

State of Banking 2021

Shop Talks 6/15/2021

About me

- President & CEO of Community Development Bank in St. Michael, MN
- St. Cloud State University and Graduate School of Banking at UW – Madison
- Worked at Great Northern Bank, First American Bank, and Community Development Bank all without changing chairs!
- Serve(d) on numerous community organization boards including the I94 Chamber, Shop STMA, STMA School District Finance Advisory Committee.

Impact of Covid - 19

- Banking is considered “critical infrastructure” per the Dept. of Homeland Security (Cyber-security & Infrastructure Security Agency)
 - Business Continuity Plans needed to address pandemic measures.
- Lobbies closed, though banking continued through alternative means. (Telephone, internet, drive-up services)
- Adoption of e-banking technologies increased.
- Use of virtual working solutions increased.

Loan to deposit ratio

Loan and deposit trends diverged during the pandemic

Deposits at the three largest US banks surged while loan books shrank

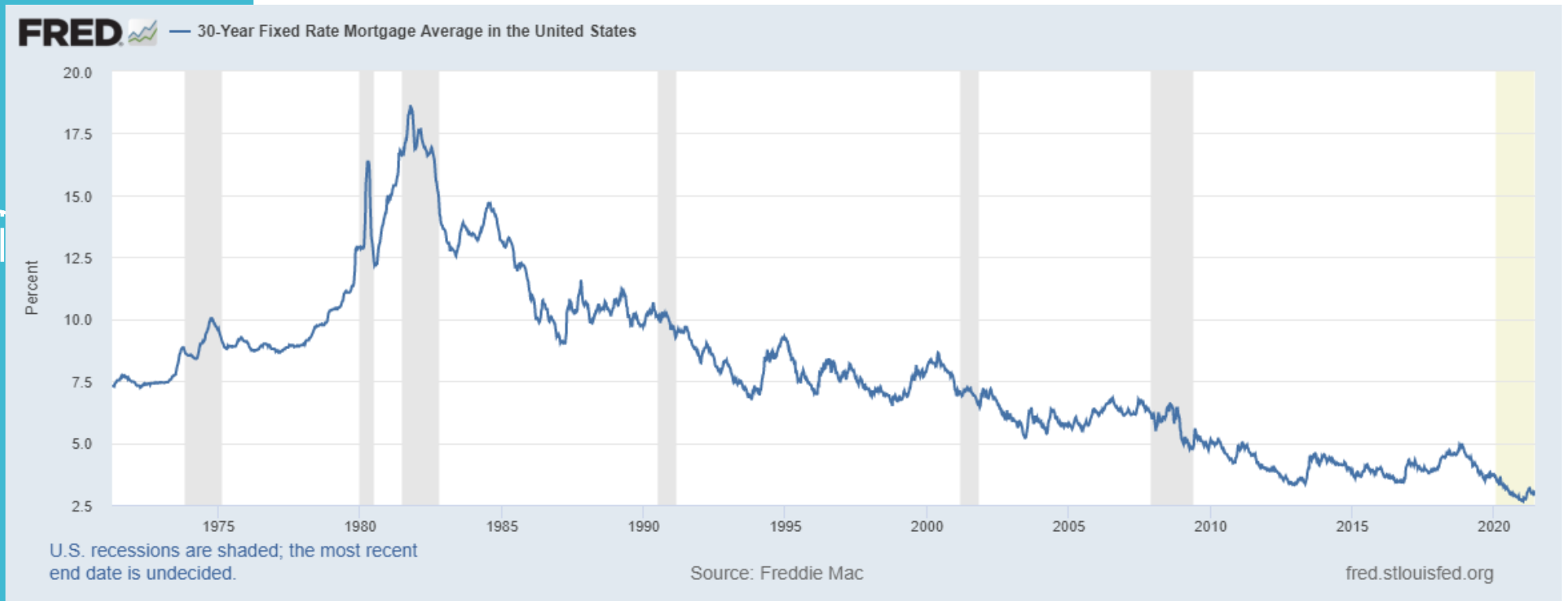


Total for JPMorgan Chase, Bank of America and Citigroup

Source: Company filings

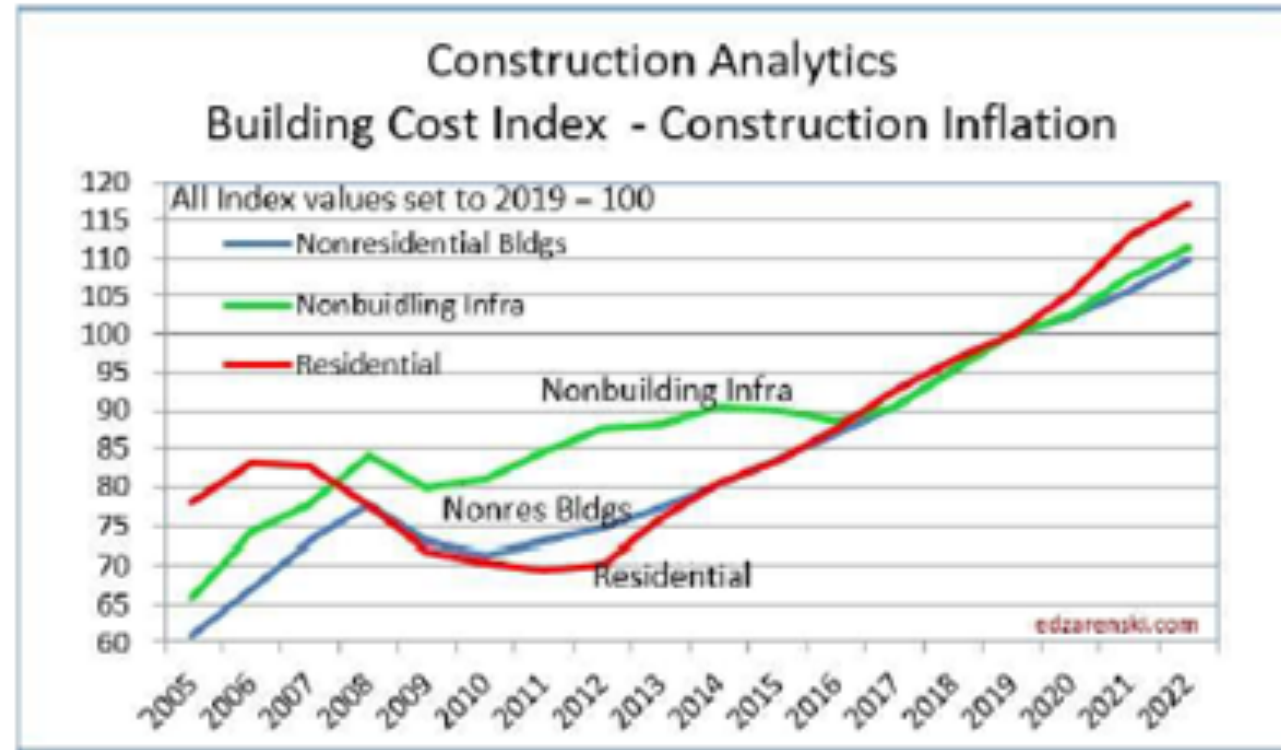
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Housing fi



Housing finance
continued

Construction Analytics Building Cost Index



Where are we going????

- Expectation is that “surge” deposits will slowly begin to recede as consumers begin to spend on travel, entertainment, etc.
- Loan demand may lessen as costs continue to rise. This would stymie growth.
- Inflation is becoming a factor and the Fed will need to raise rates to combat that. This will affect commercial borrowing rates when the Fed makes an adjustment. (This will also affect gov’t borrowing rates).

Q&A

- What questions do we have?