Ninth District Banks and Their Supervision

Ron Feldman
Federal Reserve Bank of Minneapolis
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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
District Banks by Total Asset Size
As of 6/30/2012

- Greater than $1 Billion
- $500 Million to $1 Billion
- $100 Million to $500 Million
- $50 Million to $100 Million
- Less than $50 Million
District Banks by Total Asset Size and Share of Assets
As of 6/30/2012

- Greater than $1 Billion
- $500 Million to $1 Billion
- $100 Million to $500 Million
- $50 Million to $100 Million
- Less than $50 Million

Number of Banks vs. Share of Assets
Location of District Banks by Total Asset Size
As of 6/30/2012

Legend
Banks by Total Assets
Total Assets
- Less than $50 million
- Between $50 million and $100 million
- Between $100 million and $500 million
- Between $500 million and $1 billion
- Greater than $1 billion
Minnesota and District Bank Median
“Cash” as a Percent of Total Assets

Fed Funds, Repos, Due From, and Currency as a Percent of Total Assets

9th District
Minnesota
District Banks with Concentrations of Lending

As of 6/30/2012
District Banks with Concentrations of Lending
As of 6/30/2012

Legend
- Agriculture Concentration
- CRE Concentration
- Agriculture and CRE Concentrations

[Map showing concentrations of lending with various symbols for Agriculture, CRE, and combined Agriculture and CRE]
Deposits as a Share of Total Liabilities
Insured and Uninsured, District and Minnesota

9th District
- Uninsured

Minnesota
- Insured

Insured
- Uninsured
Total Problem Assets, Median Bank
District and Minnesota

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

- District
- Minnesota
- MN 20 year Median
- District 20 year Median

Year:
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012

Median:
- 20 year Median
District Bank Branch Locations and Ownership

Source: National Information Center as of 11/1/2012
## Greatest Share of Deposits in District and Minnesota

<table>
<thead>
<tr>
<th>Bank Name (Bank Holding Companies)</th>
<th>District</th>
<th>Total Deposits ($Millions)</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>CITIGROUP</td>
<td>District</td>
<td>$222,132</td>
<td>38.60%</td>
</tr>
<tr>
<td>WELLS FARGO &amp; CO</td>
<td>District</td>
<td>$166,510</td>
<td>28.93%</td>
</tr>
<tr>
<td>U S BANK</td>
<td>District</td>
<td>$50,350</td>
<td>8.75%</td>
</tr>
<tr>
<td>BREMER BANKS, SAINT PAUL, MN</td>
<td>District</td>
<td>$6,572</td>
<td>1.14%</td>
</tr>
<tr>
<td>TCF BANK WAYZATA, MN</td>
<td>District</td>
<td>$5,971</td>
<td>1.04%</td>
</tr>
<tr>
<td>AMERICAN BANK</td>
<td>Minnesota</td>
<td>$86,556</td>
<td>43.06%</td>
</tr>
<tr>
<td>U S BANK</td>
<td>Minnesota</td>
<td>$45,265</td>
<td>22.52%</td>
</tr>
<tr>
<td>TCF BANK</td>
<td>Minnesota</td>
<td>$5,186</td>
<td>2.58%</td>
</tr>
<tr>
<td>BREMER BANKS, SAINT PAUL, MN</td>
<td>Minnesota</td>
<td>$4,562</td>
<td>2.27%</td>
</tr>
<tr>
<td>BMO HARRIS BANK WILMINGTON, DE</td>
<td>Minnesota</td>
<td>$2,703</td>
<td>1.34%</td>
</tr>
<tr>
<td>ASSOCIATED BANK GREEN BAY, WI</td>
<td>Minnesota</td>
<td>$1,467</td>
<td>0.73%</td>
</tr>
<tr>
<td>GLACIER BANK KALISPELL, MT</td>
<td>Minnesota</td>
<td>$1,283</td>
<td>0.64%</td>
</tr>
<tr>
<td>ASSOCIATED BANK GREEN BAY, WI</td>
<td>Minnesota</td>
<td>$1,196</td>
<td>0.59%</td>
</tr>
</tbody>
</table>

Source: FDIC Summary of Deposits 2012 Survey
## Greatest Share of Small Business Lending

### District

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

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