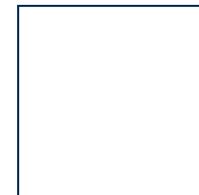


# Banking Conditions in West Virginia

Lauren Ware, AVP Supervision, Regulation and Credit

West Virginia Community Banker Forum: March 22, 2012



THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE

# Disclaimer

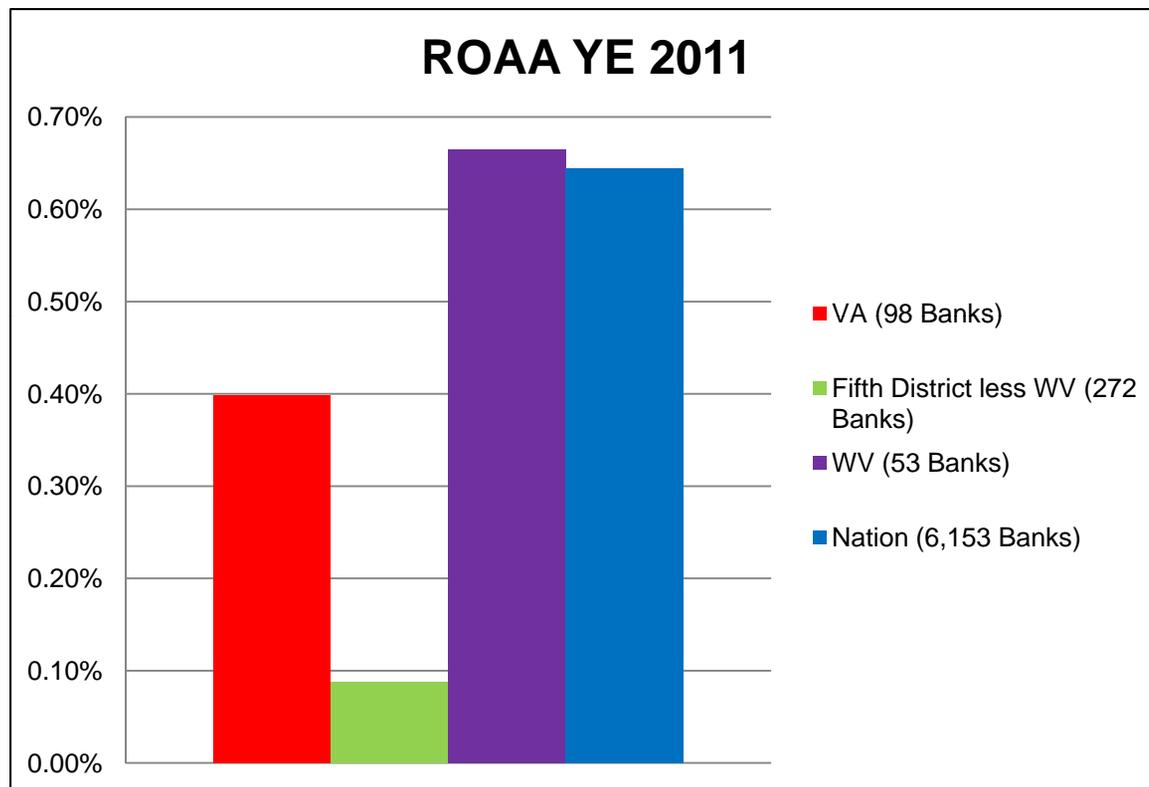
- The views and opinions expressed herein are mine and do not necessarily reflect the official opinions of the Federal Reserve System or any other banking regulatory agency.



THE FEDERAL RESERVE BANK OF RICHMOND  
RICHMOND ■ BALTIMORE ■ CHARLOTTE

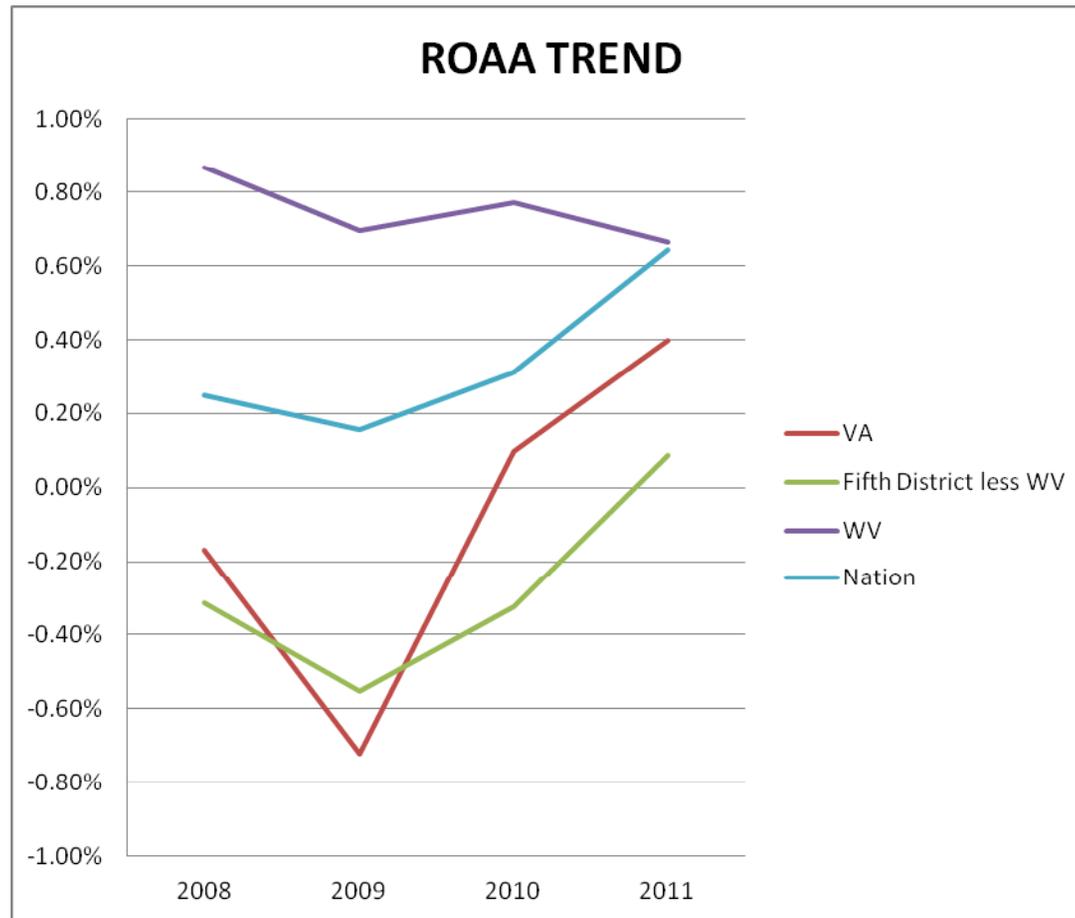


# EARNINGS



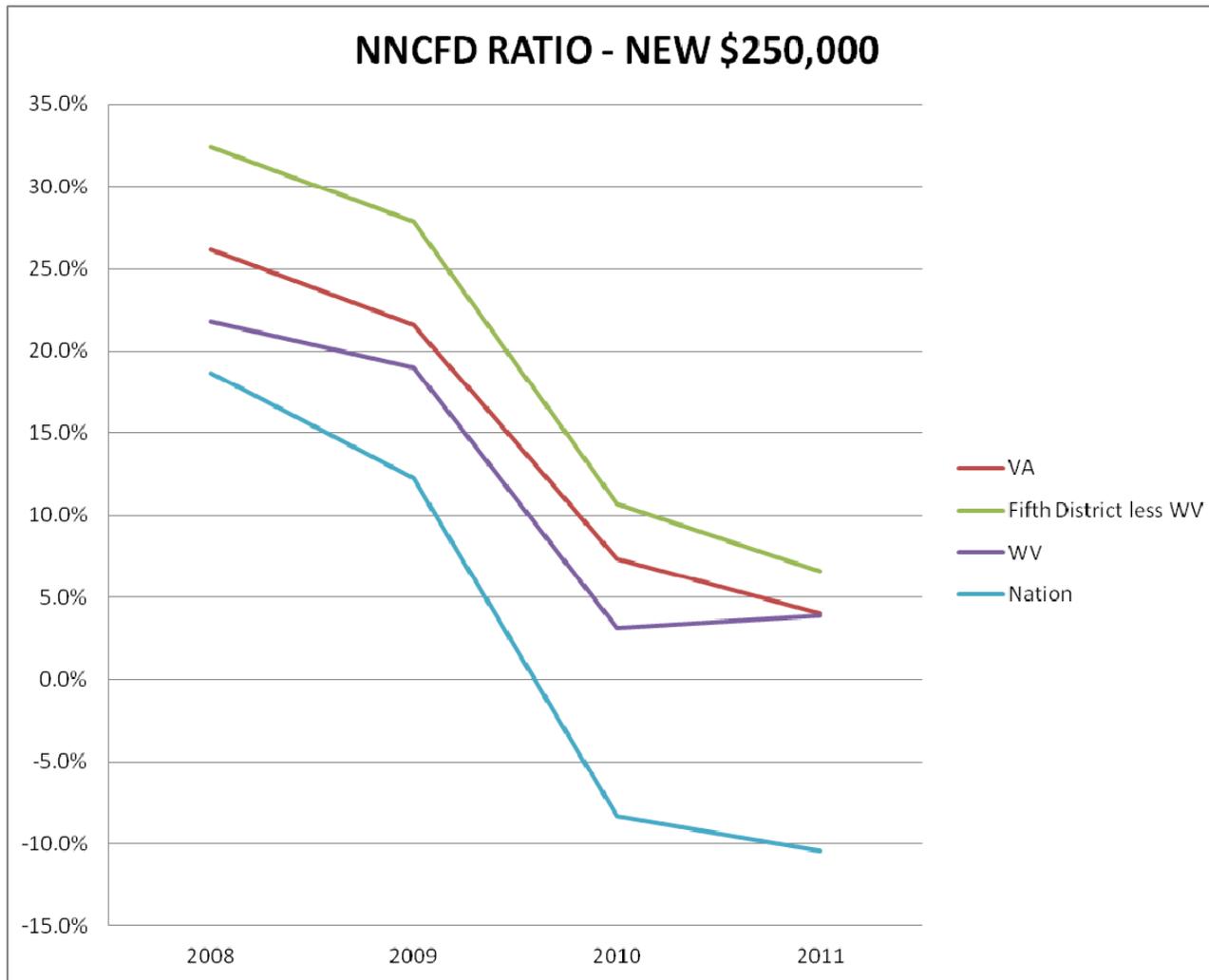


# EARNINGS



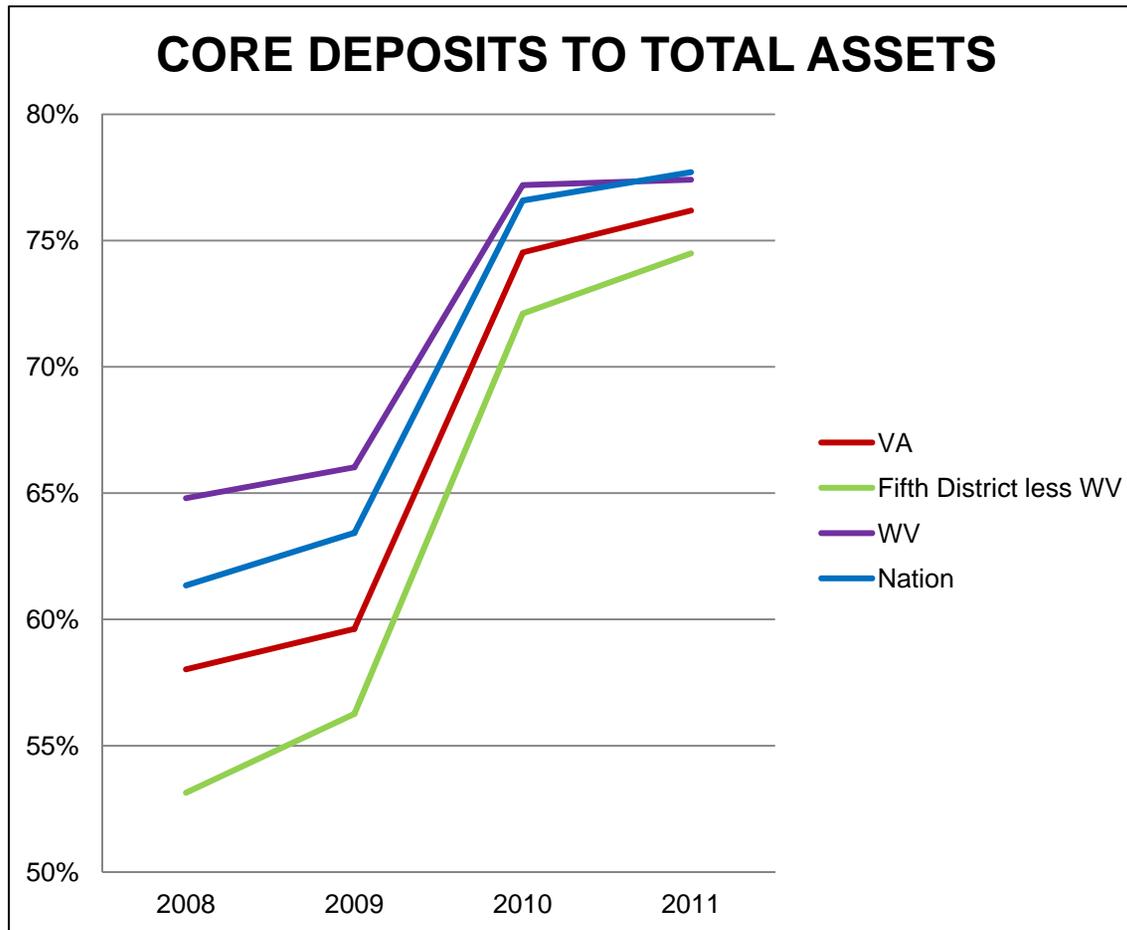


## LIQUIDITY TRENDS



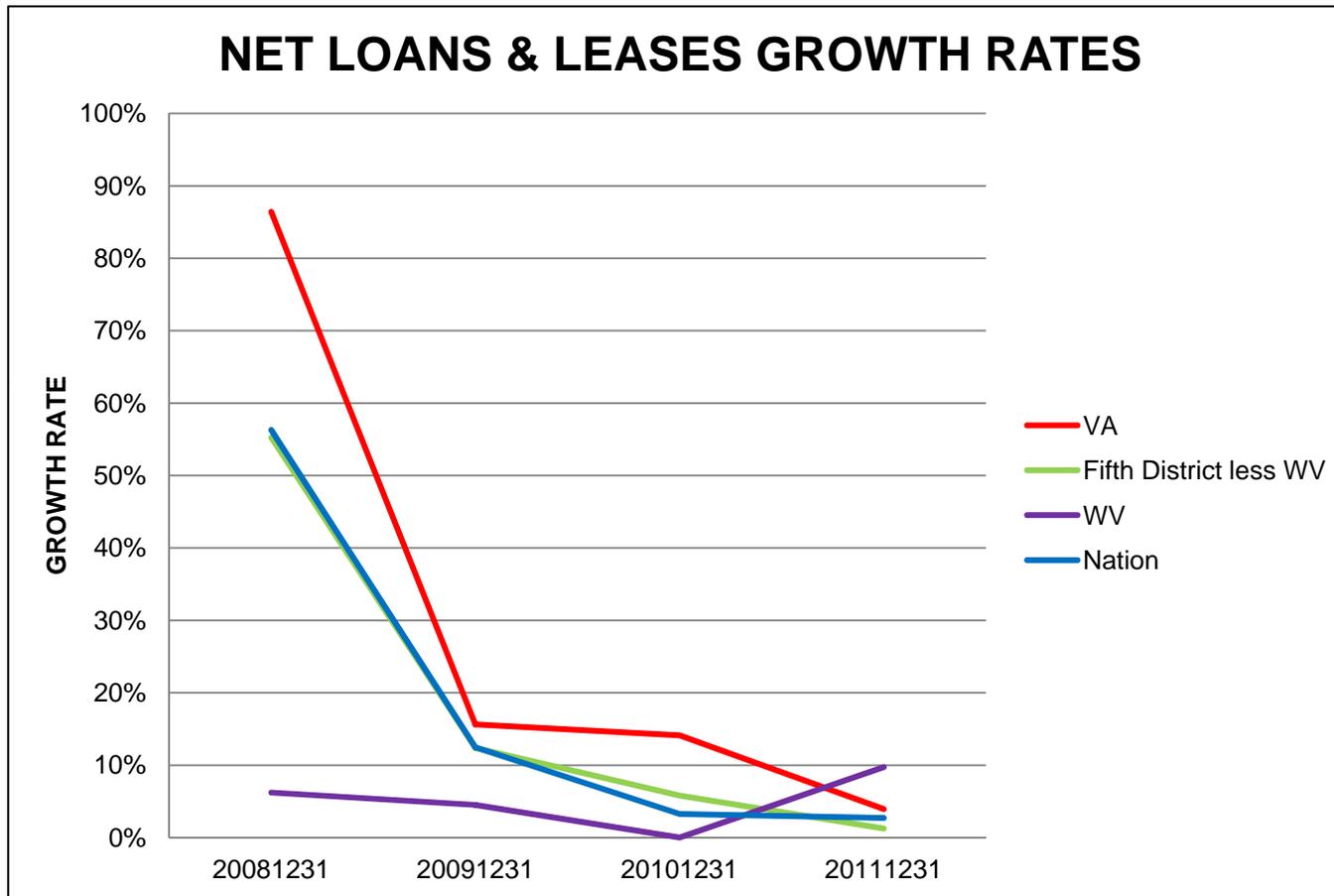


# LIQUIDITY TRENDS



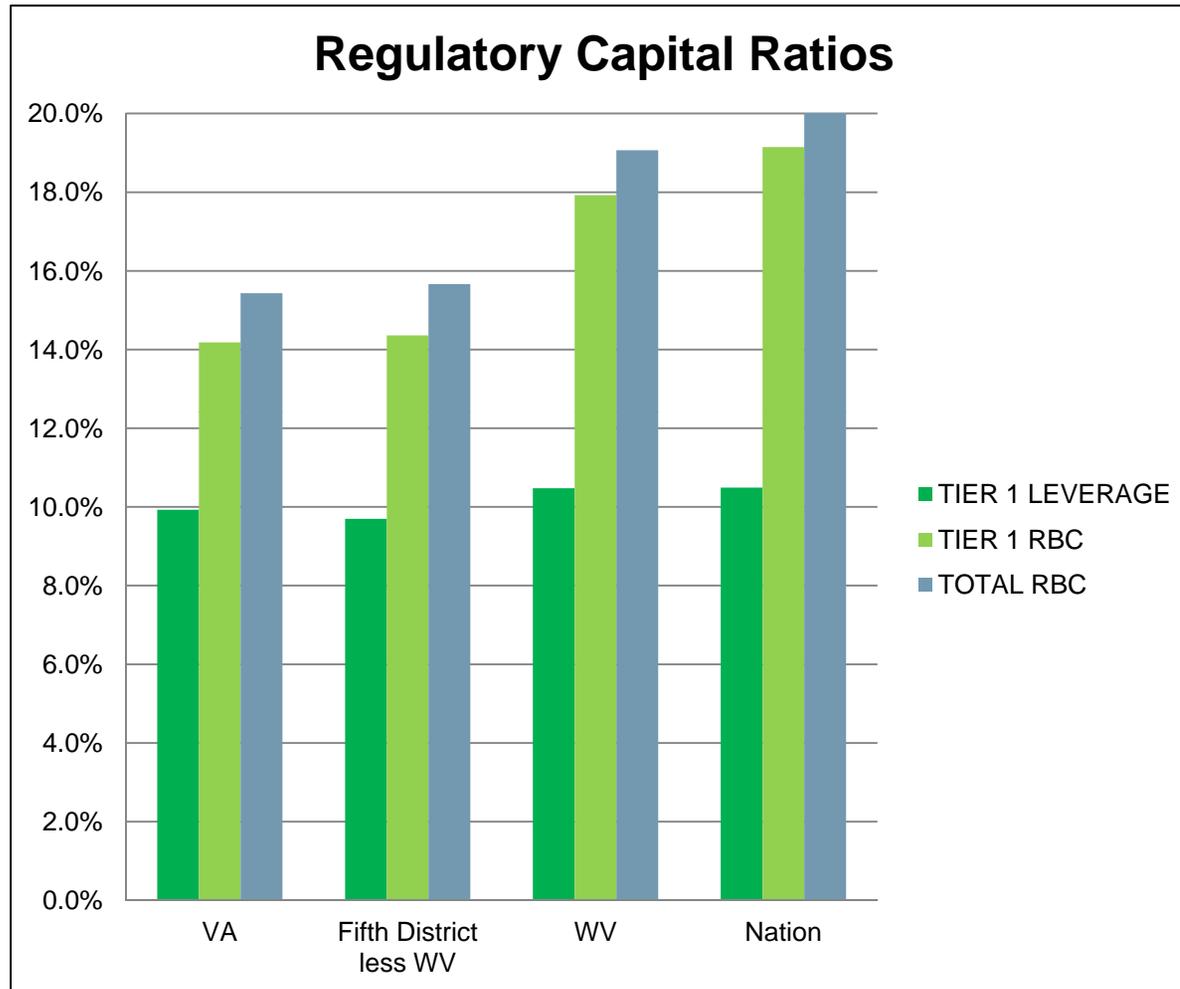


# LIQUIDITY TRENDS



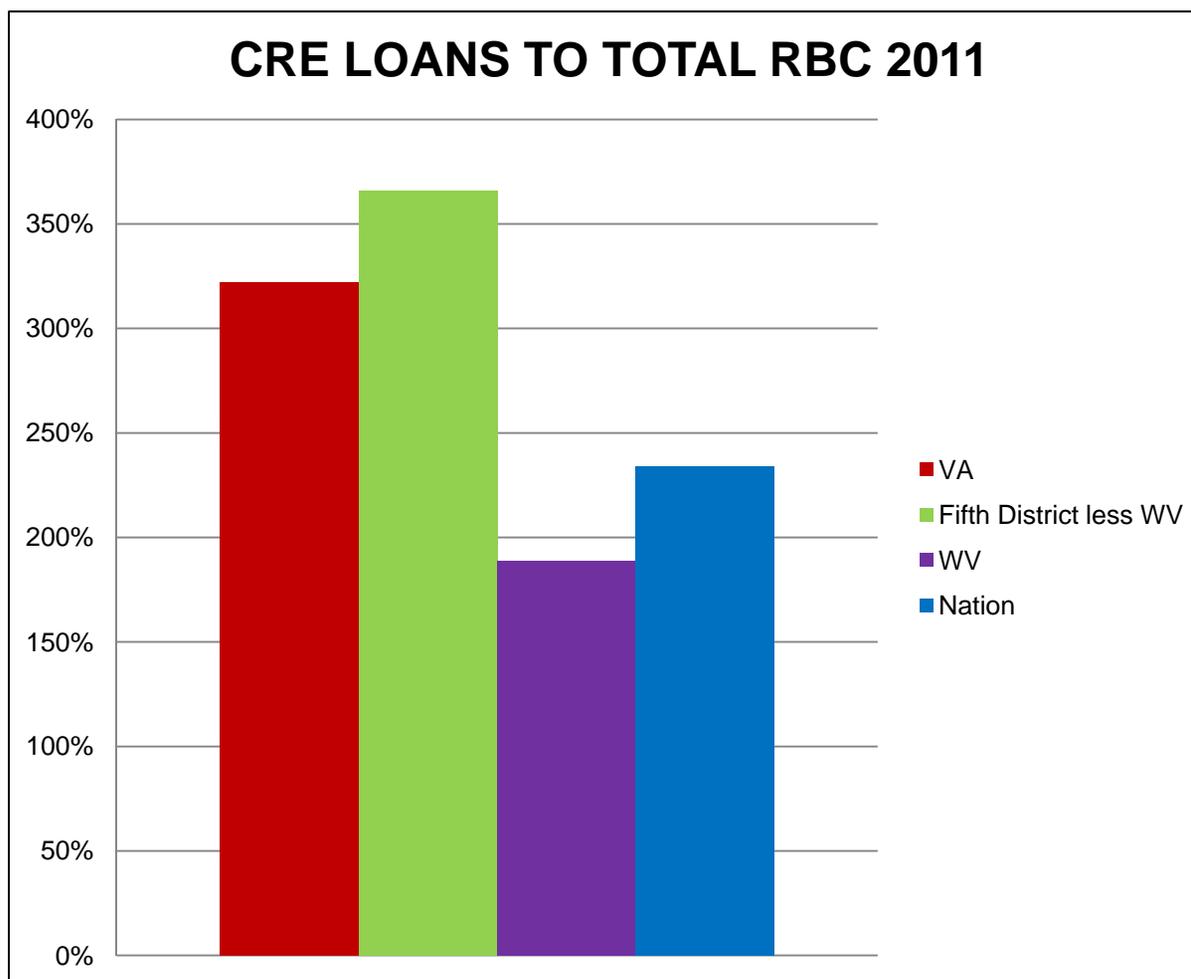


# CAPITAL



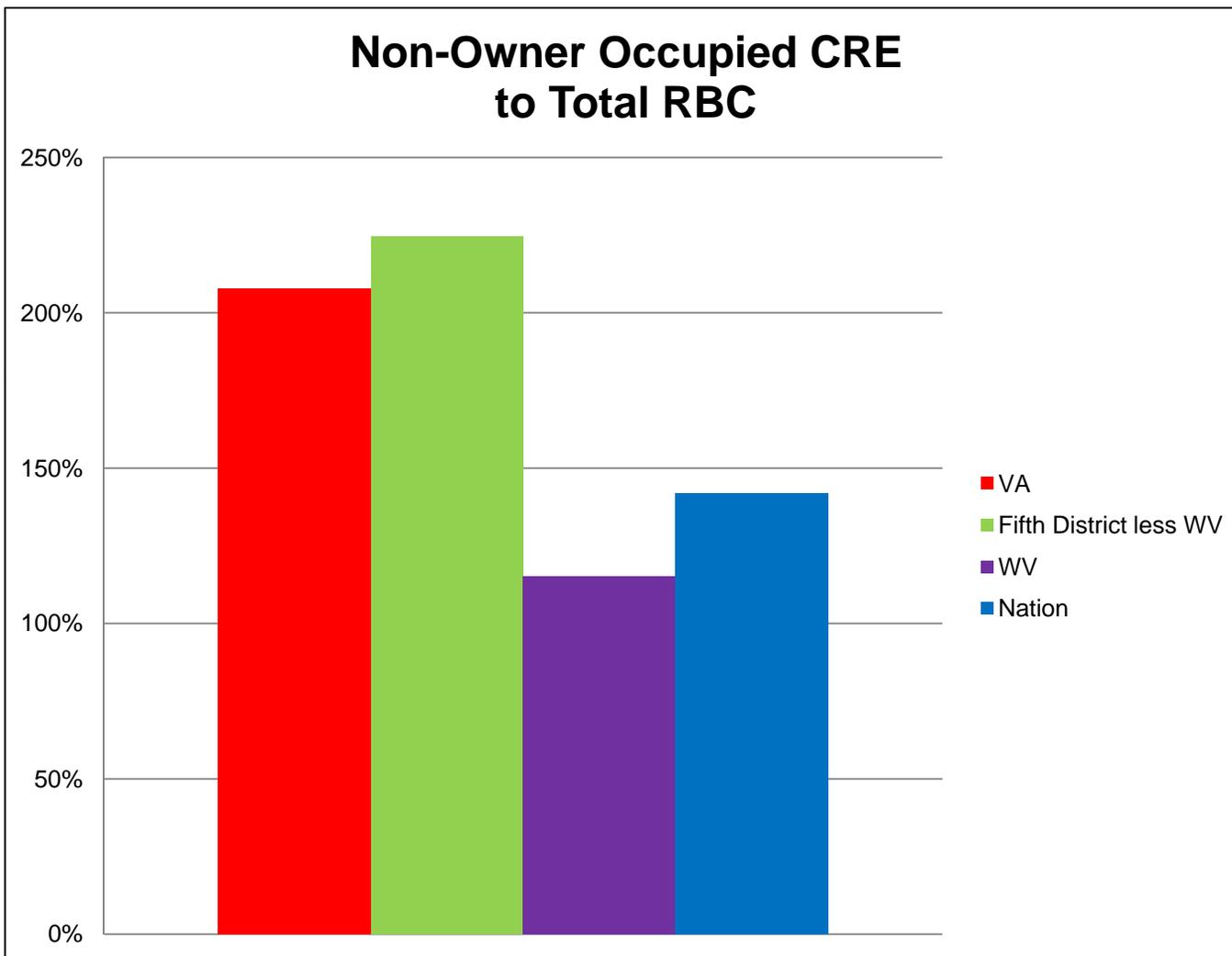


# COMMERCIAL REAL ESTATE EXPOSURE



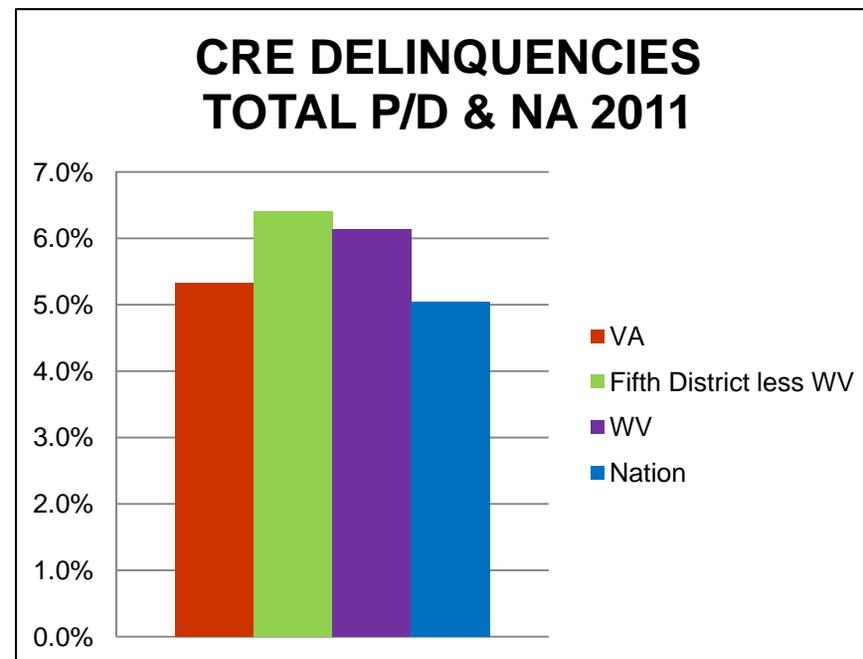
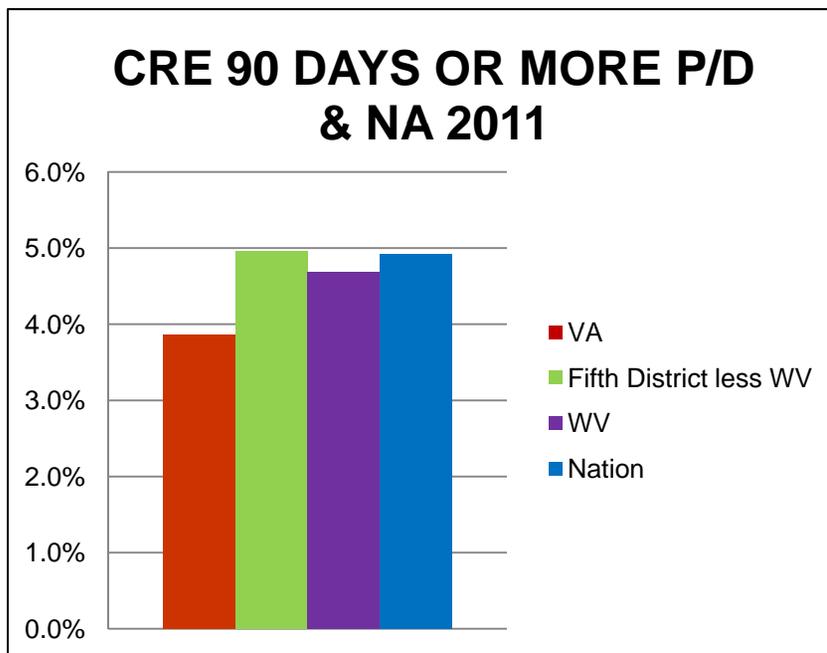


# COMMERCIAL REAL ESTATE EXPOSURE





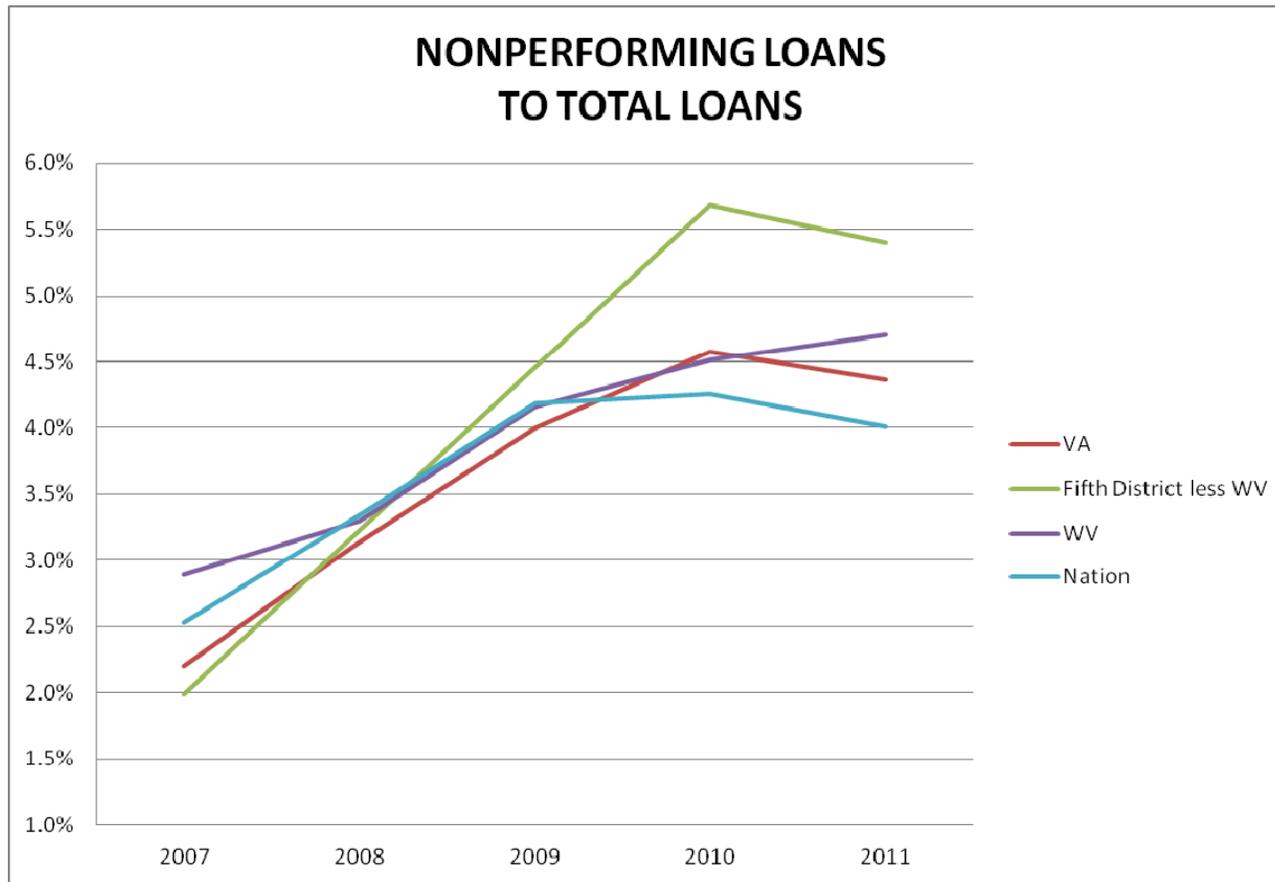
# COMMERCIAL REAL ESTATE DELINQUENCY



Source: Call report data for banks less than \$5 billion  
Note: Total P/D is loans past due 30 -89 days and 90 days or more. NA is nonaccrual loans.

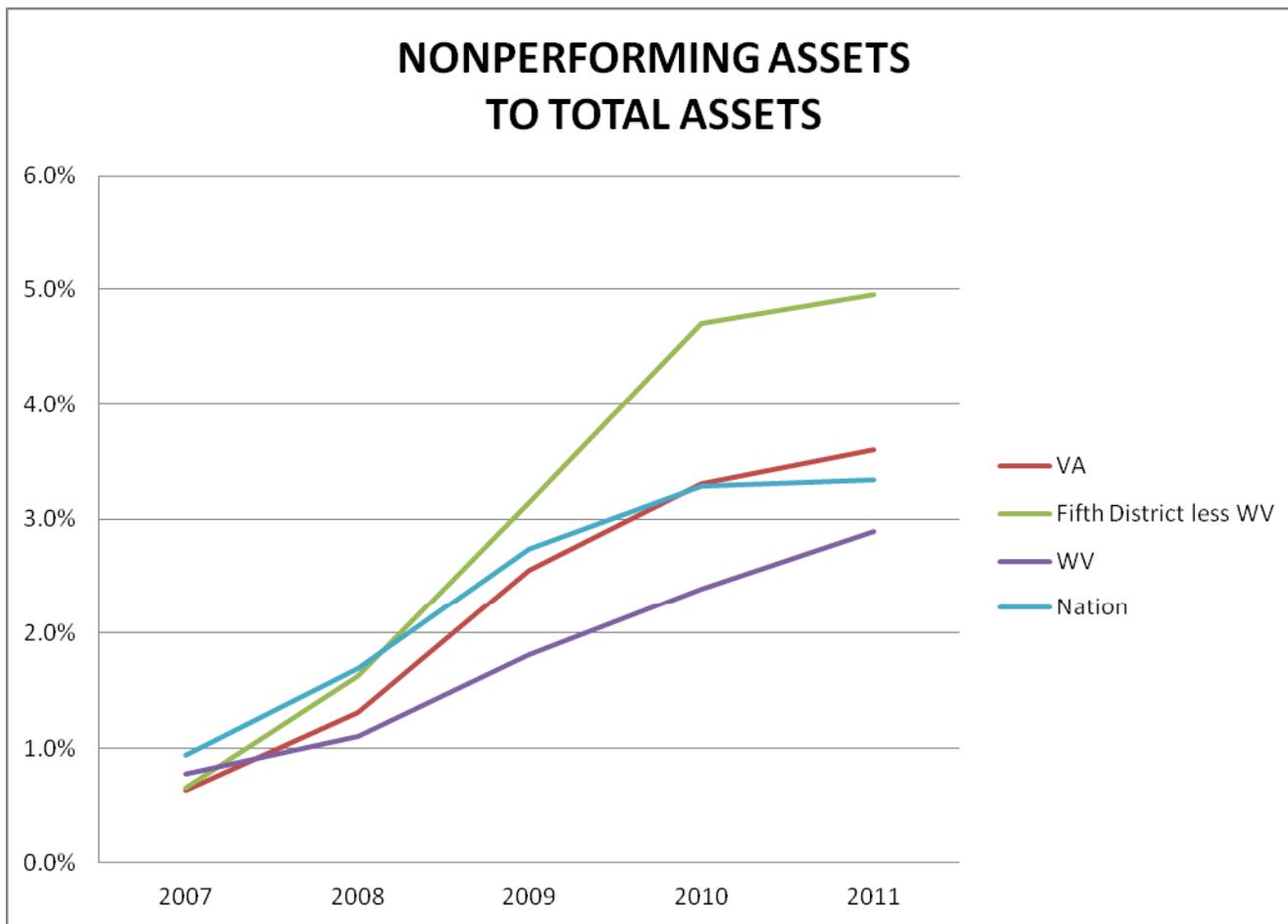


# NONPERFORMING TRENDS





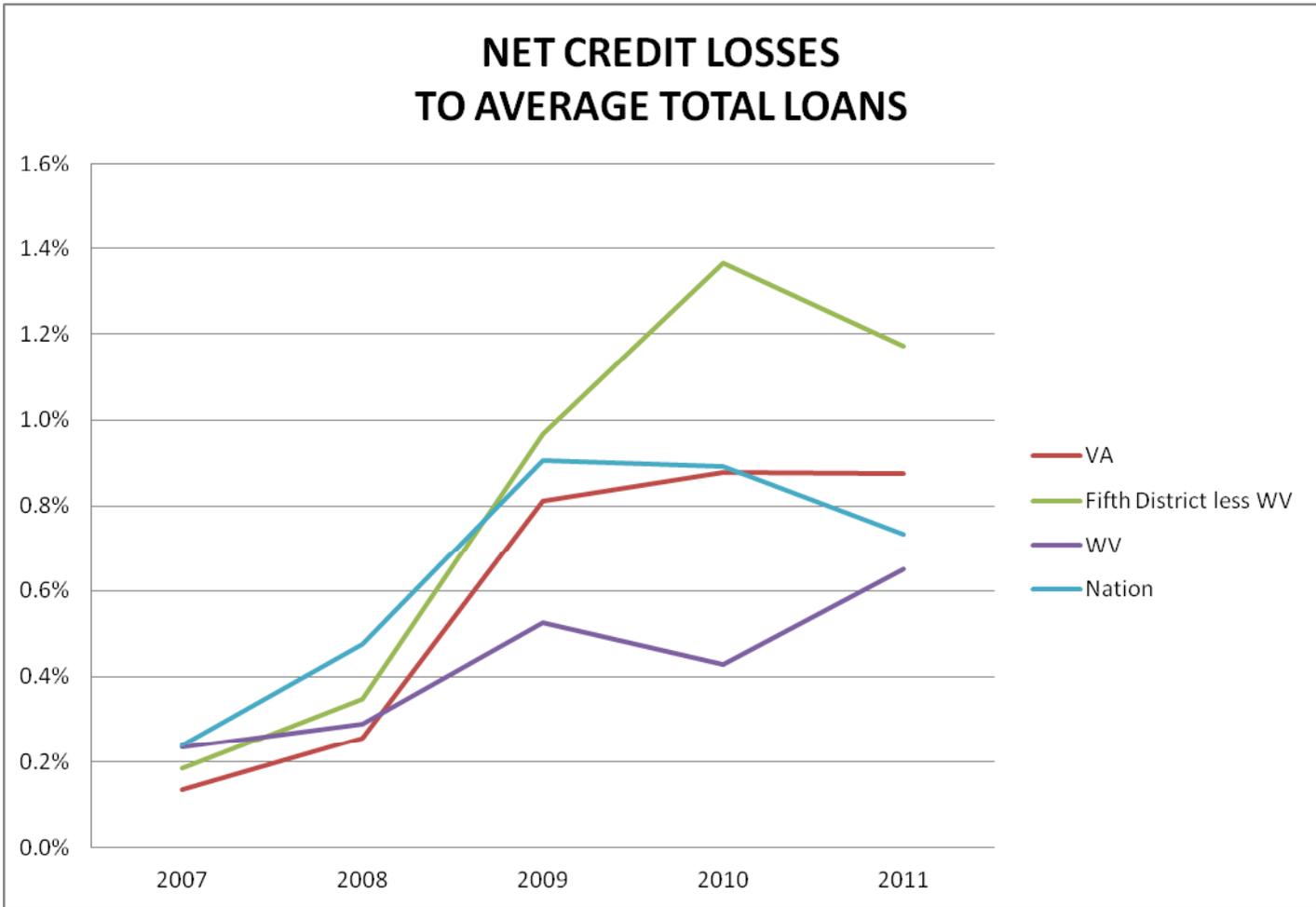
# NONPERFORMING TRENDS



Source: Call report data for banks less than \$5 billion  
Note: Nonperforming Assets defined as loans 90 days or more past due plus nonaccrual and restructured loans plus ORE



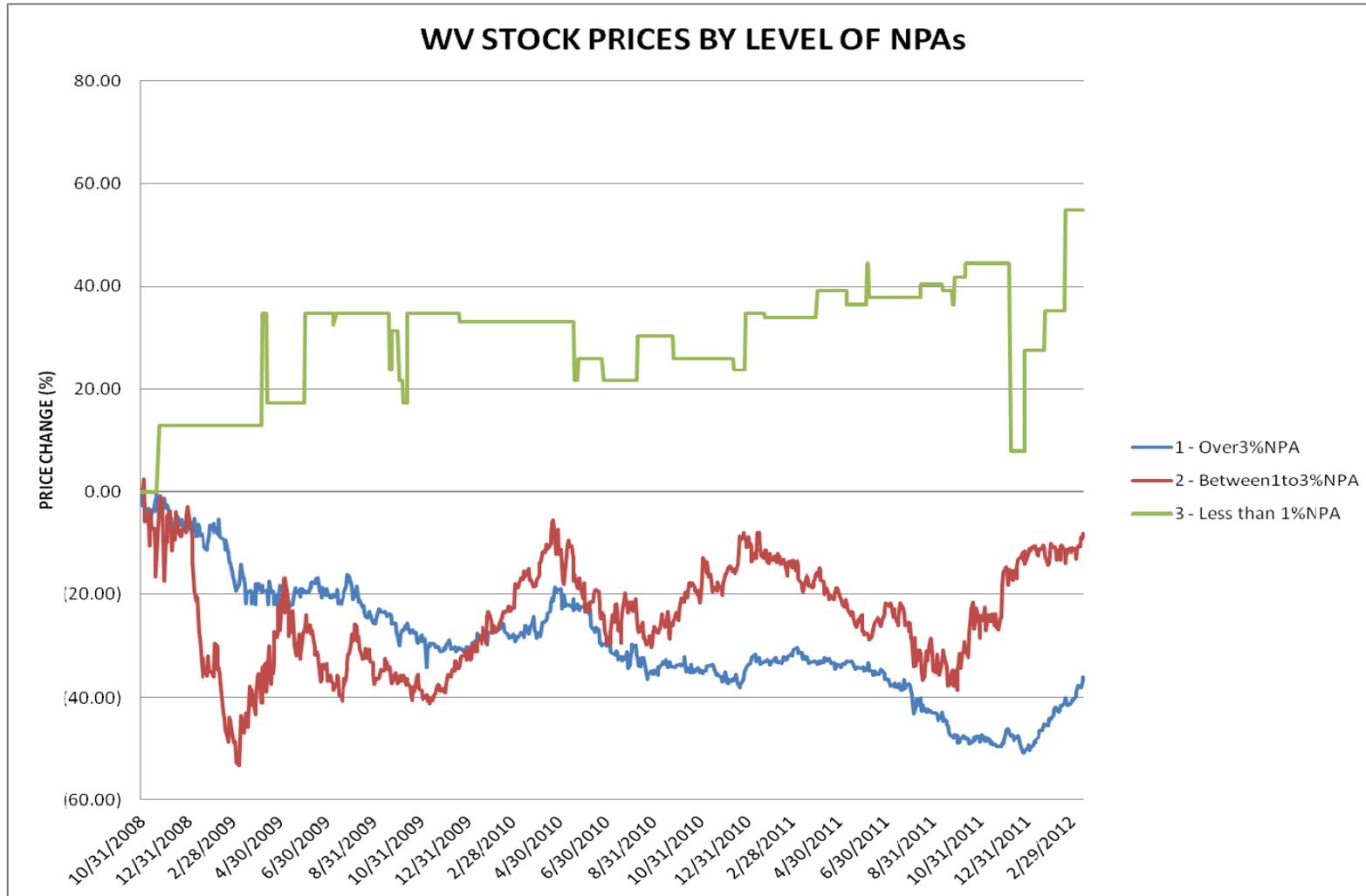
# CREDIT LOSSES



Source: Call report data for banks less than \$5 billion



# MARKET PERSPECTIVES





## EQUITY CAPITAL AVAILABILITY

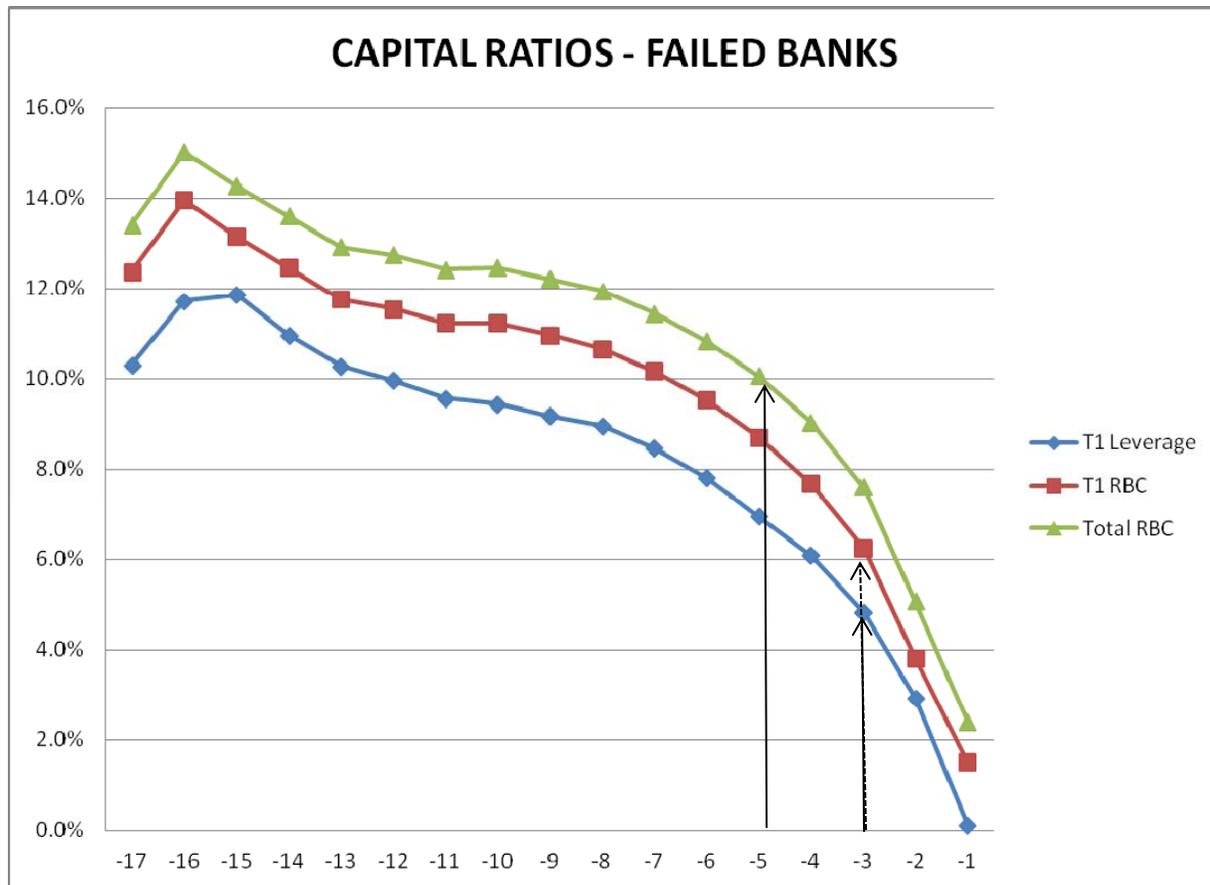
| Offering Announcement | Transactions Initiated | Incomplete or Terminated Transactions | Average Proceeds (\$Thousands) | Fifth District                |
|-----------------------|------------------------|---------------------------------------|--------------------------------|-------------------------------|
| 2010                  | 56                     | 15                                    | 30,173                         | VA (3), MD (6), NC (2), SC(2) |
| Jan-11                | 0                      | NA                                    | NA                             |                               |
| Feb-11                | 6                      | 2                                     | 25,022                         | NC (2), SC (1)                |
| Mar-11                | 15                     | 6                                     | 27,104                         | VA (1), SC(1)                 |
| Apr-11                | 7                      | 0                                     | 4,349                          |                               |
| May-11                | 1                      | 0                                     | 82                             |                               |
| Jun-11                | 1                      | 1                                     | NA                             |                               |
| Jul-11                | 2                      | 0                                     | 1,095                          |                               |
| Aug-11                | 0                      | NA                                    | NA                             |                               |
| Sep-11                | 0                      | NA                                    | NA                             |                               |
| Oct-11                | 0                      | NA                                    | NA                             |                               |
| Nov-11                | 0                      | NA                                    | NA                             |                               |
| Dec-11                | 0                      | NA                                    | NA                             |                               |





# AVERAGE TRENDS FOR FAILED BANKS

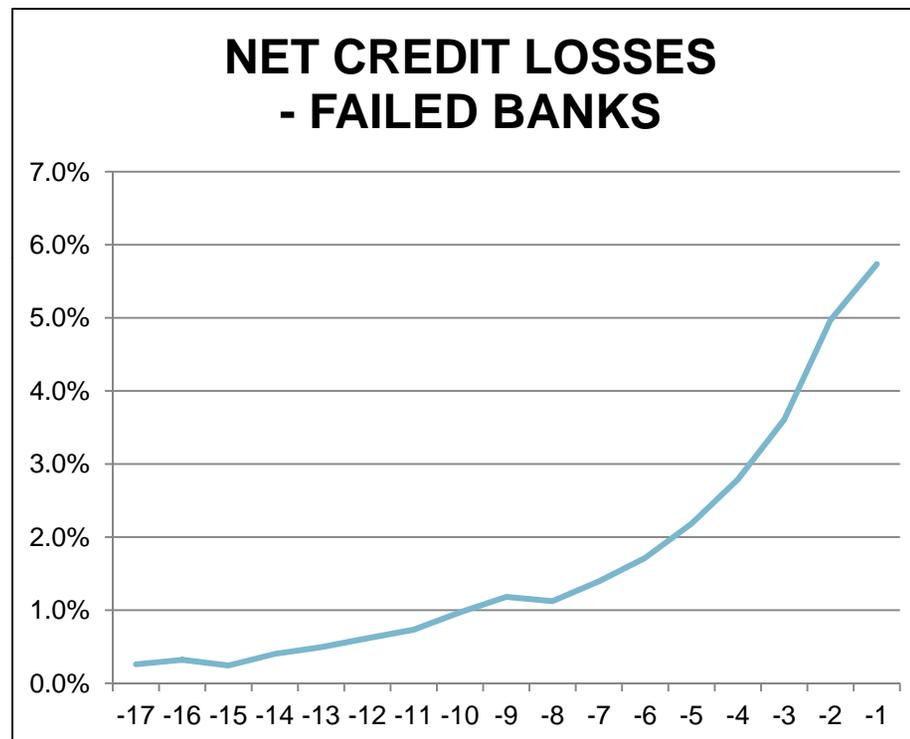
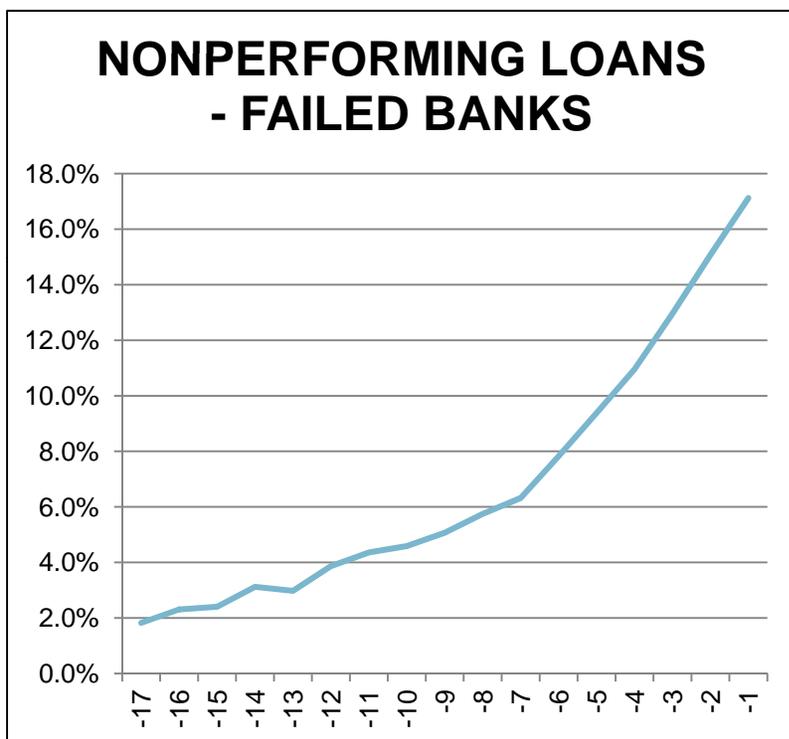
Average ratios for 372 commercial banks that failed between January 1, 2008 and March 2012, during the quarters prior to failure.





# AVERAGE ASSET QUALITY TRENDS FOR FAILED BANKS

Average ratio for 372 commercial banks that failed between January 1, 2008 and March 2012, during the quarters prior to their failure.



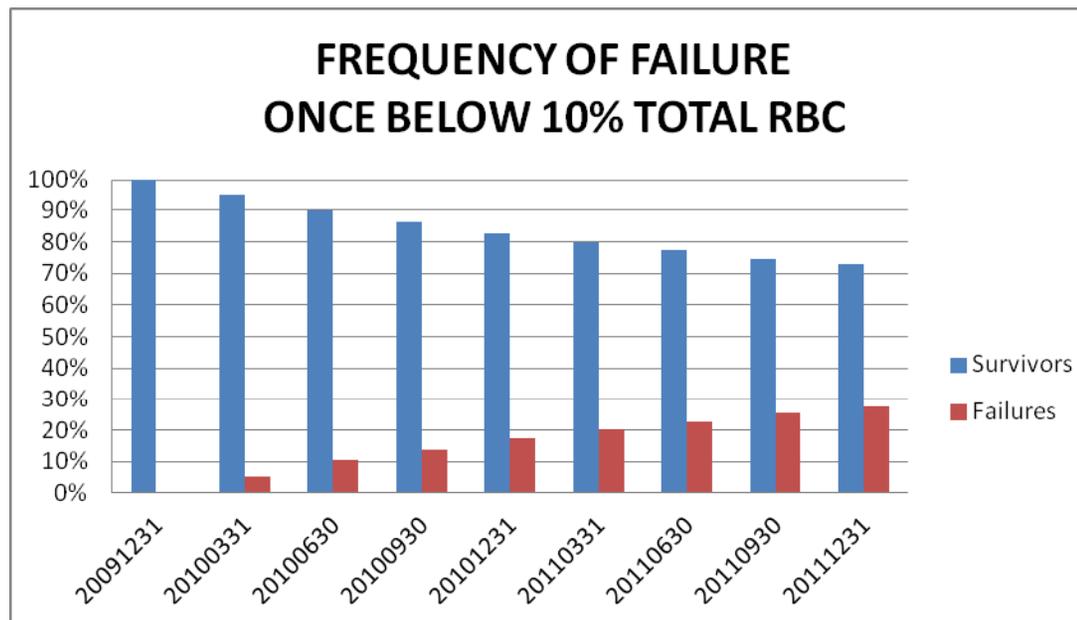
Source: FDIC.gov list of failed banks and call reports

Note: Nonperforming loans defined as loans 90+ past due and nonaccrual

# Capital

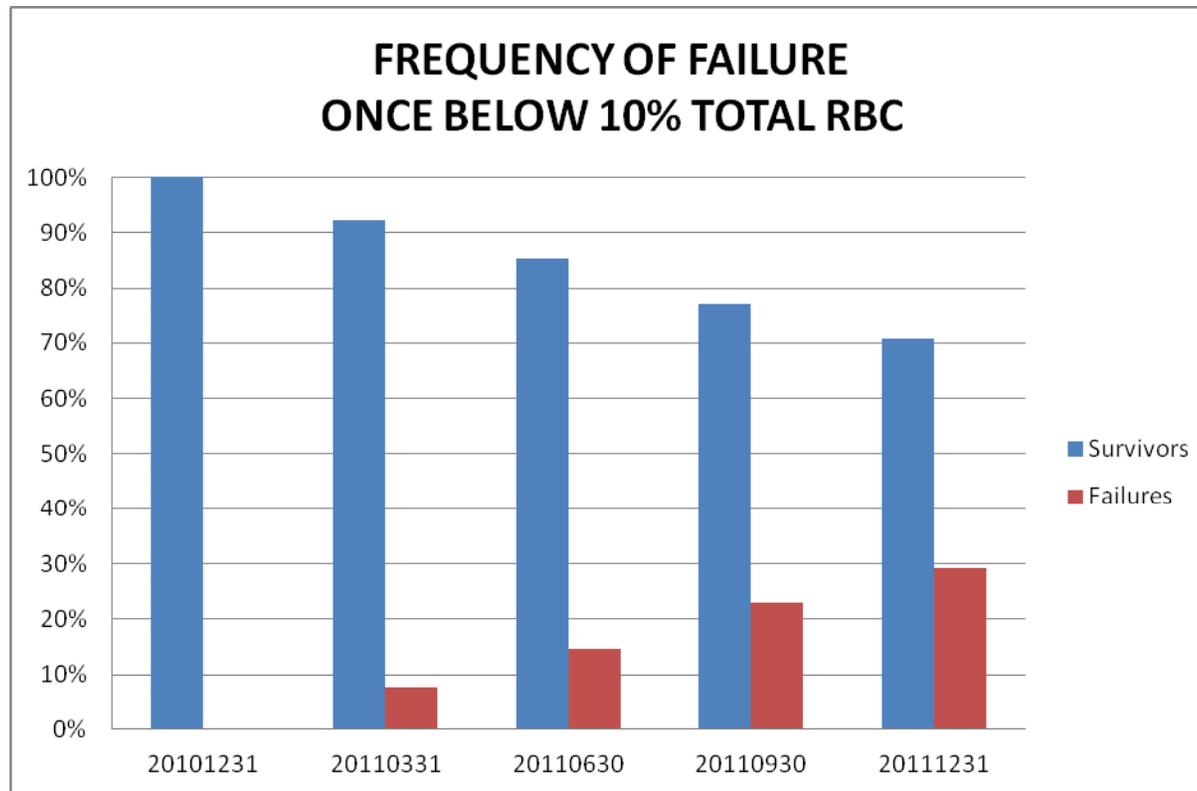
| <u>Capital Categories</u>             | <u>Tier 1 Leverage Ratio</u> |       | <u>Tier 1 Risk Based Capital Ratio</u> |       | <u>Total Risk Based Capital Ratio</u> |
|---------------------------------------|------------------------------|-------|--|-------|---------------------------------------|
| <b>Well Capitalized</b>               | 5 percent or greater         | A N D | 6 percent or greater                   | A N D | 10 percent or greater                 |
| <b>Adequately Capitalized</b>         | 4 percent or greater         | A N D | 4 percent or greater                   | A N D | 8 percent or greater                  |
| <b>Undercapitalized</b>               | Less than 4 percent          | O R   | Less than 4 percent                    | O R   | Less than 8 percent                   |
| <b>Significantly Undercapitalized</b> | Less than 3 percent          | O R   | Less than 3 percent                    | O R   | Less than 6 percent                   |

*\*\*A bank is critically undercapitalized if its tangible equity to total assets is 2% or less.*





# Capital





## Questions

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- [lauren.ware@rich.frb.org](mailto:lauren.ware@rich.frb.org)

