IDOB UPDATE AND CONCLUDING COMMENTS

James Schipper
Superintendent of Banking
IDOB POST EXAMINATION SURVEYS
IOWA BANK DEMOGRAPHICS

• 345 banks and thrifts headquartered in Iowa.
  – 301 state banks
  – 32 national banks
  – 12 thrifts
  – 19 out-of-state banks with 350 offices

• Total assets of the state banks is $54.1B
  – $179,000,000 avg. size Iowa state-chartered bank
  – 2,000,000,000,000+ Bank of America, Citibank, Chase

• Declining number of banks, but more locations

• Economic engine for Iowa’s main streets and communities

As of 09/30/11
# LARGEST BANKS IN U.S.
*(in thousands of U.S. dollars)*

<table>
<thead>
<tr>
<th>Rank</th>
<th>Institution Name</th>
<th>Headquarters</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>J. P. Morgan Chase &amp; Company</td>
<td>New York, NY</td>
<td>$2,265,792,000</td>
</tr>
<tr>
<td>2.</td>
<td>Bank of America Corporation</td>
<td>Charlotte, NC</td>
<td>$2,136,577,907</td>
</tr>
<tr>
<td>3.</td>
<td>Citigroup, Inc.</td>
<td>New York, NY</td>
<td>$1,873,878,000</td>
</tr>
<tr>
<td>4.</td>
<td>Wells Fargo &amp; Company</td>
<td>San Francisco, CA</td>
<td>$1,313,867,000</td>
</tr>
<tr>
<td>5.</td>
<td>The Goldman Sachs Group, Inc.</td>
<td>New York, NY</td>
<td>$923,718,000</td>
</tr>
<tr>
<td>7.</td>
<td>Morgan Stanley</td>
<td>New York, NY</td>
<td>$749,898,000</td>
</tr>
<tr>
<td>8.</td>
<td>Taunus Corporation</td>
<td>New York, NY</td>
<td>$354,737,000</td>
</tr>
<tr>
<td>9.</td>
<td>U.S. Bancorp</td>
<td>Minneapolis, MN</td>
<td>$340,122,000</td>
</tr>
<tr>
<td>10.</td>
<td>HSBC North America Holdings Inc.</td>
<td>New York, NY</td>
<td>$331,402,982</td>
</tr>
</tbody>
</table>

As of December 31, 2011

*Source: Federal Reserve System, National Information Center*
Number of Iowa Banks

State and National Banks

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>417</td>
</tr>
<tr>
<td>2002</td>
<td>410</td>
</tr>
<tr>
<td>2003</td>
<td>400</td>
</tr>
<tr>
<td>2004</td>
<td>395</td>
</tr>
<tr>
<td>2005</td>
<td>392</td>
</tr>
<tr>
<td>2006</td>
<td>383</td>
</tr>
<tr>
<td>2007</td>
<td>372</td>
</tr>
<tr>
<td>2008</td>
<td>361</td>
</tr>
<tr>
<td>2009</td>
<td>352</td>
</tr>
<tr>
<td>2010</td>
<td>345</td>
</tr>
<tr>
<td>2011</td>
<td>333</td>
</tr>
</tbody>
</table>
Loans-to-Deposit Ratios

State and National Banks

Year End | Loans-to-Deposit Ratios
---------|------------------------
2001     | 73.6
2002     | 70.1
2003     | 72.6
2004     | 82.1
2005     | 85.5
2006     | 87.5
2007     | 89.1
2008     | 88.6
2009     | 83.3
2010     | 80.0
2011     | 77.7
Return on Equity

Iowa State Chartered Banks
All U.S. Commercial Banks
Adversely Classified Assets as a Percent of Capital

Iowa State Chartered Banks

As of December 31

- 2001: 17.0%
- 2002: 20.3%
- 2003: 19.1%
- 2004: 16.0%
- 2005: 15.3%
- 2006: 15.2%
- 2007: 17.0%
- 2008: 27.0%
- 2009: 38.5%
- 2010: 52.3%
- 2011: 39.5%
CAMELS Composite Ratings
Iowa State Chartered Banks

Number of Banks

<table>
<thead>
<tr>
<th></th>
<th>12/31/2001</th>
<th>12/31/2011</th>
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</thead>
<tbody>
<tr>
<td>One</td>
<td>151</td>
<td>93</td>
</tr>
<tr>
<td>Two</td>
<td>202</td>
<td>174</td>
</tr>
<tr>
<td>Three</td>
<td>16</td>
<td>25</td>
</tr>
<tr>
<td>Four</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Five</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>
43 IOWA BANK FAILURES

- 1982: 2 banks
- 1983: 1 bank
- 1984: 3 banks
- 1985: 11 banks
- 1986: 10 banks
- 1987: 6 banks
- 1988: 6 banks
- 1993: 1 bank
- 2000: 1 bank
- 2001: 0 banks
- 2002: 0 banks
- 2003: 0 banks
- 2004: 0 banks
- 2005: 0 banks
- 2006: 0 banks
- 2007: 0 banks
- 2008: 0 banks
- 2009: 1 bank (Vantus—OTS Charter)
- 2010: 0 banks
- 2011: 1 bank (Polk County Bank, Johnston)
BANK REGULATORY TRANSITION

- 26 New State Commissioners
- FDIC Chair and Vice Chair
- Comptroller – Thomas Curry
- OTS Gone
- 2 Fed Governors
- CFPB Director – Richard Cordray
END OF THE RECESSION?
INTEREST RATE RISK

- Businesses and banks will need to do a good job of risk management
  - Impact of rising interest rates
  - Don’t be over-reliant upon short-term funding if rates increase
  - Maintain adequate capital and liquidity
This recession has no post WW II comparison
ANOTHER PROBLEM CAUSED BY DEFORESTATION
QUESTIONS?
Thank you…

Dodie Bauman
Michael Duffy
Todd Hendrickson
Thomas Hoenig
John Ryan
J. Andrew Simmons
Julie Williams
Arnie Ybarra
Thank you…

Vaughn Noring
David Huang
Maureen Patterson
Christy Bills
Jamie Moellers
The presentations from today’s program will be available for download on the Iowa Division of Banking’s Website at:

www.idob.state.ia.us