

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

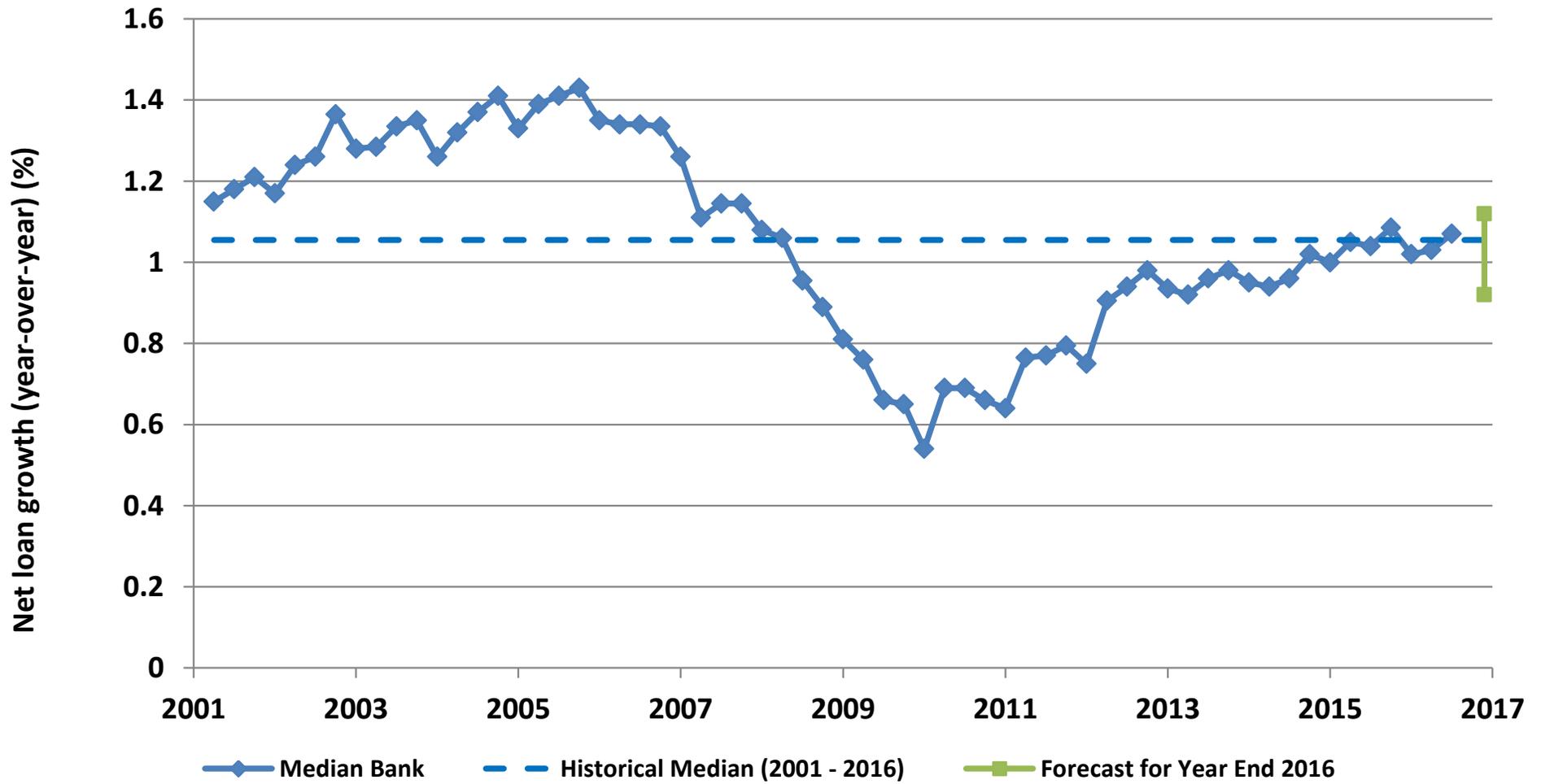
Ron Feldman  
Executive Vice President  
Federal Reserve Bank of  
Minneapolis



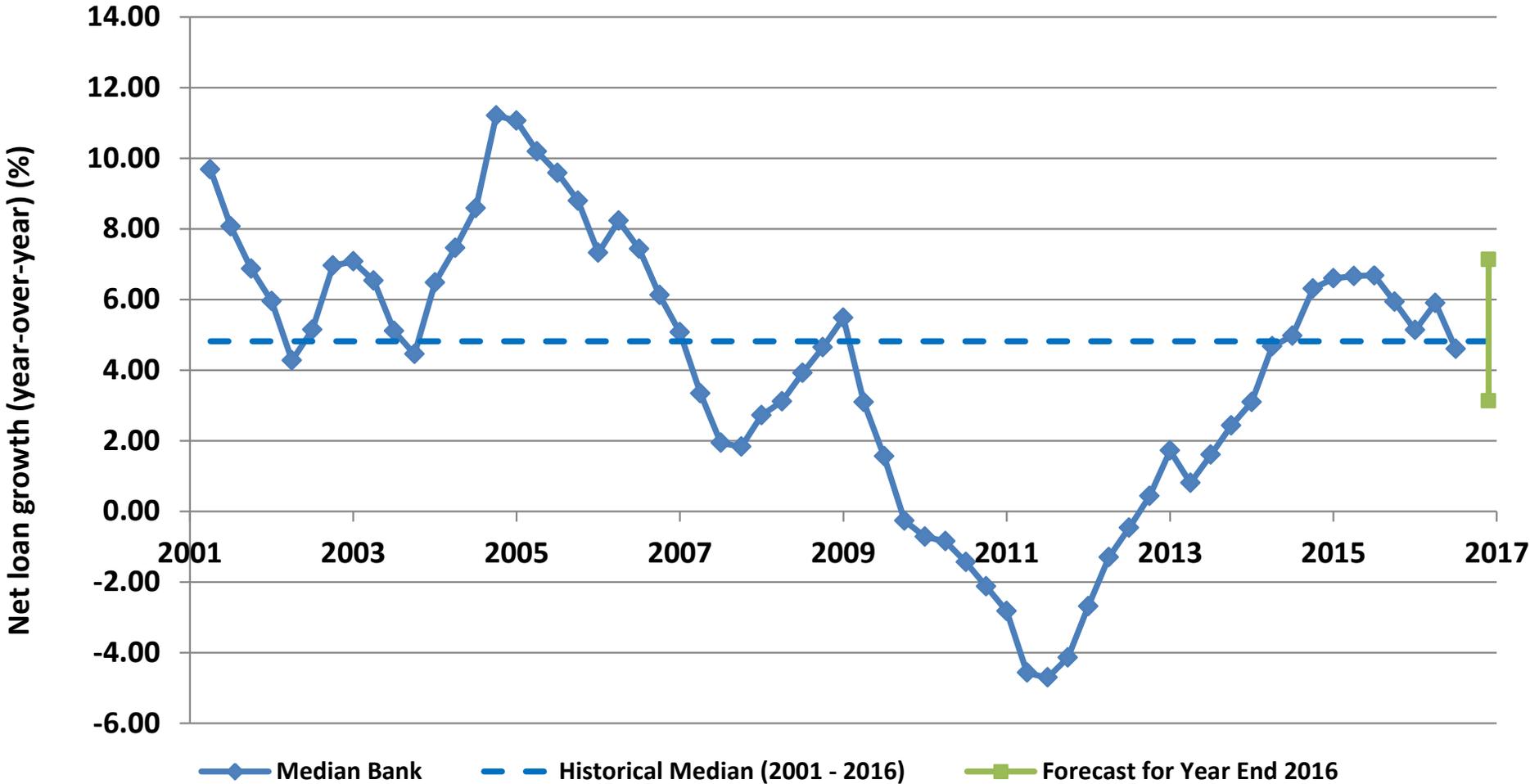
# Second Quarter 2016 Results

- Mixed second quarter for Minnesota and Twin Cities banks
- TC quarter was weak with flat profits and less loan growth; MN a bit more positive
- TC and MN performance is at historic norm except for problem loans, which are at very low levels
- Minneapolis Fed forecast for performance still holding

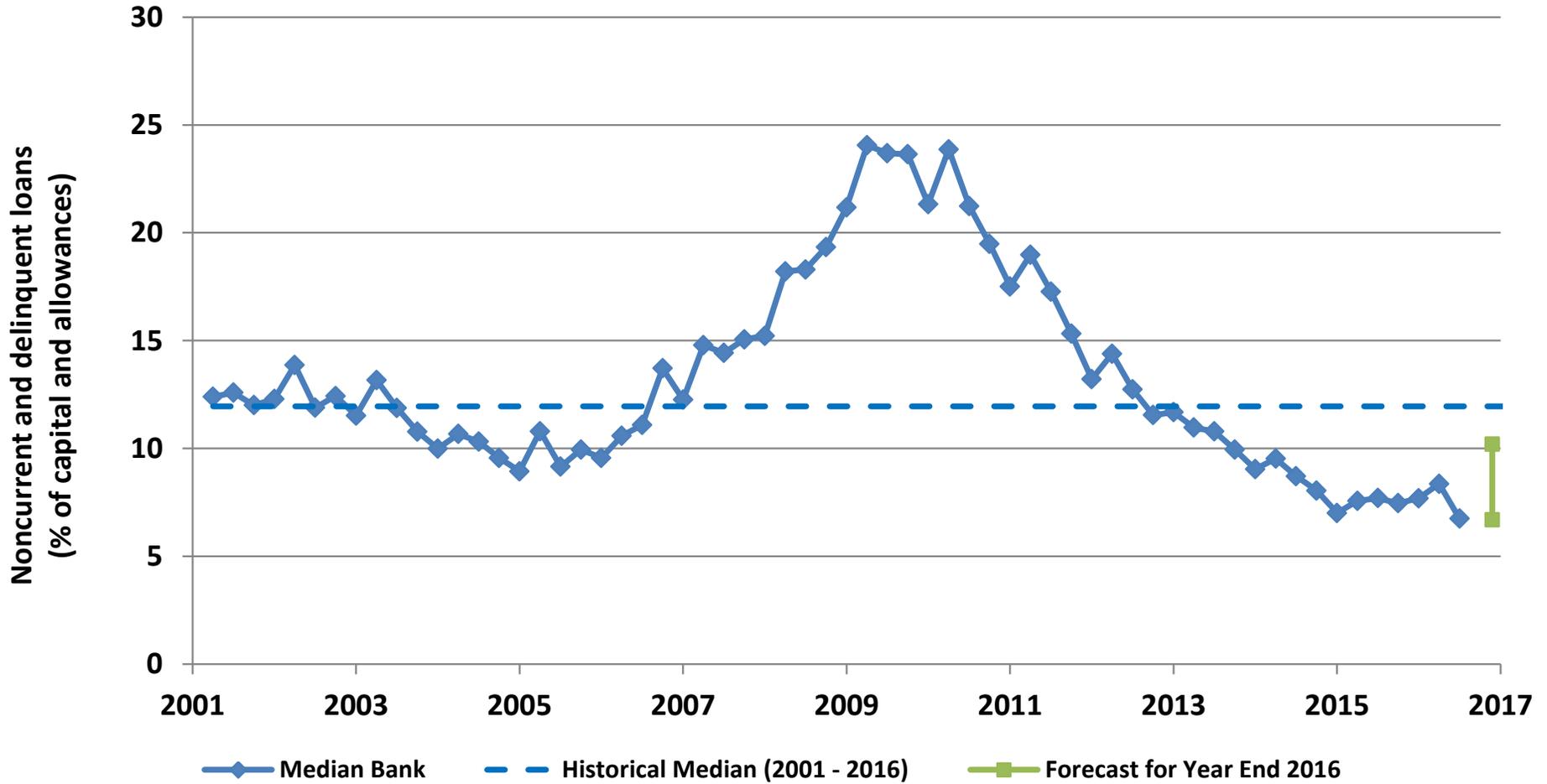
# Medium Increase in MN Bank Profitability in 2016 Q2



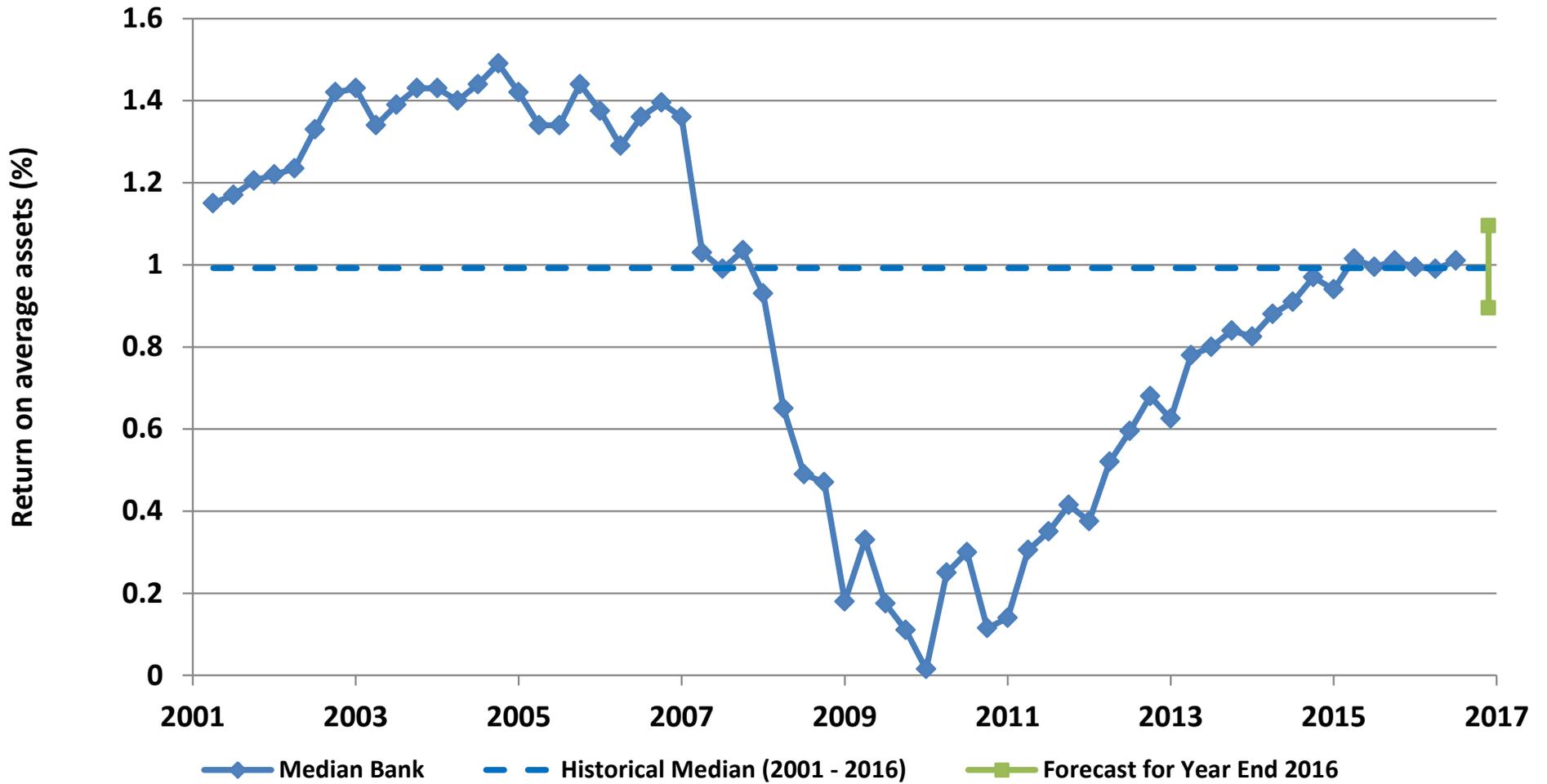
# Medium Decline in MN Bank Loan Growth in 2016 Q2



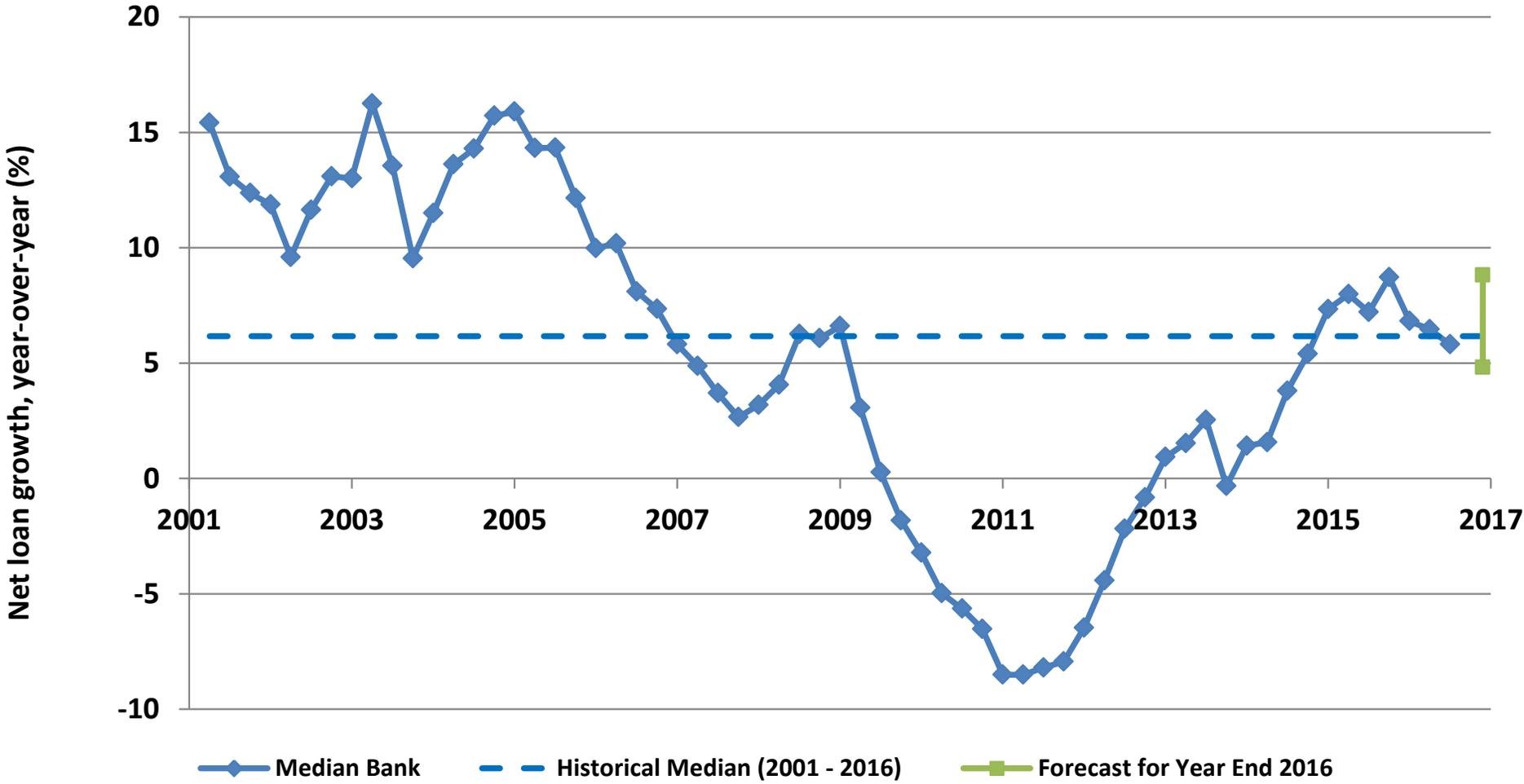
# Medium Decrease in MN Bank Problem Loans in 2016 Q2



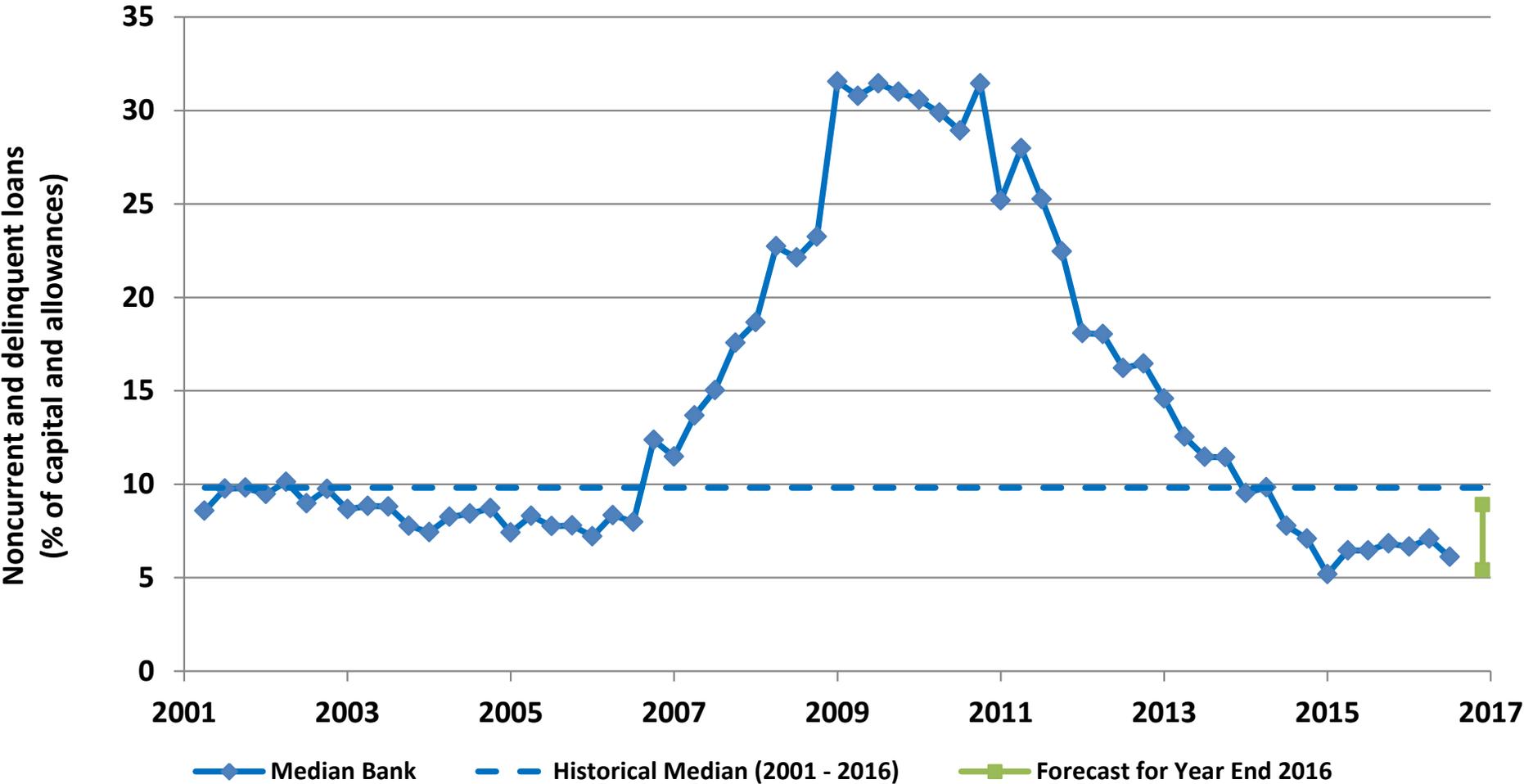
# Twin Cities Bank Profitability Was Flat in 2016 Q2



# Small Decline in Twin Cities Bank Loan Growth in 2016 Q2

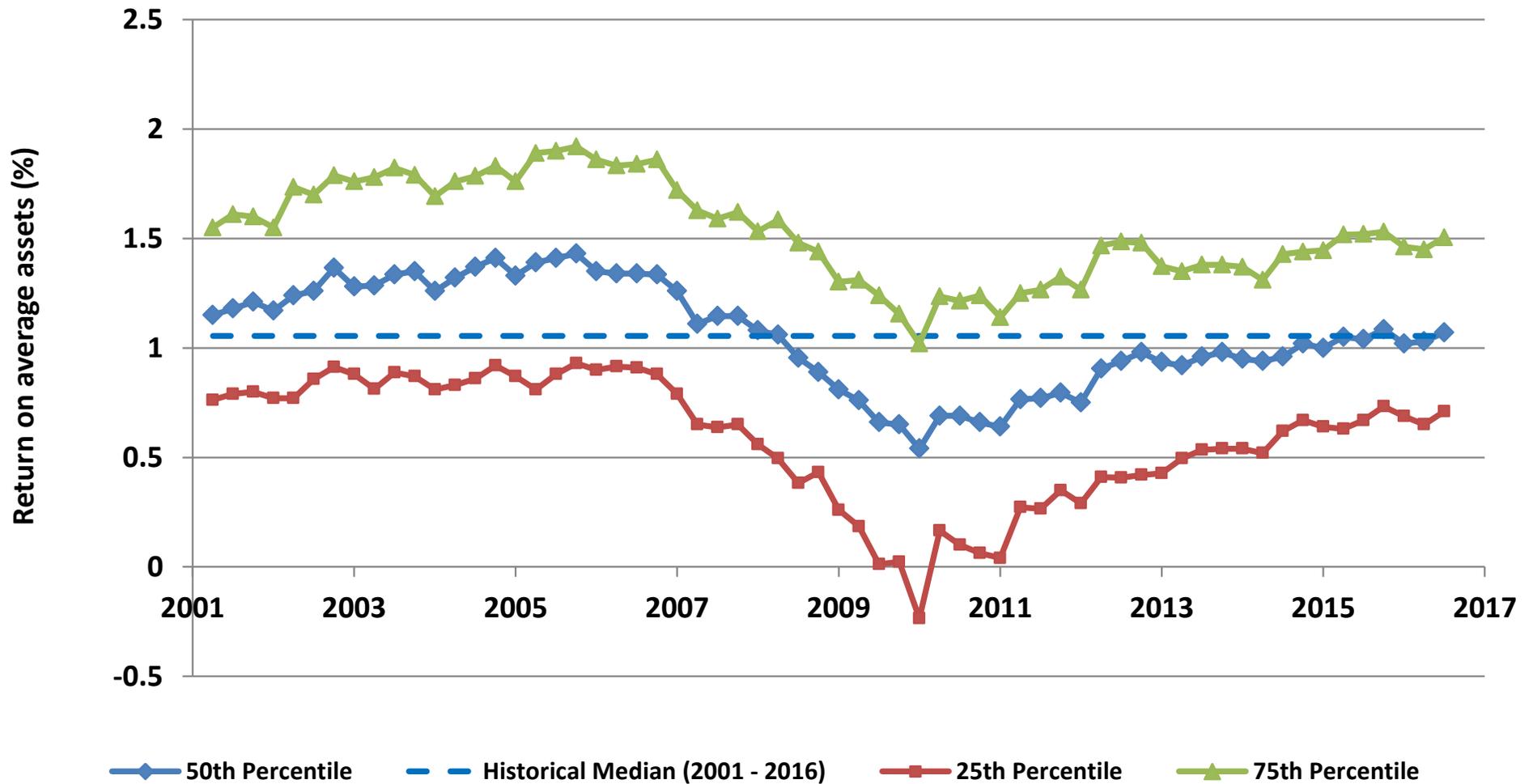


# Medium Decrease in Twin Cities Bank Problem Loans in 2016 Q2

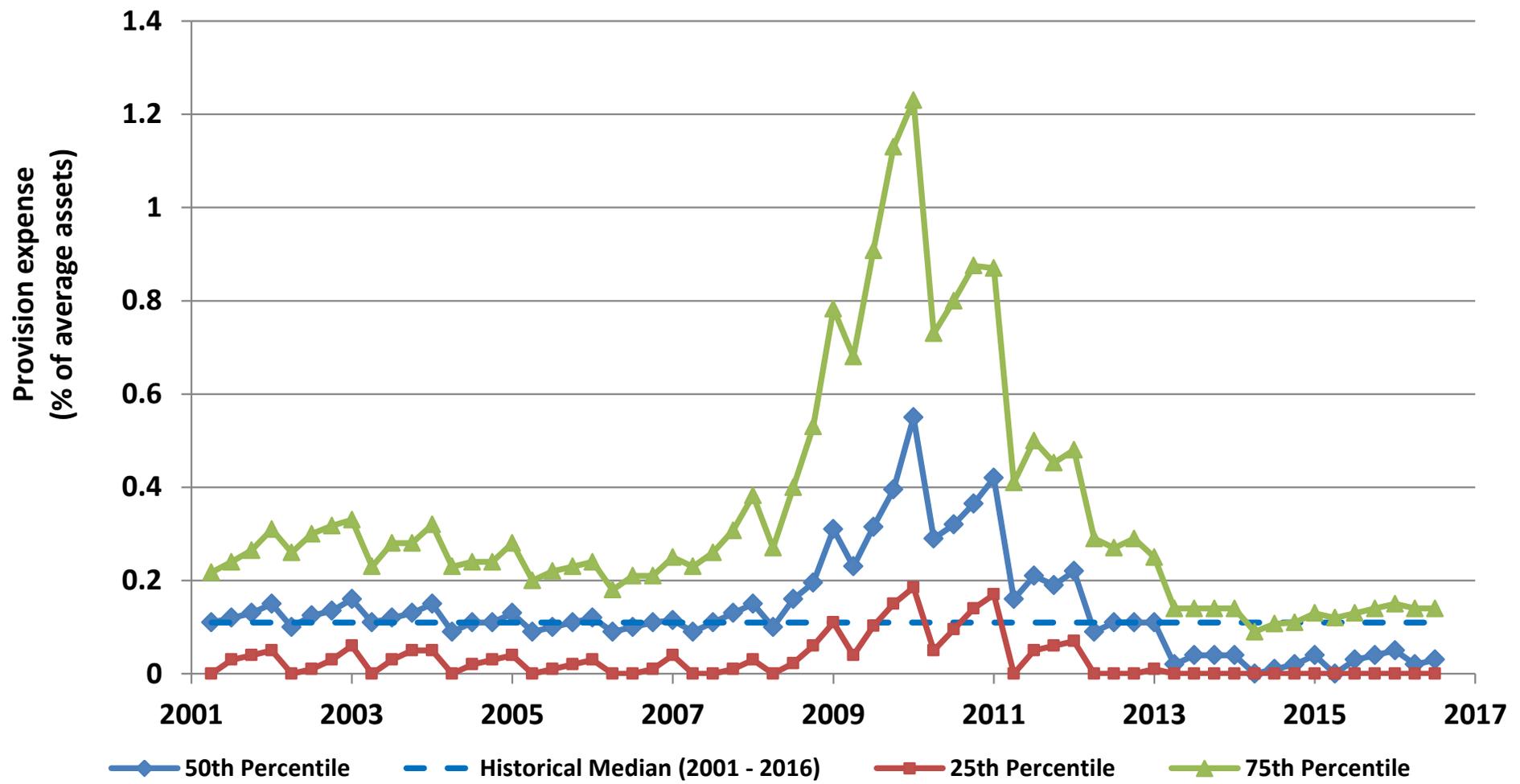


**Appendix:**  
**Details on 2016 Q2 Minnesota and Twin Cities Bank Performance**

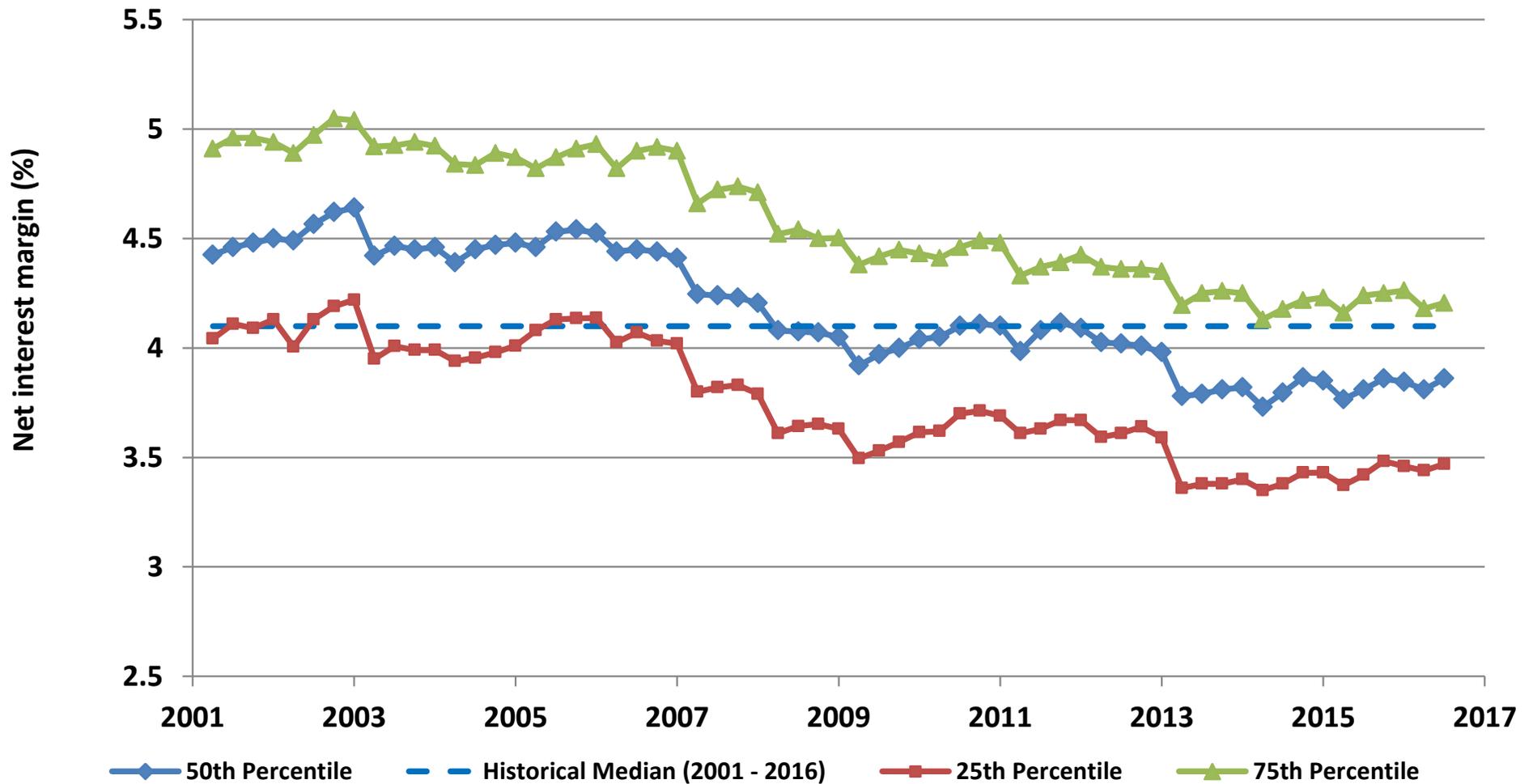
# Medium Increase in Profitability in 2016 Q2 at Minnesota Banks



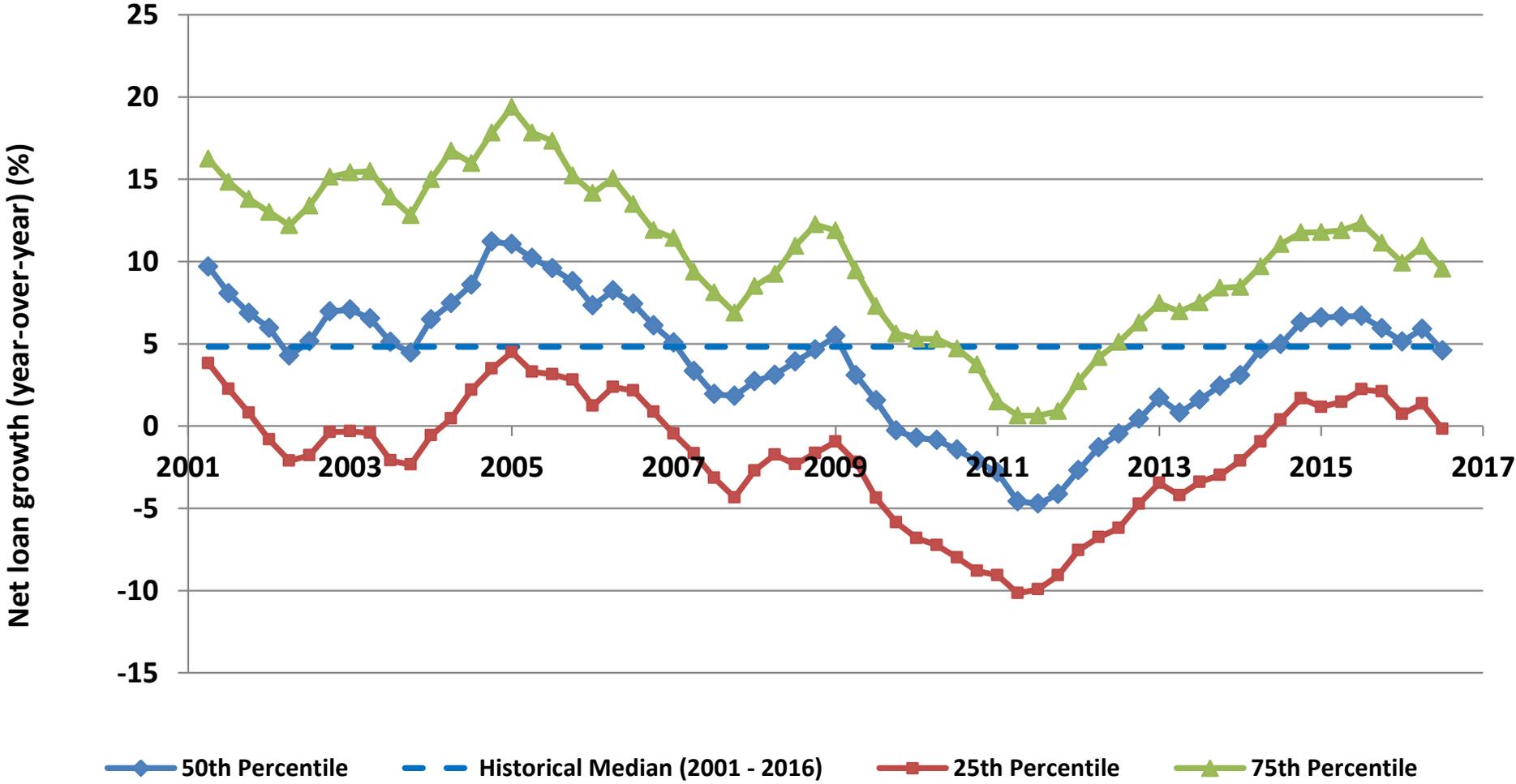
# Small Increase in Provisions in 2016 Q2 at Minnesota Banks



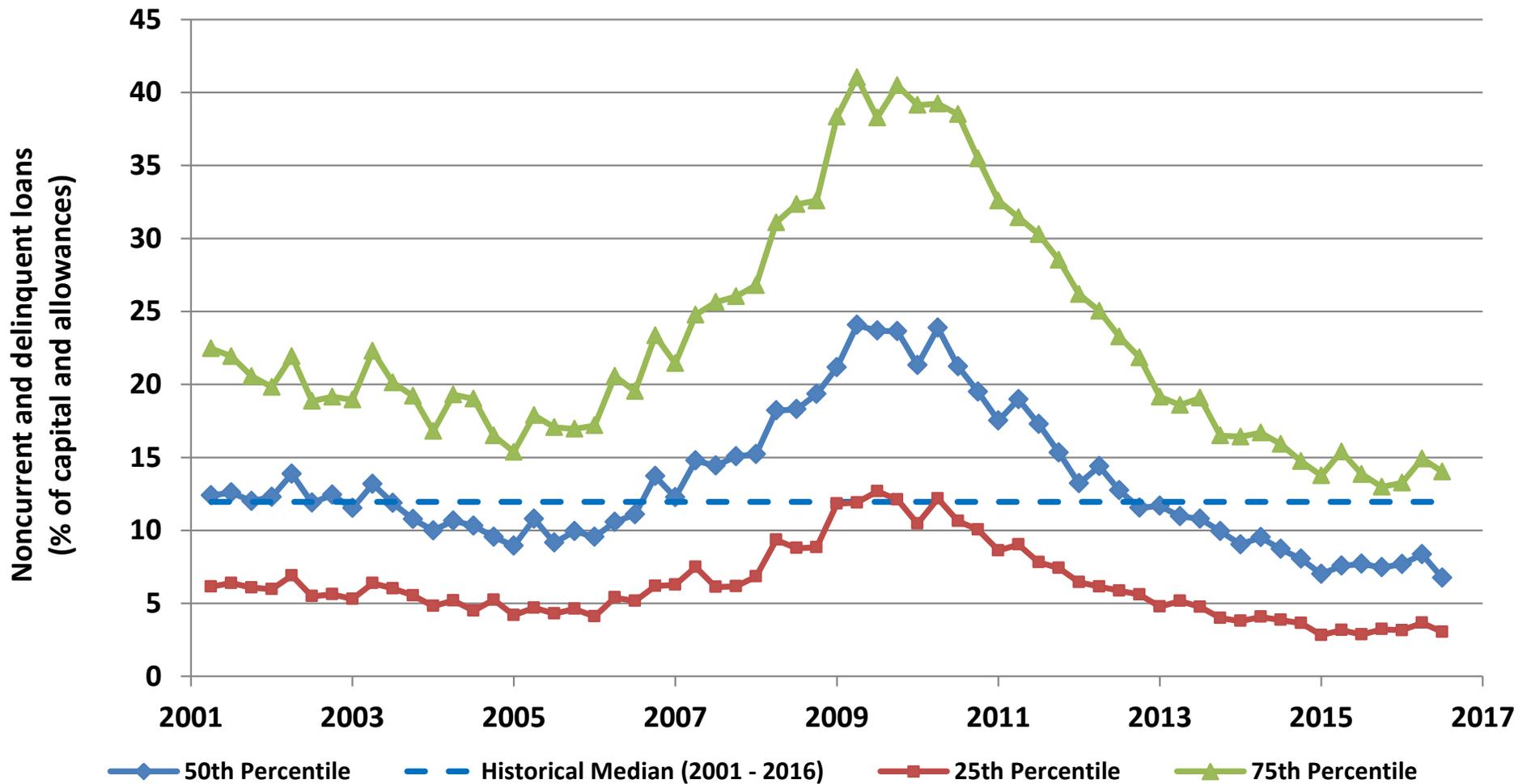
# Medium Increase in Net Interest Margin in 2016 Q2 at Minnesota Banks



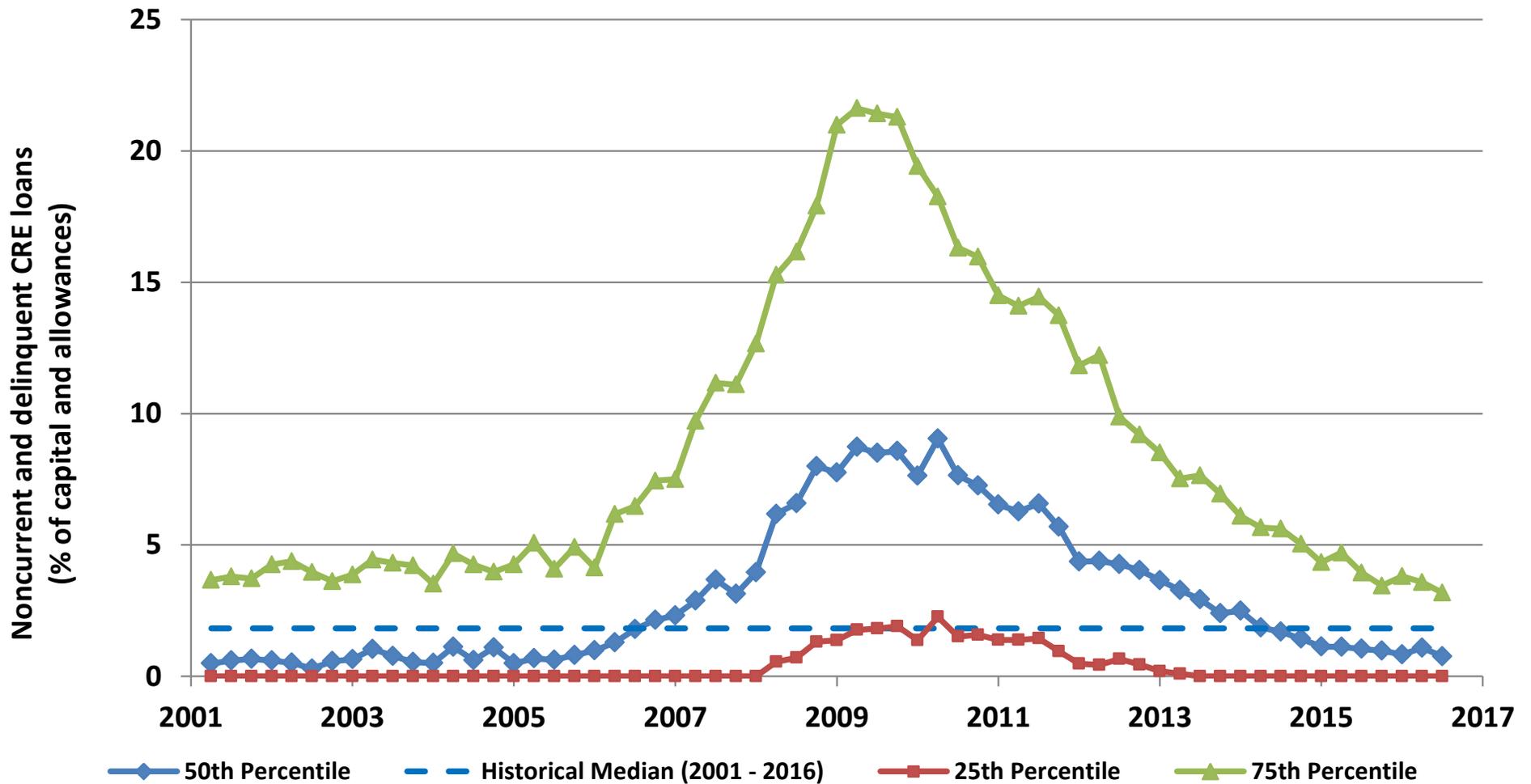
# Medium Decline in Loan Growth in 2016 Q2 at Minnesota Banks



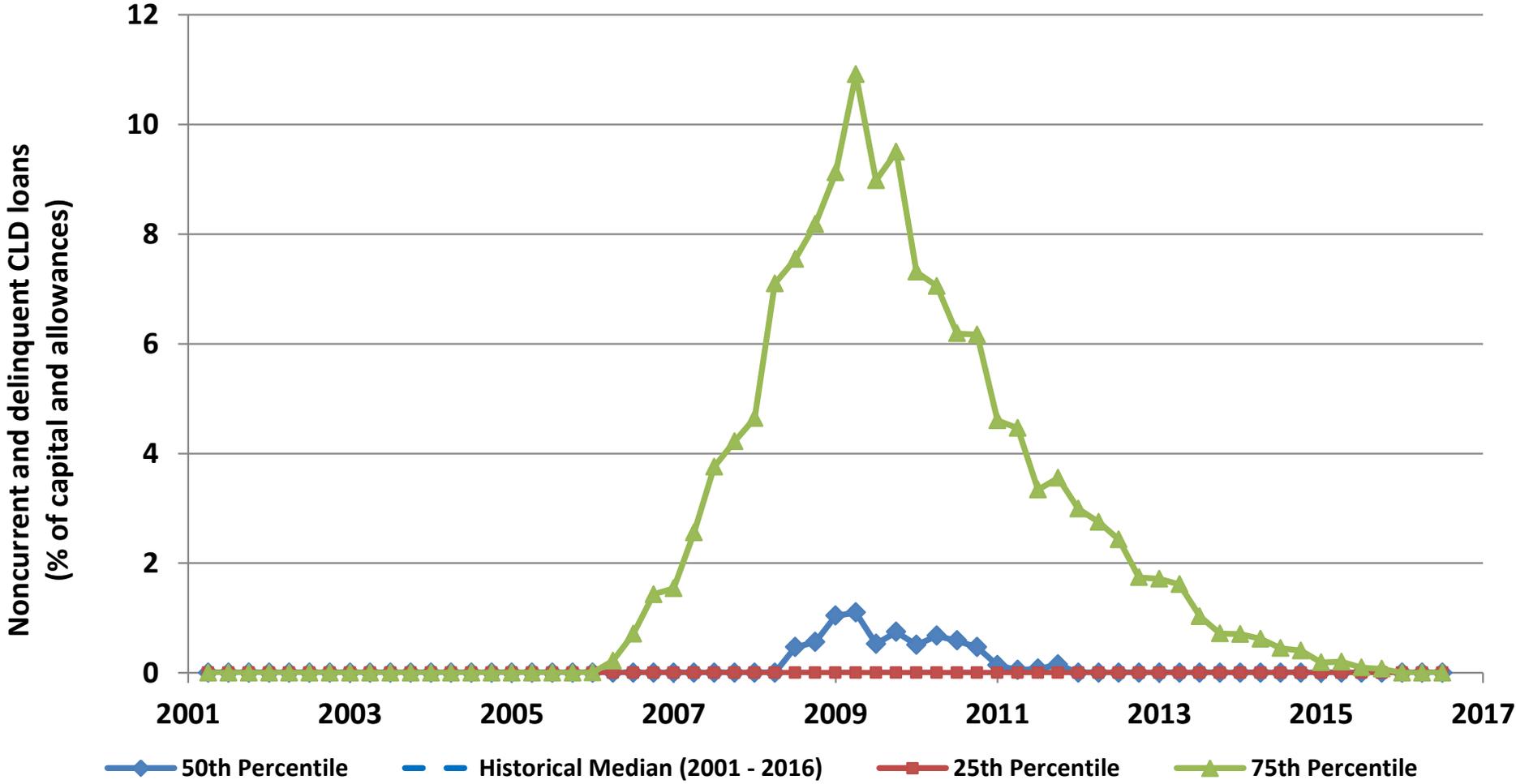
# Medium Decrease in Overall Problem Loans in 2016 Q2 at Minnesota Banks



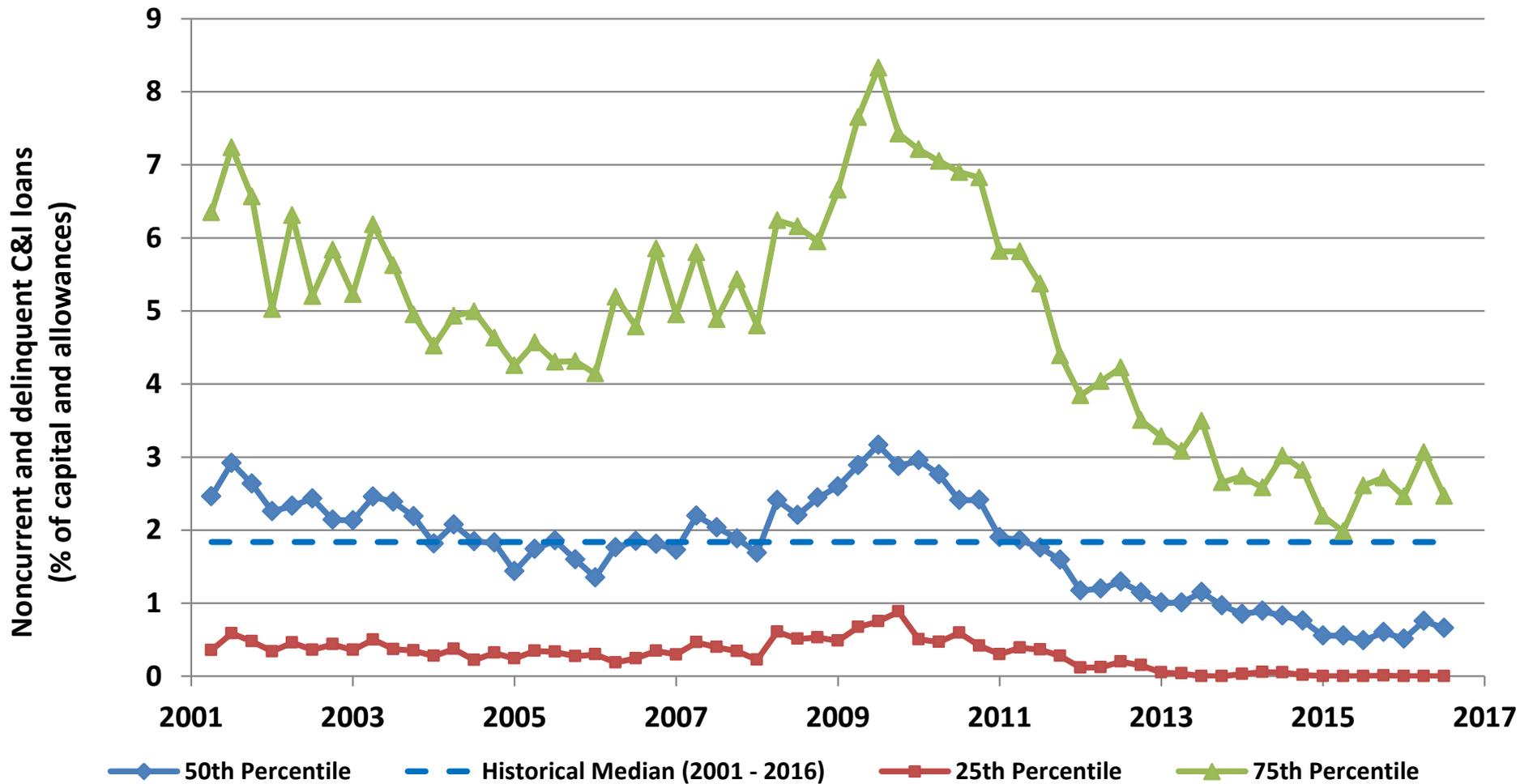
# Medium Decrease in Commercial Real Estate (CRE) Problem Loans in 2016 Q2 at Minnesota Banks



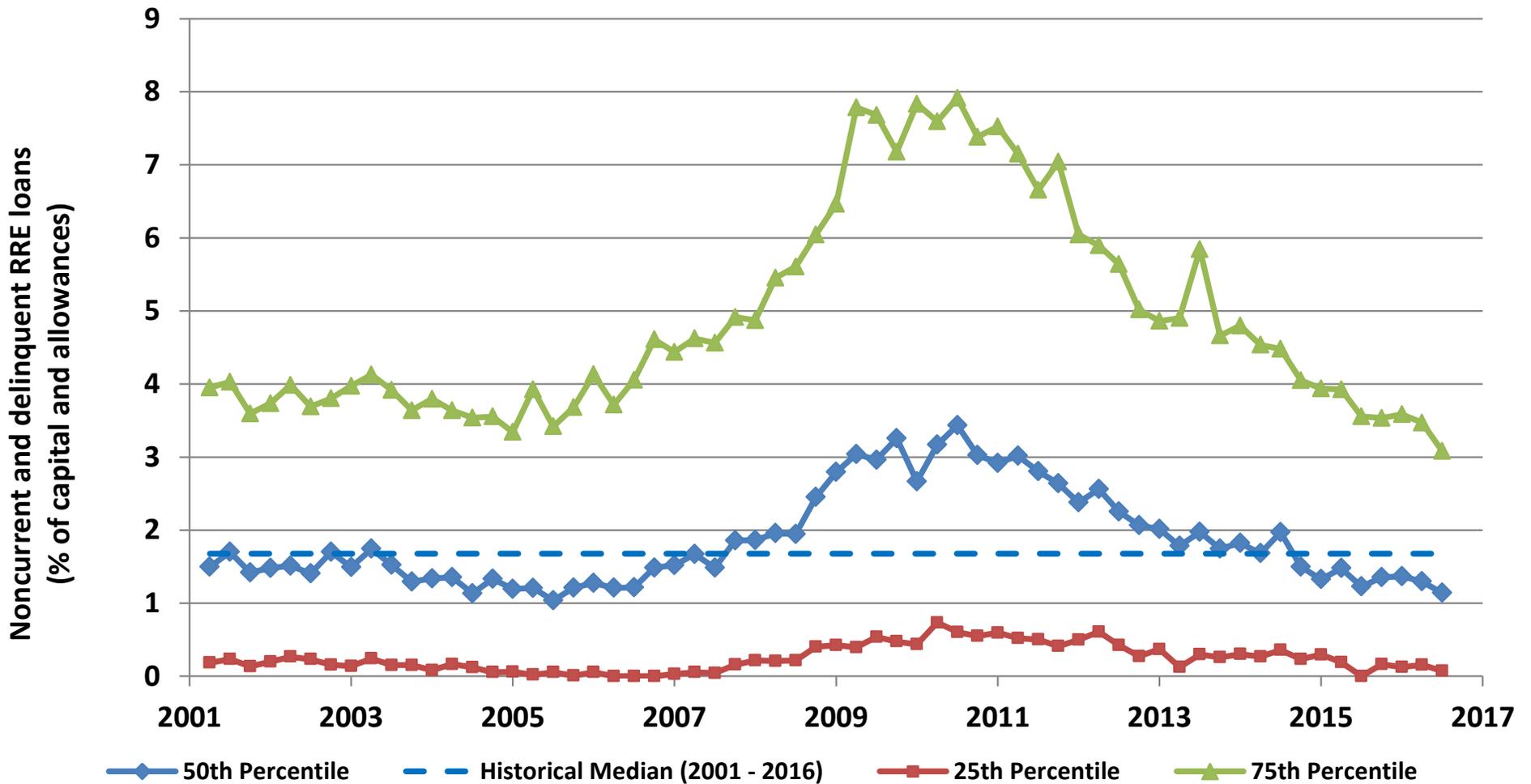
# Construction & Land Development (CLD) Problem Loans Were Flat in 2016 Q2 at Minnesota Banks



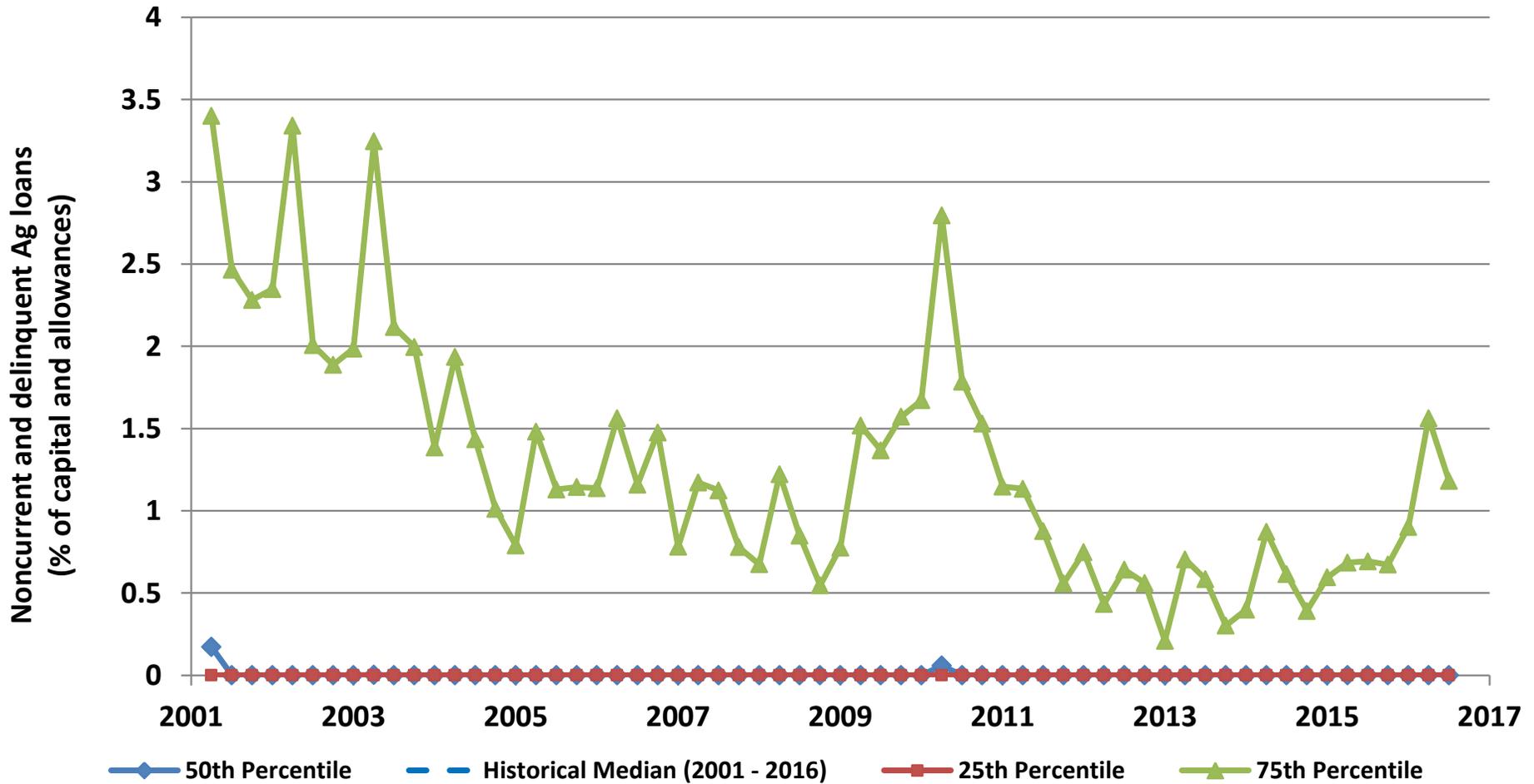
# Small Decrease in Commercial & Industrial (C&I) Problem Loans in 2016 Q2 at Minnesota Banks



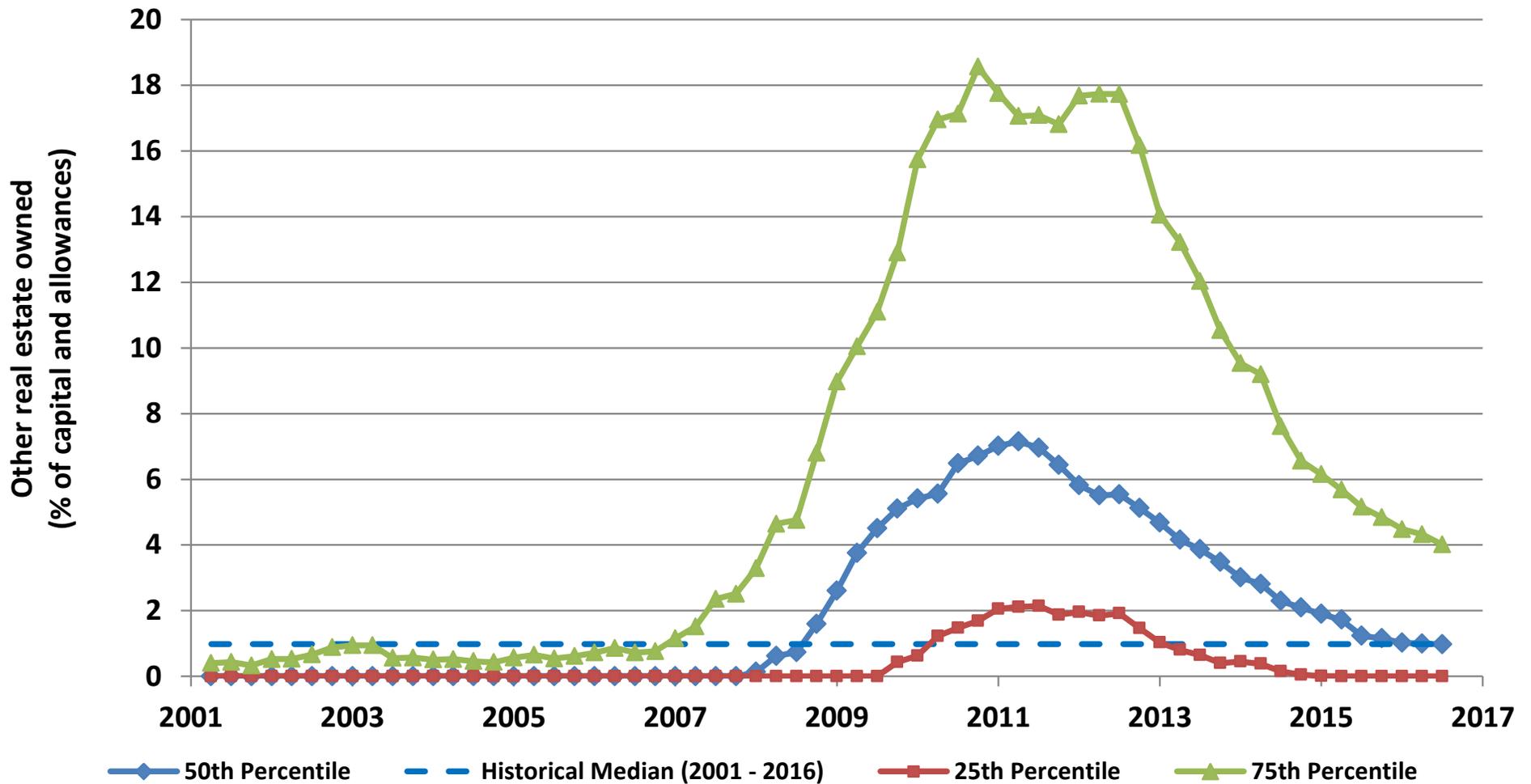
# Small Decrease in Residential Real Estate (RRE) Problem Loans in 2016 Q2 at Minnesota Banks



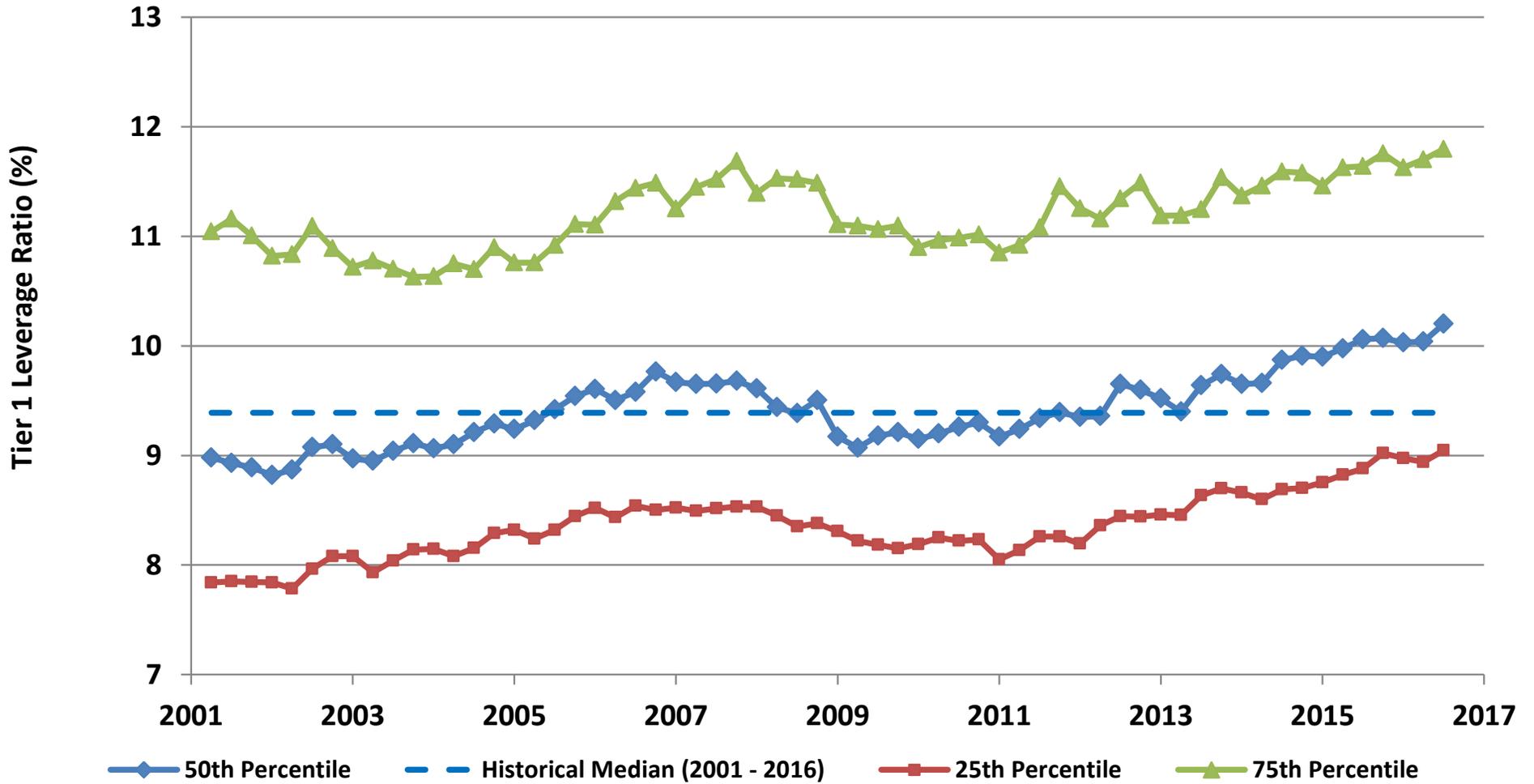
# Agricultural (Ag) Problem Loans Were Flat in 2016 Q2 at Minnesota Banks



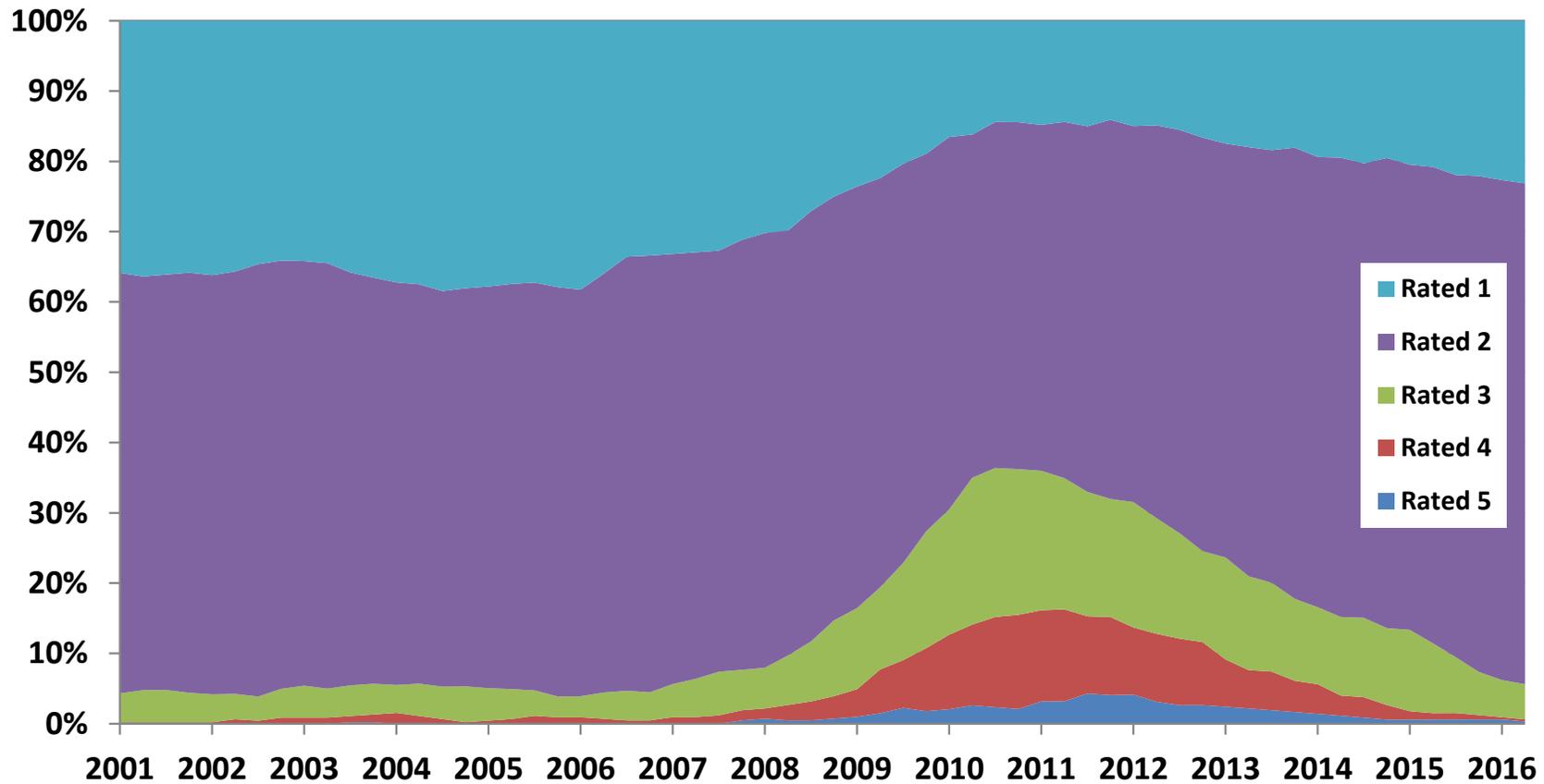
# Other Real Estate Owned (OREO) Problem Loans Were Flat in 2016 Q2 at Minnesota Banks



# Large Increase in Capital in 2016 Q2 at Minnesota Banks



# Bank Ratings Improved During 2016 Q2 at Minnesota Banks

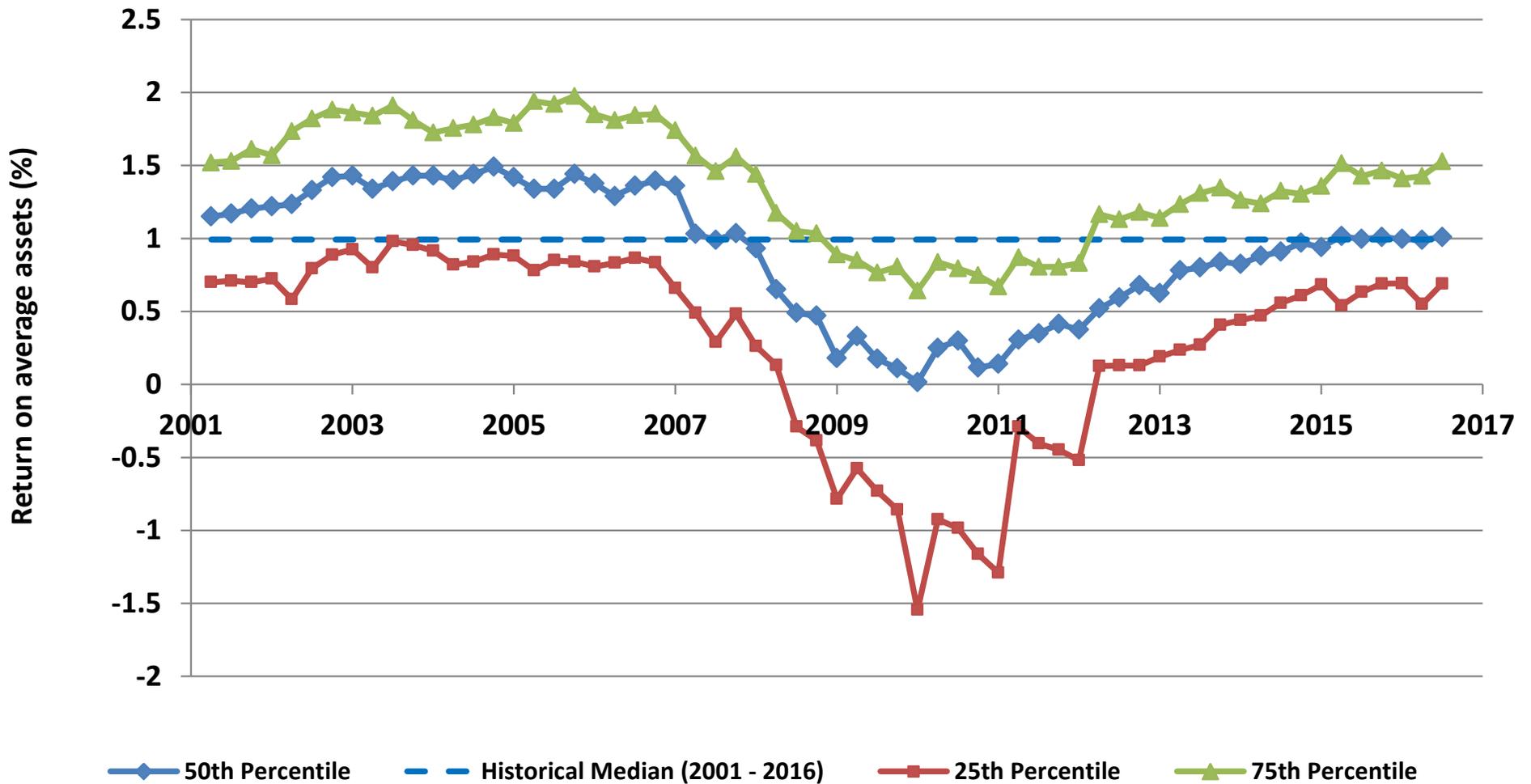


## Federal Reserve Risk Management Ratings – Summary of Definitions

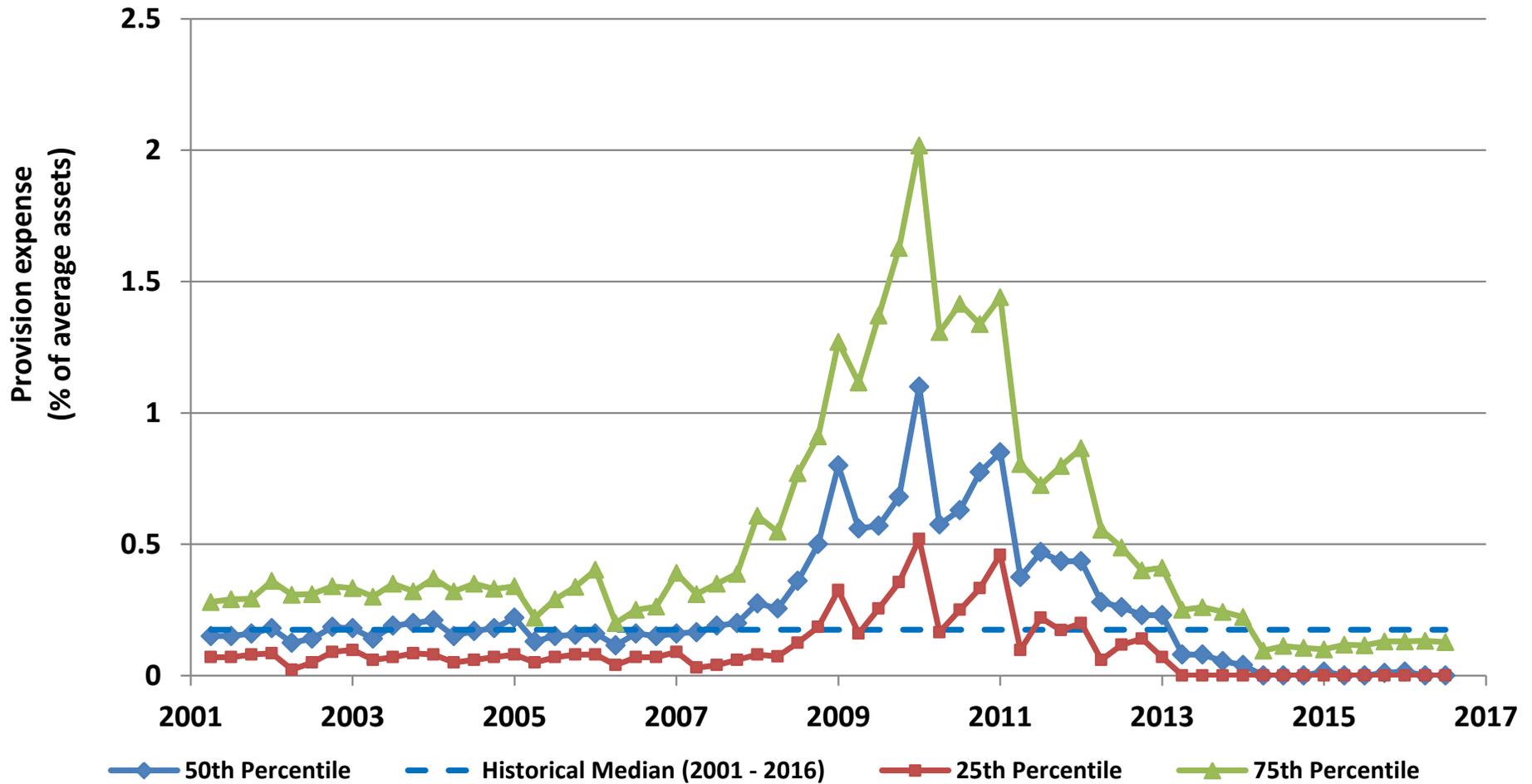
- 1 – Strong or sound in every respect
- 2 – Satisfactory or fundamentally sound
- 3 – Fair/less than satisfactory; requires more than normal supervision
- 4 – Unsatisfactory; unsafe and/or unsound practices and conditions; failure a possibility
- 5 – Critically deficient; extremely unsafe and unsound;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

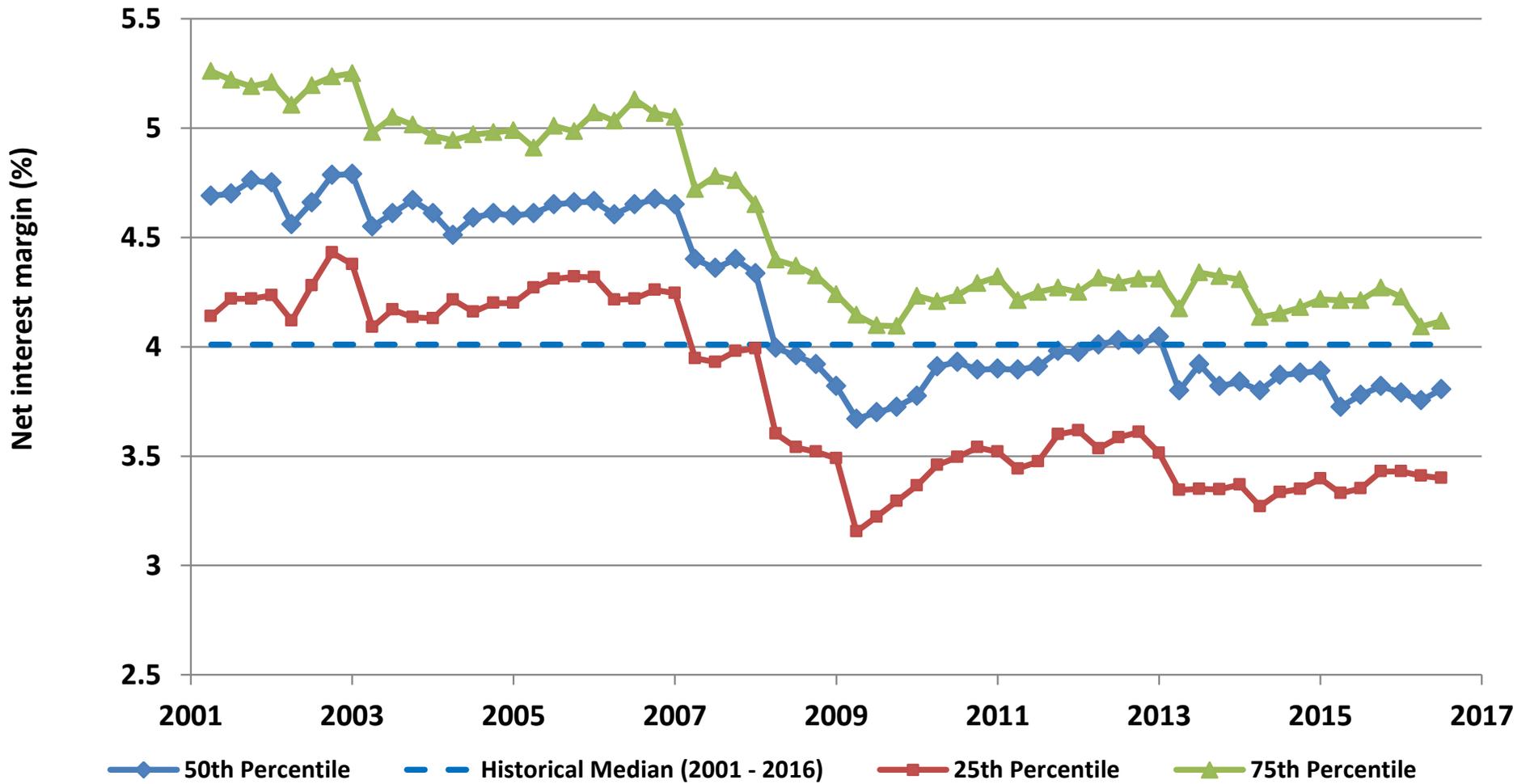
# Profitability Was Flat in 2016 Q2 at Twin Cities Banks



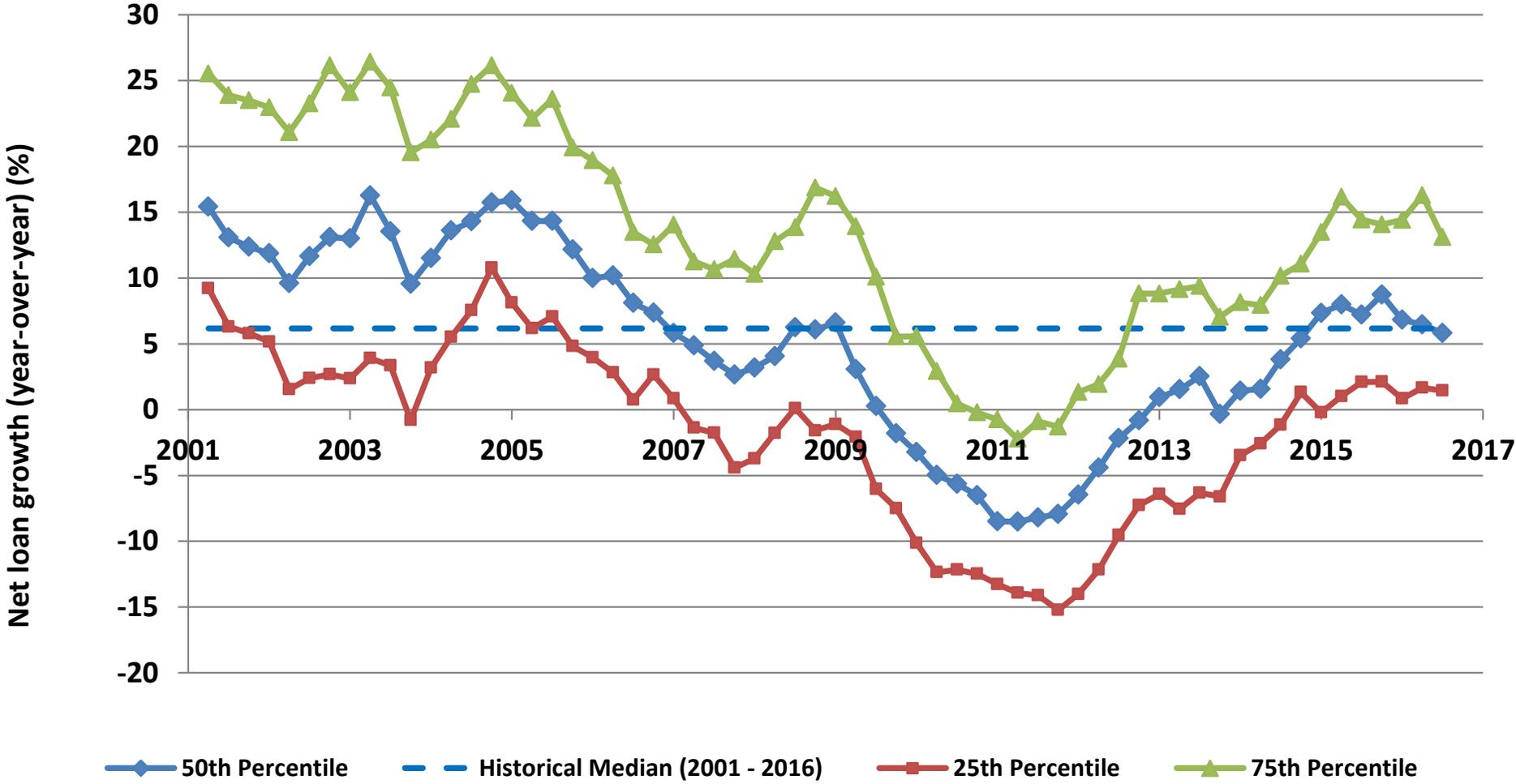
# Provisions Were Flat in 2016 Q2 at Twin Cities Banks



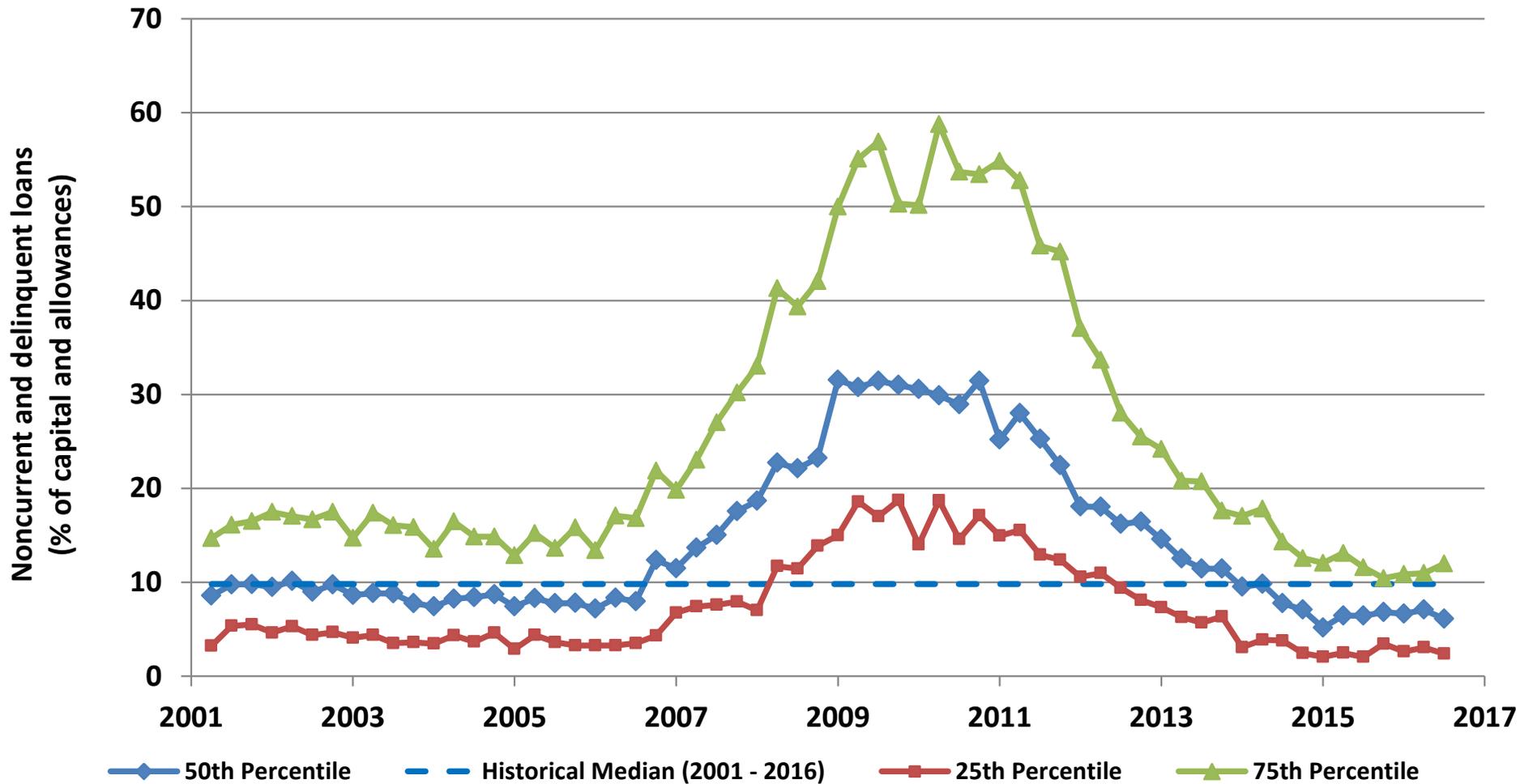
# Medium Increase in Net Interest Margin in 2016 Q2 at Twin Cities Banks



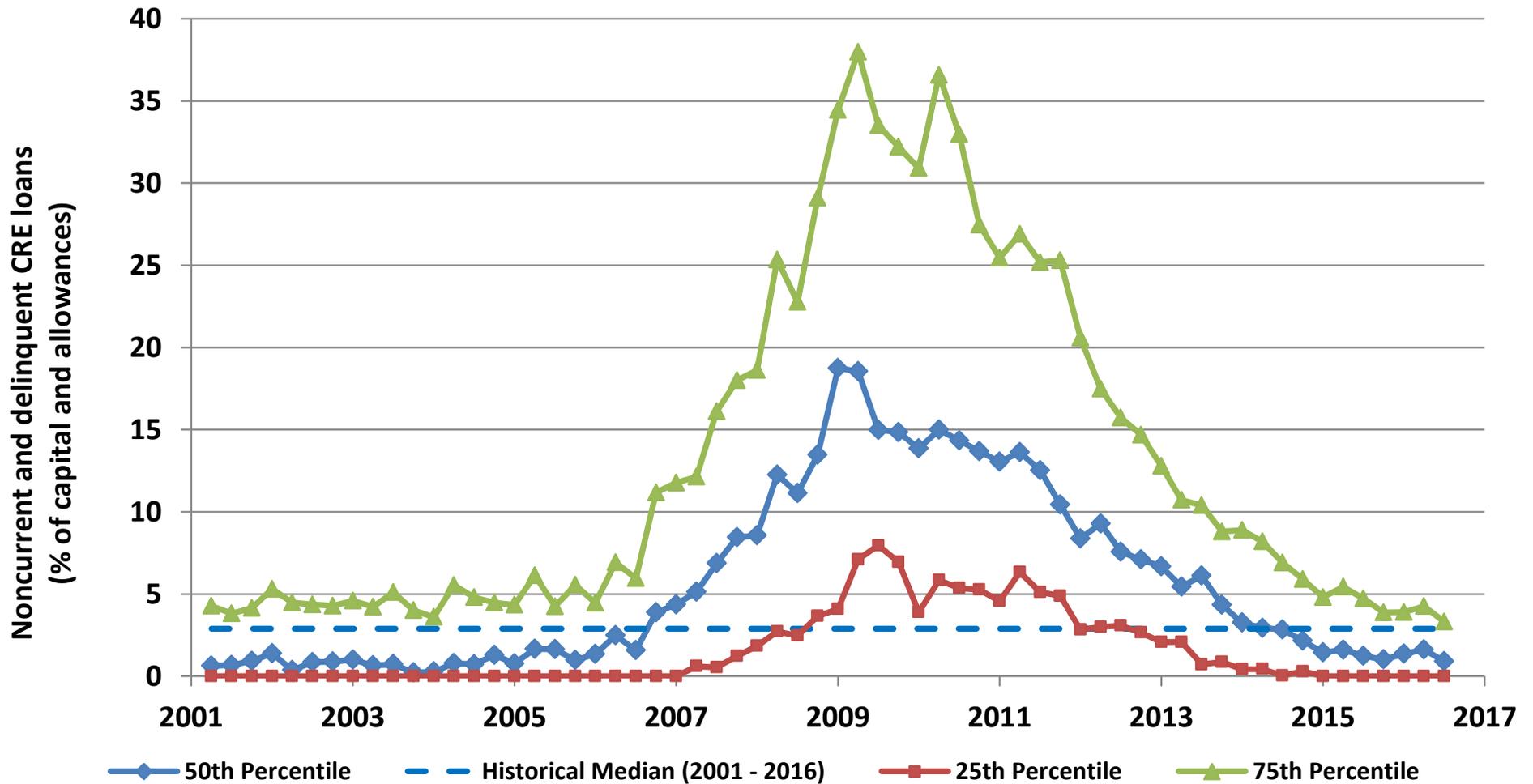
# Small Decline in Loan Growth in 2016 Q2 at Twin Cities Banks



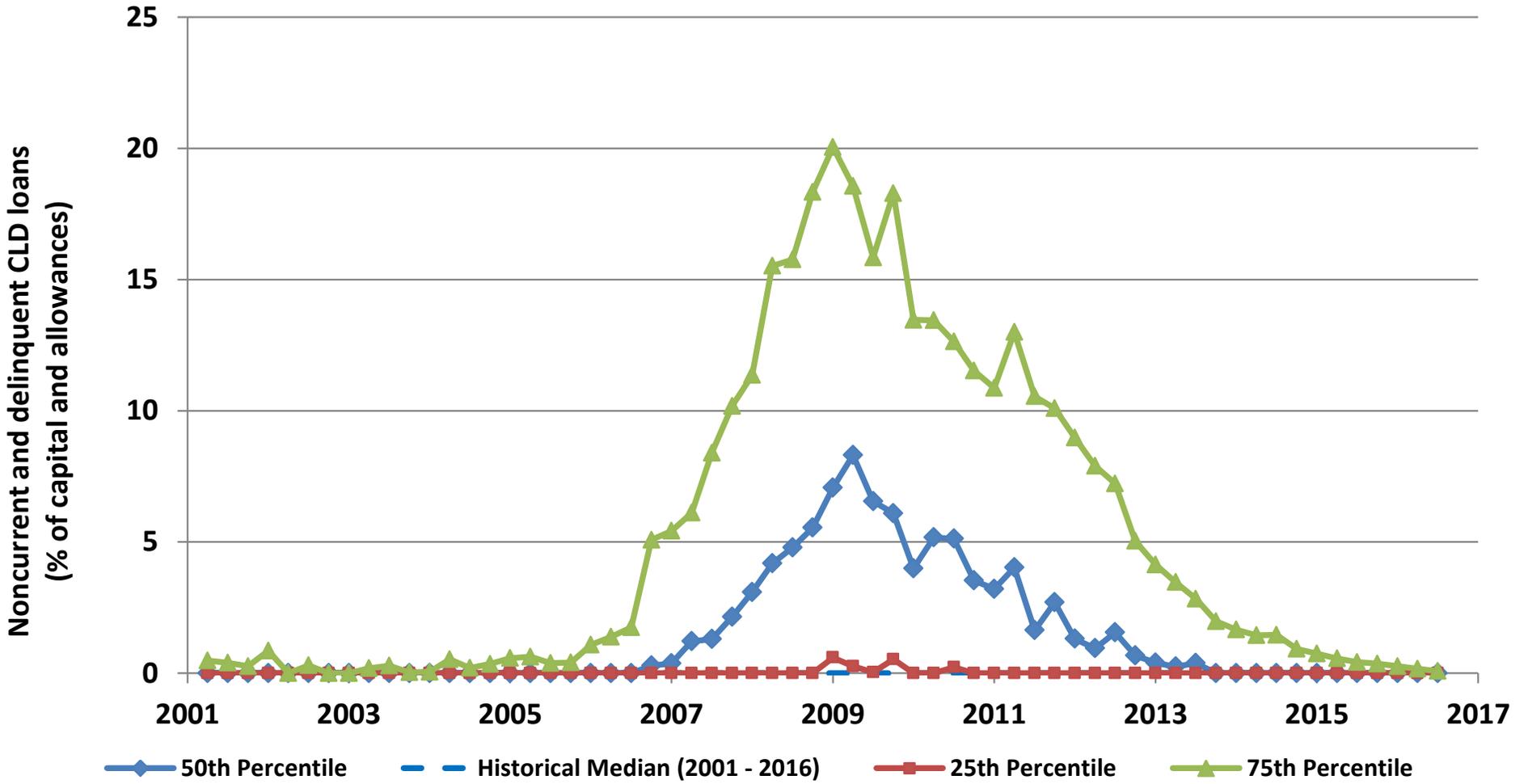
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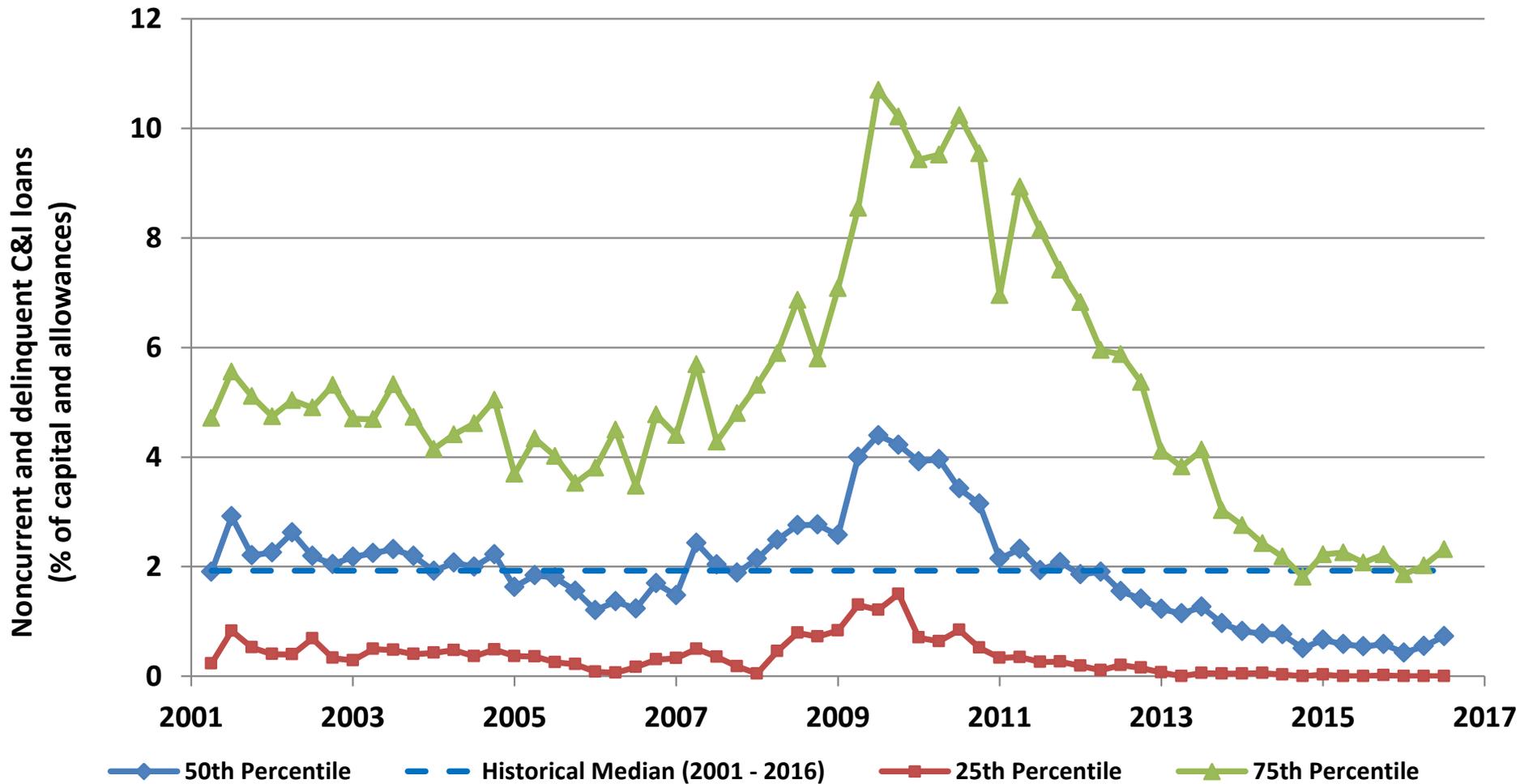
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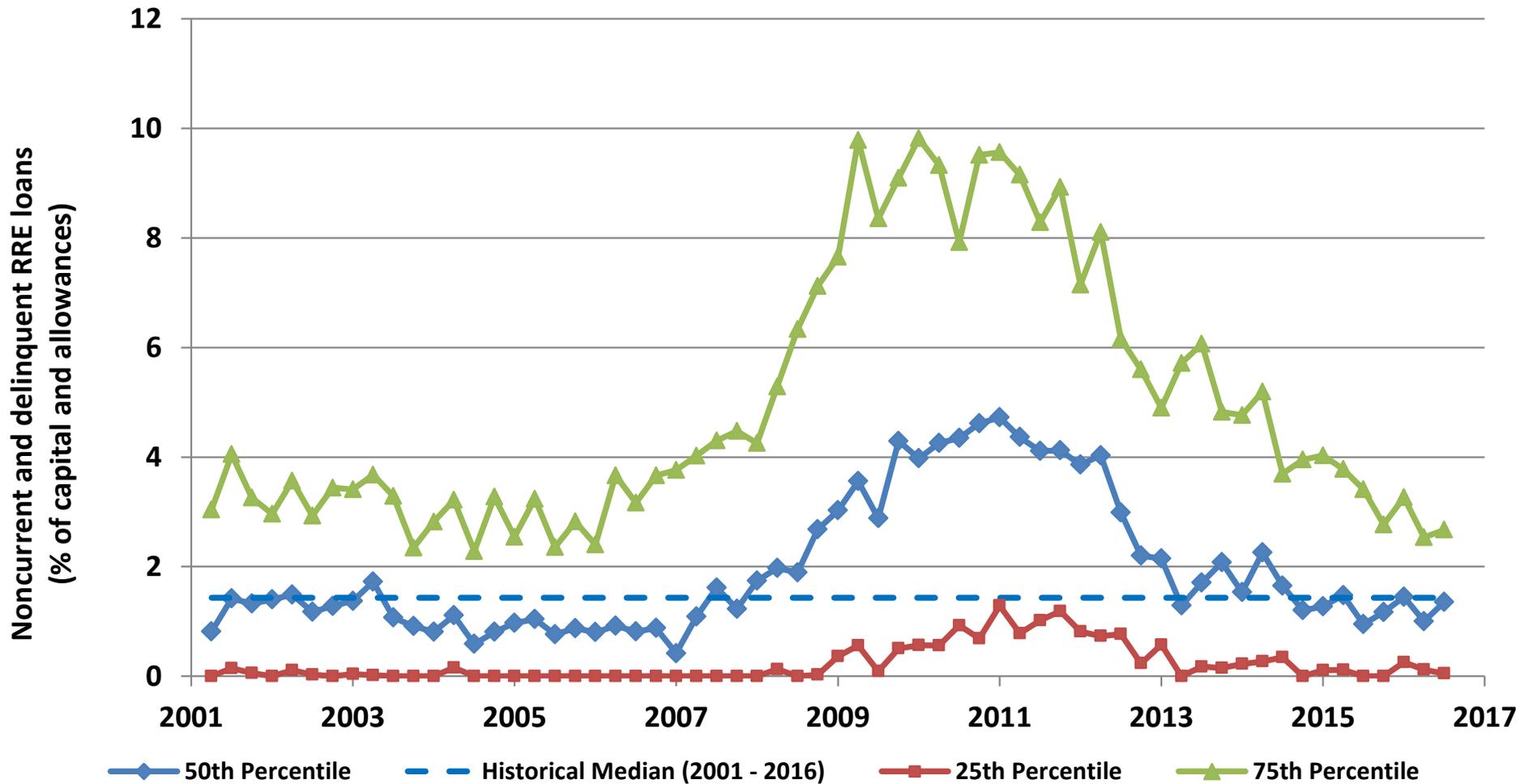
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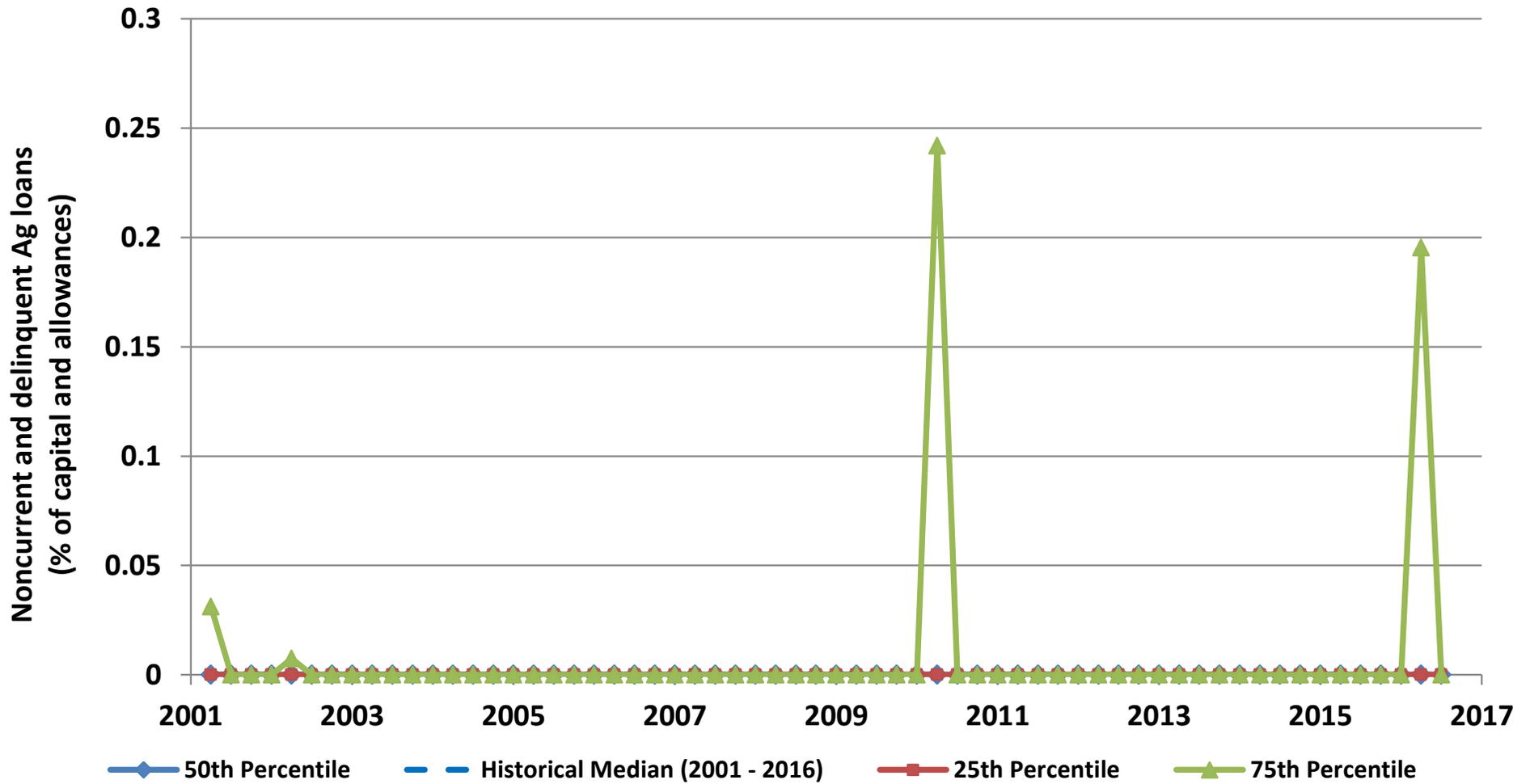
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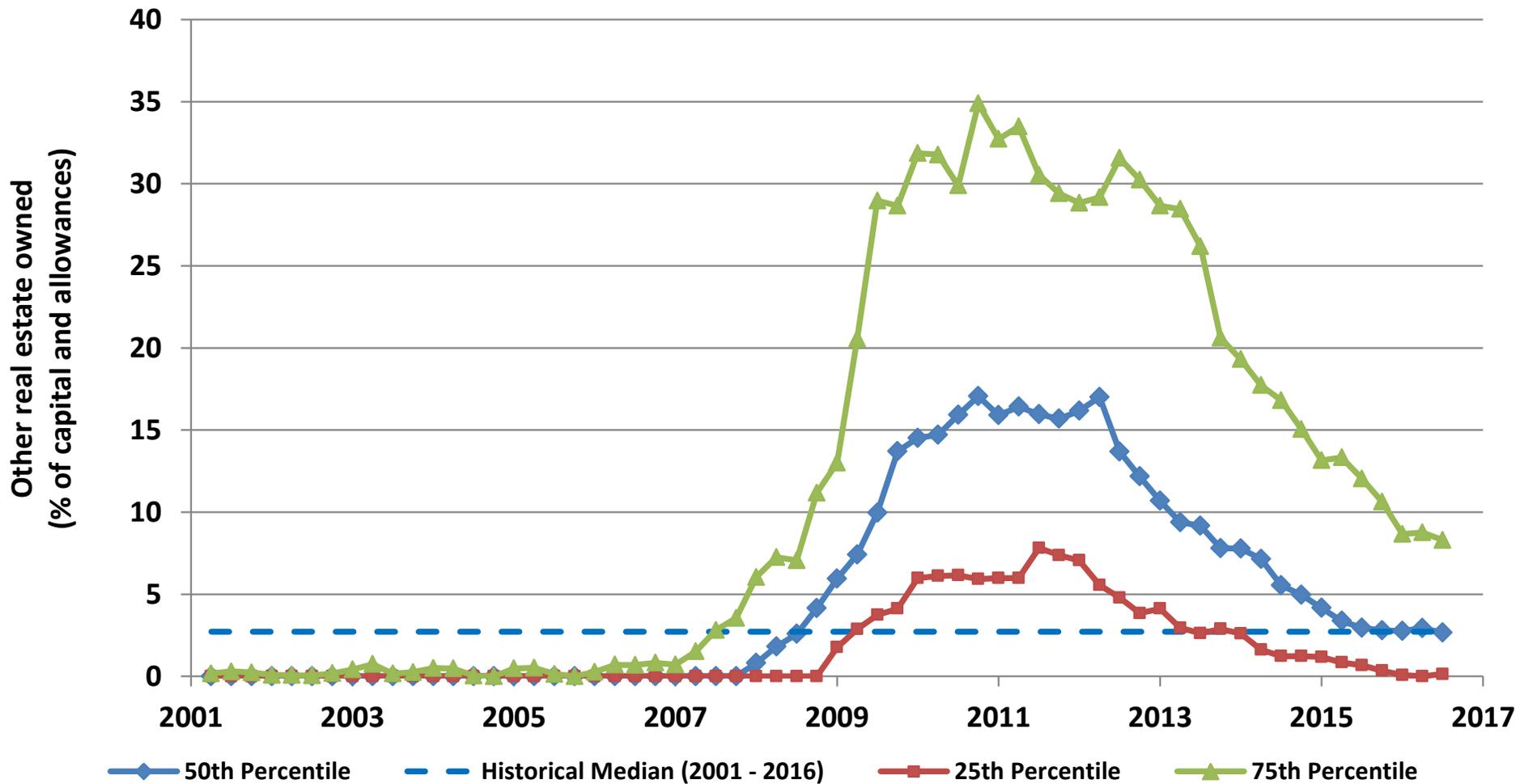
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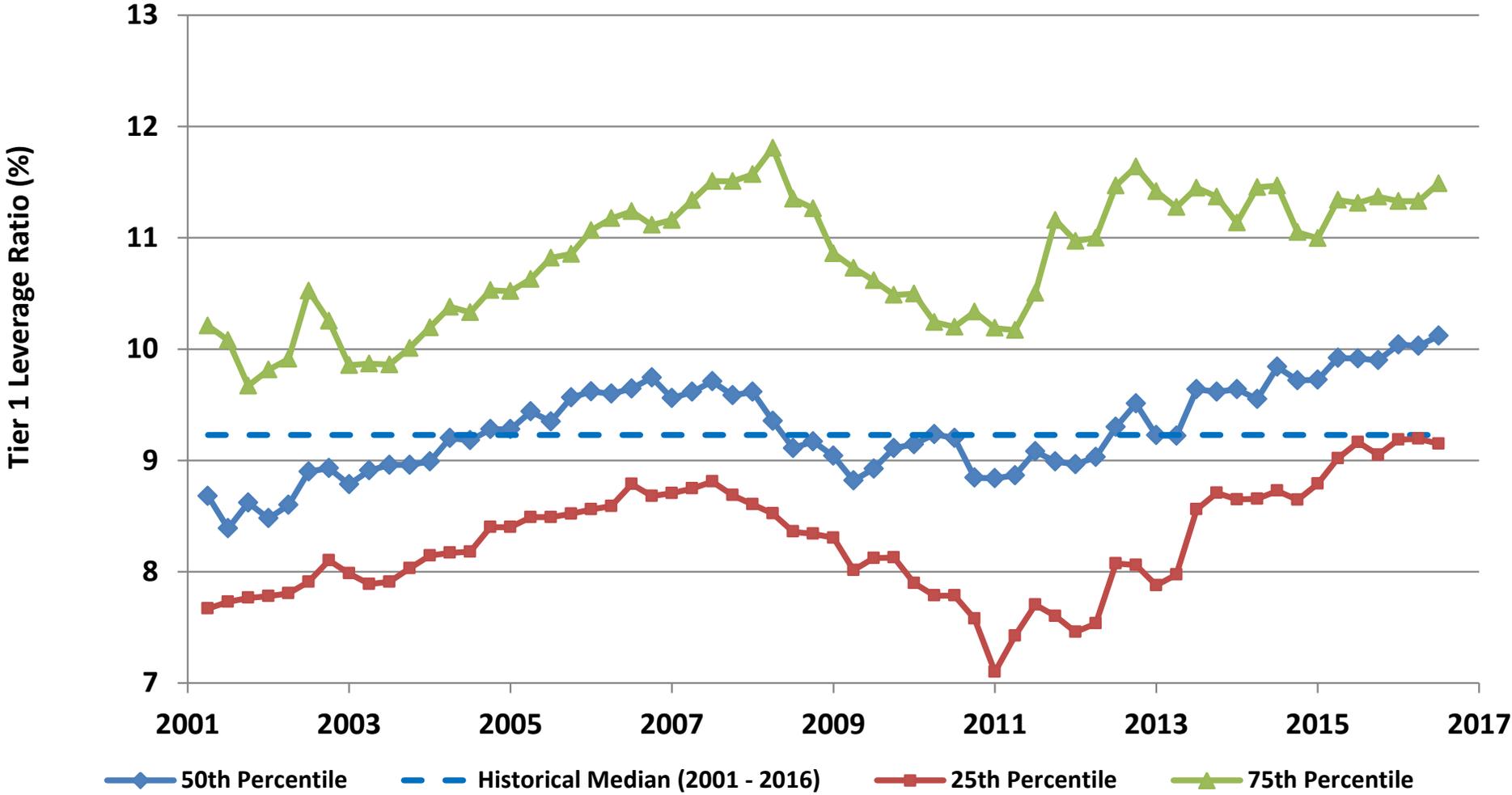
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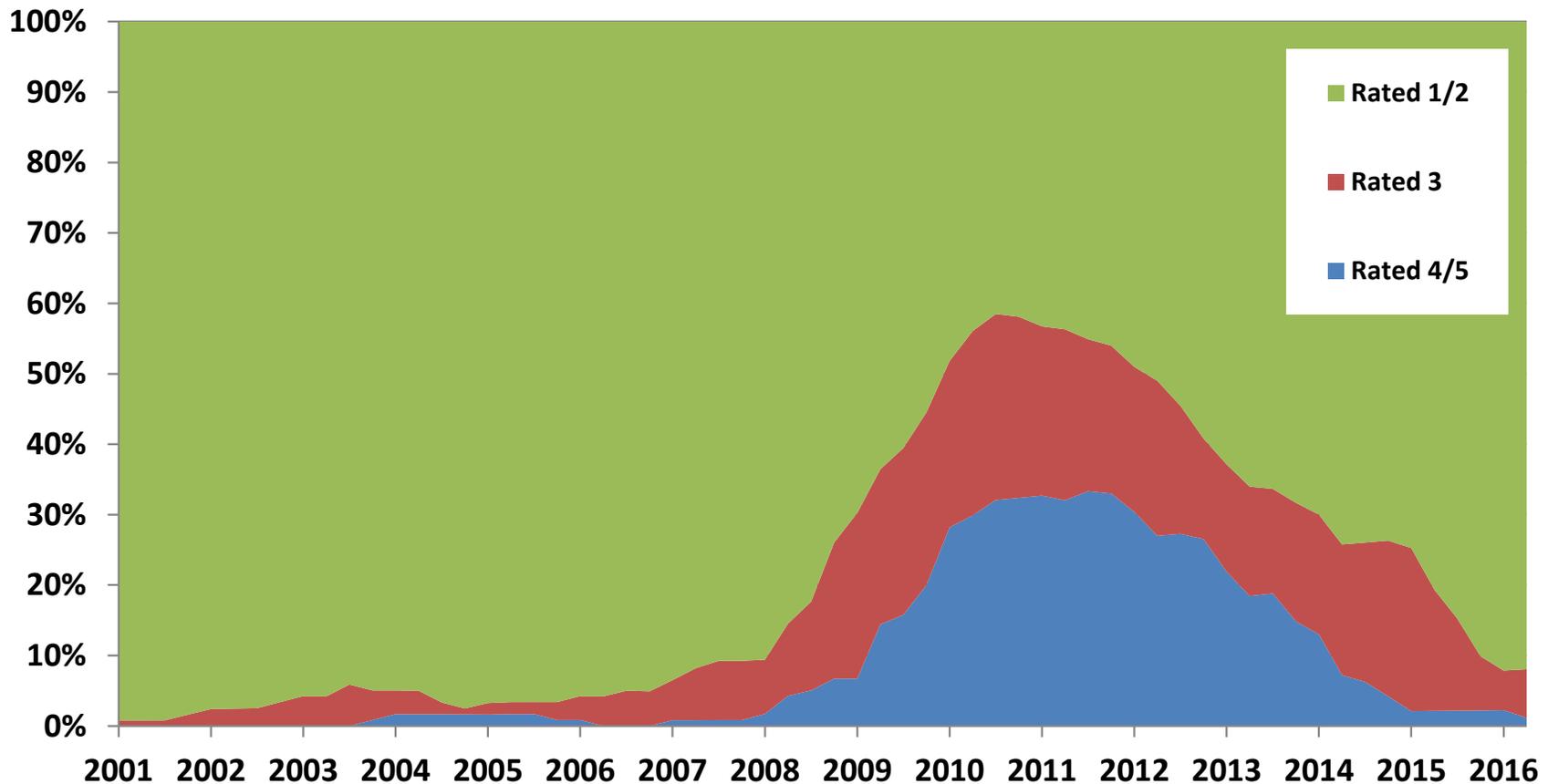
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