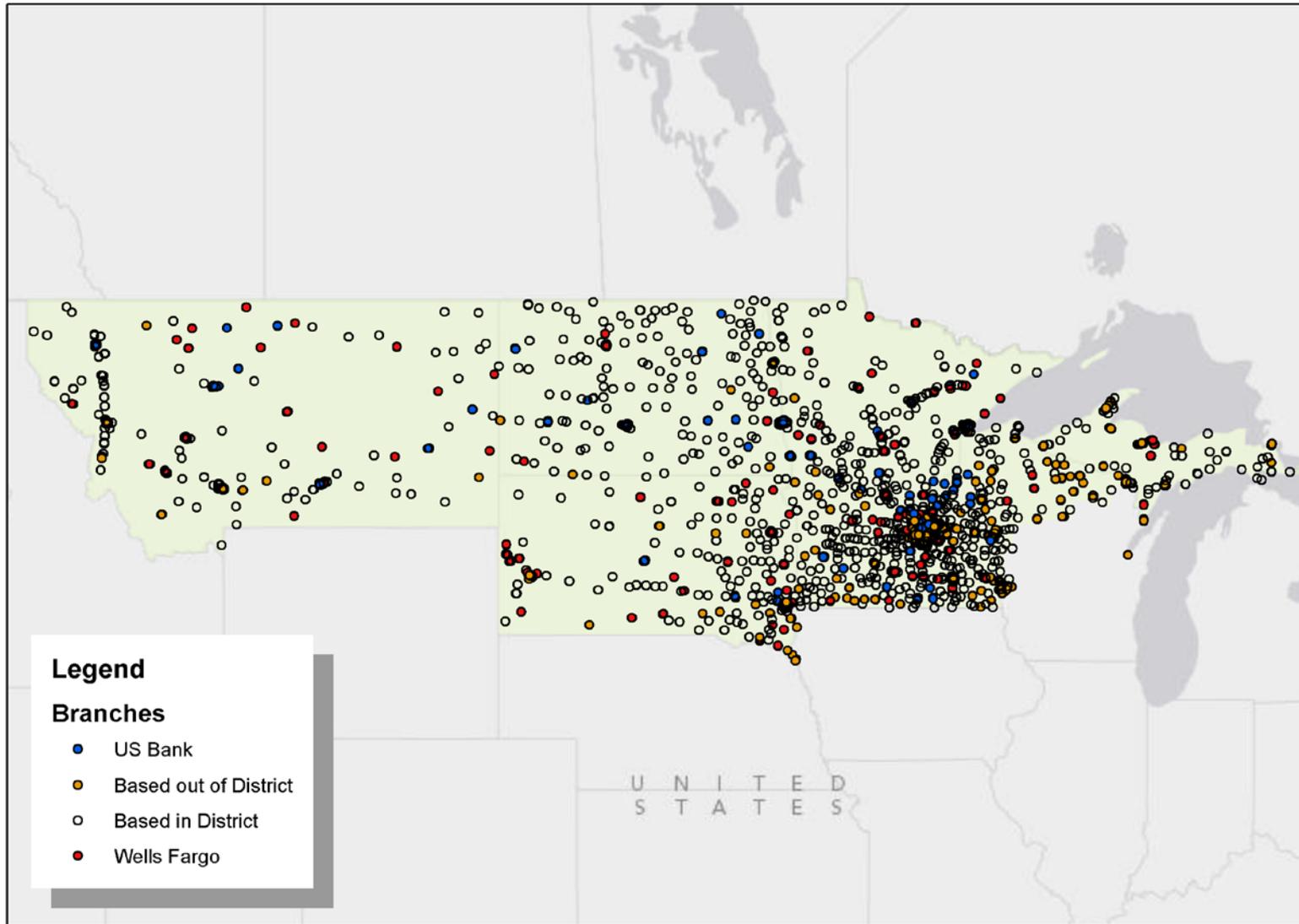
Source: National Information Center as of 11/1/2012

District Bank Branch Locations and Ownership



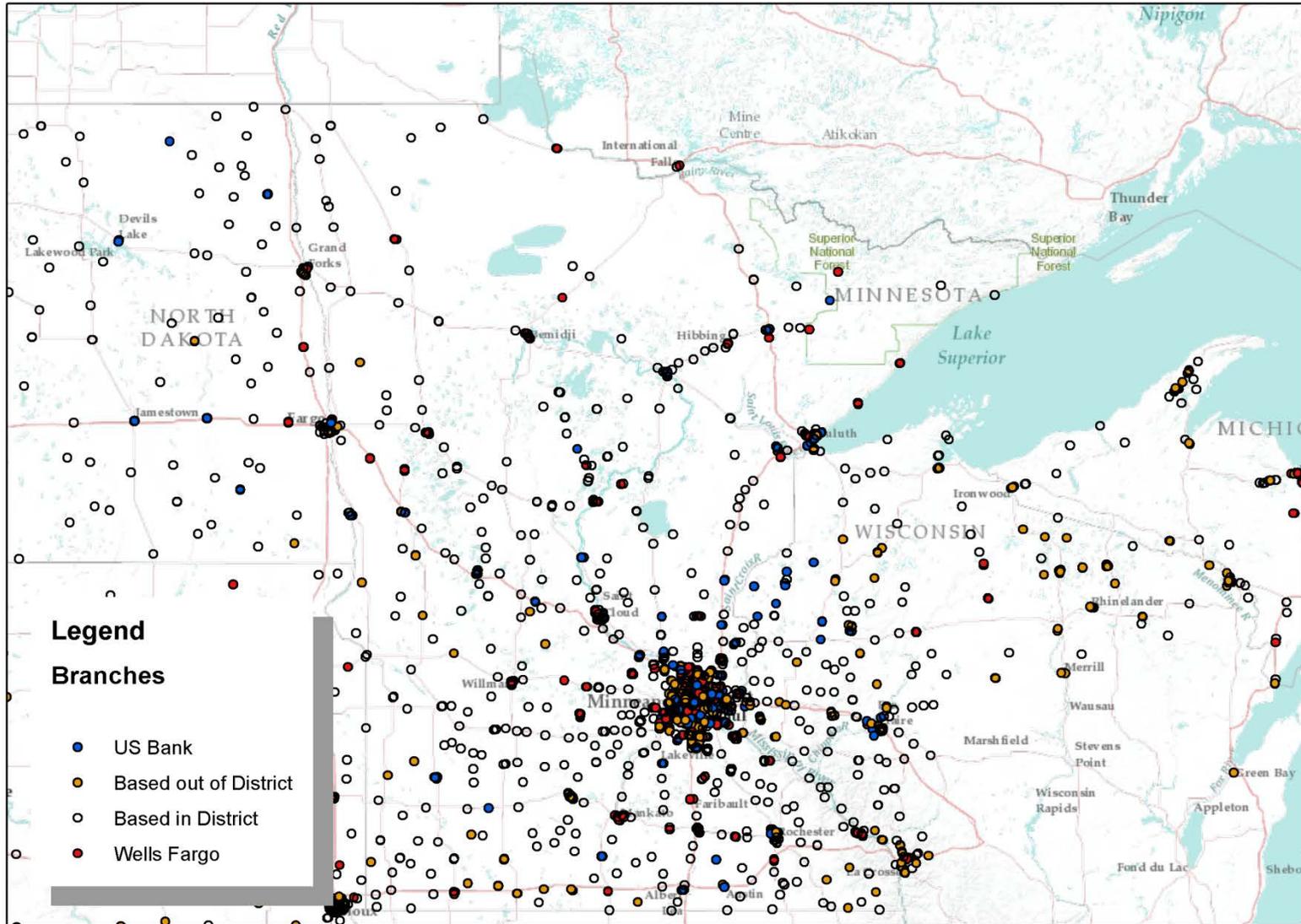
Source: National Information Center as of 11/1/2012

District Bank Branch Locations and Ownership



Source: National Information Center as of 11/1/2012

Minnesota Bank Branch Locations and Ownership



Source: National Information Center as of 11/1/2012

Greatest Share of Deposits in District and Minnesota

District		
Bank Name (Bank Holding Companies)	Total Deposits (\$Millions)	Share
CITIGROUP NEW YORK, NY	\$222,132	38.60%
WELLS FARGO & CO SAN FRANCISCO, CA	\$166,510	28.93%
U S BANK MINNEAPOLIS, MN	\$50,350	8.75%
BREMER BANKS, SAINT PAUL, MN	\$6,572	1.14%
TCF BANK WAYZATA, MN	\$5,971	1.04%
AMERIPRISE BANK, MINNEAPOLIS, MN	\$5,107	0.89%
BMO HARRIS BANK WILMINGTON, DE	\$3,827	0.89%
FIRST INTERSTATE BANCSYSTEM BILLINGS, MT	\$3,733	0.66%
GLACIER BANK KALISPELL, MT	\$2,914	0.65%
ASSOCIATED BANK GREEN BAY, WI	\$2,543	0.51%

Minnesota		
Bank Name (Bank Holding Companies)	Total Deposits (\$Millions)	Share
WELLS FARGO & CO SAN FRANCISCO, CA	\$86,556	43.06%
U S BANK MINNEAPOLIS, MN	\$45,265	22.52%
TCF BANK WAYZATA, MN	\$5,186	2.58%
AMERIPRISE BANK, MINNEAPOLIS, MN	\$5,107	2.54%
BREMER BANKS, SAINT PAUL, MN	\$4,562	2.27%
BMO HARRIS BANK WILMINGTON, DE	\$2,703	1.34%
ASSOCIATED BANK GREEN BAY, WI	\$1,467	0.73%
KLEIN FINANCIAL CHASKA, MN	\$1,283	0.64%
MINNWEST CORP MINNETONKA, MN	\$1,196	0.59%
ANCHOR BC WAYZATA, MN	\$1,166	0.58%

Source: FDIC Summary of Deposits 2012 Survey

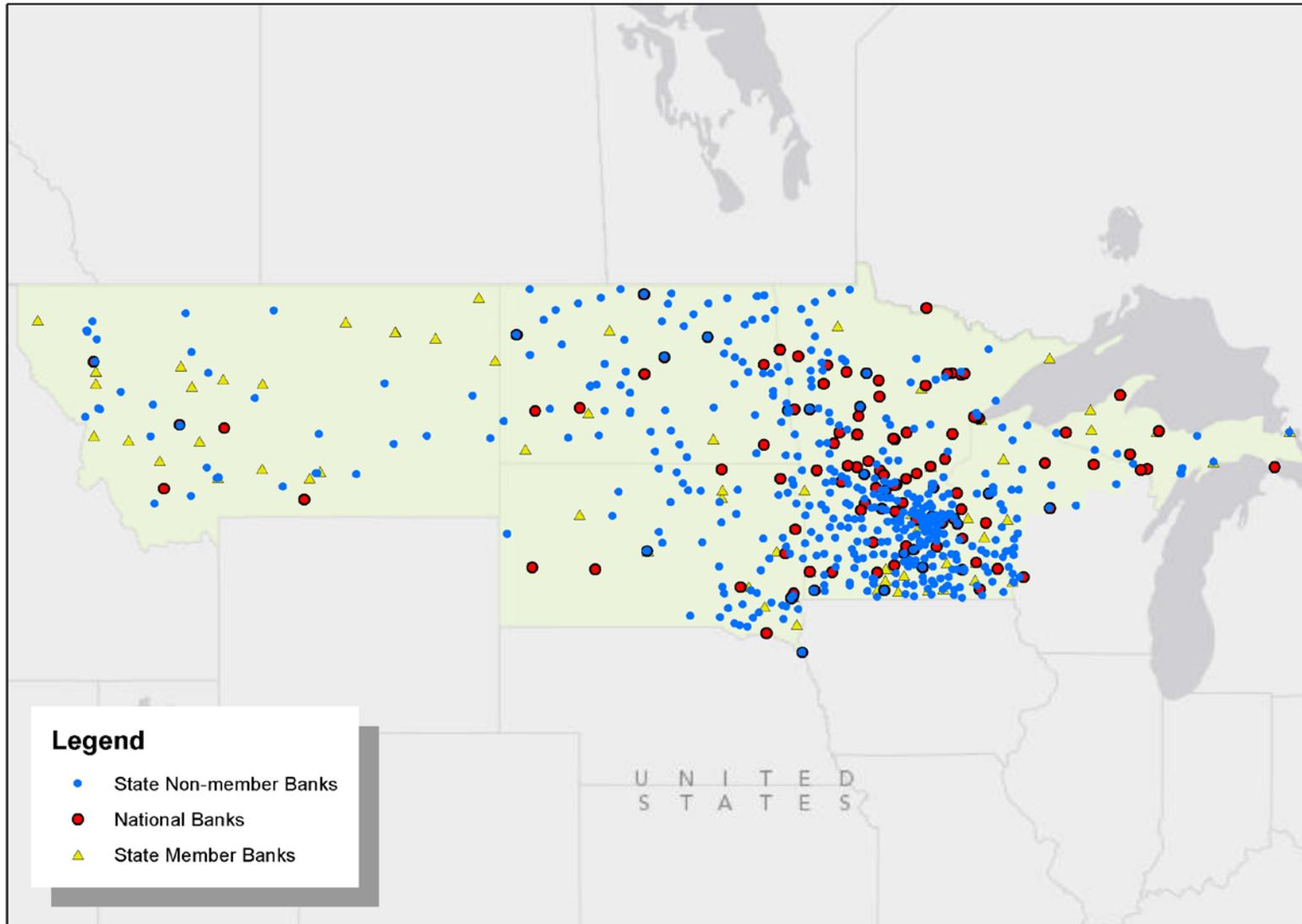
Greatest Share of Small Business Lending

District		
Bank Name (Bank Holding Companies)	Total (\$Millions)	Share
WELLS FARGO & CO SAN FRANCISCO, CA	\$3,328	24.94%
BREMER BANKS SAINT PAUL, MN	\$1,712	12.83%
U S BANK MINNEAPOLIS, MN	\$1,482	11.10%
M&I MARSHALL & ILSLEY BANK MILWAUKEE, WI	\$818	6.13%
ANCHOR BANK WAYZATA, MN	\$643	4.82%
KLEIN FINANCIAL CHASKA, MN	\$583	4.37%
ASSOCIATED BANK GREEN BAY, WI	\$485	3.64%
STATE BSHRS FARGO, ND	\$425	3.18%
AMERICAN EXPRESS NEW YORK, NY	\$348	2.60%
BANCWEST CORP HONOLULU, HI	\$299	2.24%

Minnesota		
Bank Name (Bank Holding Companies)	Total Deposits (\$Millions)	Share
WELLS FARGO & CO SAN FRANCISCO, CA	\$1,835	29.80%
BREMER BANKS SAINT PAUL, MN	\$975	15.83%
U S BANK MINNEAPOLIS, MN	\$857	13.92%
DACOTAH BANKS ABERDEEN, SD	\$352	5.72%
STOCKMAN BANK MILES CITY, MT	\$297	4.82%
M&I MARSHALL & ILSLEY BANK MILWAUKEE, WI	\$279	4.53%
FIRST INTERSTATE BANC SYSTEM BILLINGS, MT	\$263	4.27%
STATE BSHRS FARGO, ND	\$199	3.24%
ASSOCIATED BANK GREEN BAY, WI	\$158	2.56%
ANCHOR BANK WAYZATA, MN	\$115	1.86%

Source: FFIEC CRA Disclosure Data 2011

Charter Types of District Banks



Source: National Information Center as of 11/1/2012

Bank Safety/Soundness Supervision

- CAMELS Ratings Framework
- One (Excellent) Through Five (Failure)
- “Bad” Ratings Lead to:
 - Limits on Activities/Operations
 - Fixes of Problems
- Supervision is Typically Private

Bank Safety/Soundness Supervision

- CAMELS “Composite”
- “Components”
 - Capital
 - Asset Quality
 - Management
 - Earnings
 - Liquidity
 - Sensitivity

Bank Holding Companies

- Ninth District Banks Often Owned by Bank Holding Companies (BHC)
- Most Ninth District BHCs Own Just a Bank and Have Limited Activity
- A Small Number of Ninth District BHCs are Large and Complex

BHC Supervision

- Source of Strength
- RFI/C (D) Framework (One Through Five)
 - Risk Management
 - Financial
 - Impact
 - Composite
 - (Depository)

Consumer/Compliance/CRA Supervision

- Rate Compliance Program
 - One Through Five Rating System
 - Review Key Aspects of Program Bank Uses to Comply with Consumer Regulations
 - Review Compliance with Specific Regulations/Laws
- Rate Performance Relative to Community Reinvestment Act
 - Outstanding Through Substantial Noncompliance