

# Maine Directors College

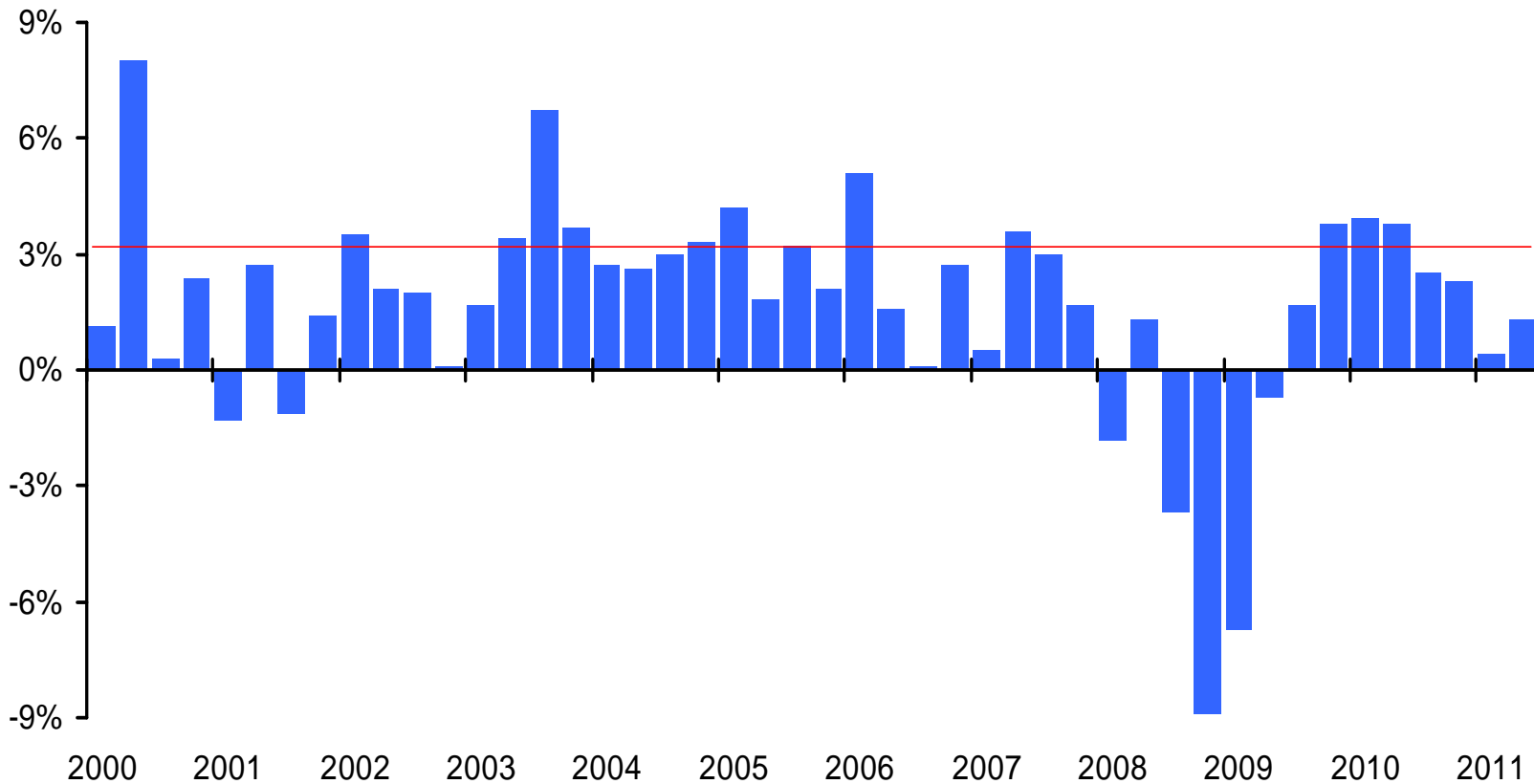


**October 21, 2011**

## GDP has been weak the past four quarters.

### Gross Domestic Product

Quarterly Percent Change, SAAR

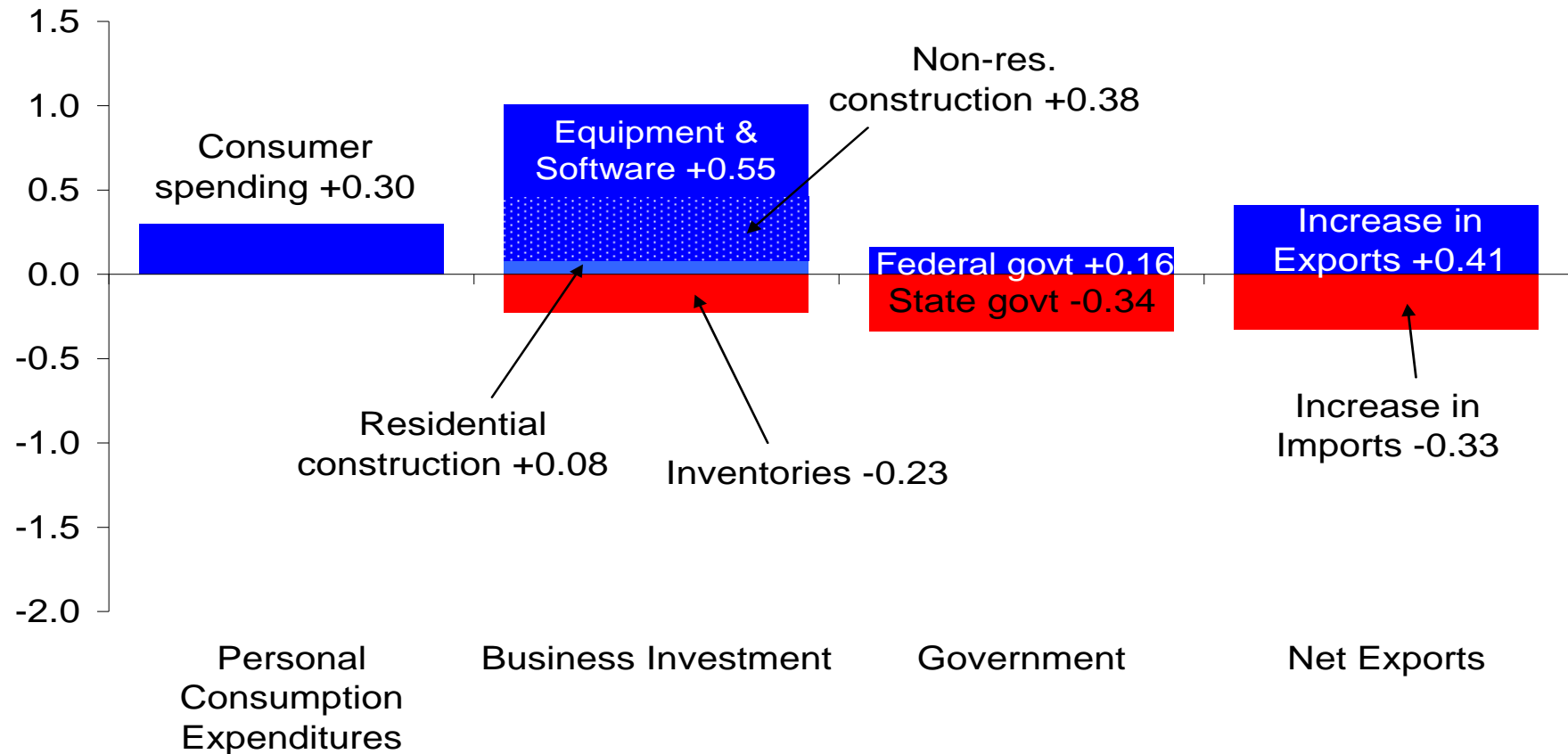


Source: Bureau of Economic Analysis and Haver Analytics.

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## Equipment and software investment along with exports helped grow GDP in second quarter 2011.

Contribution to Real Net GDP Growth (Percentage Points)

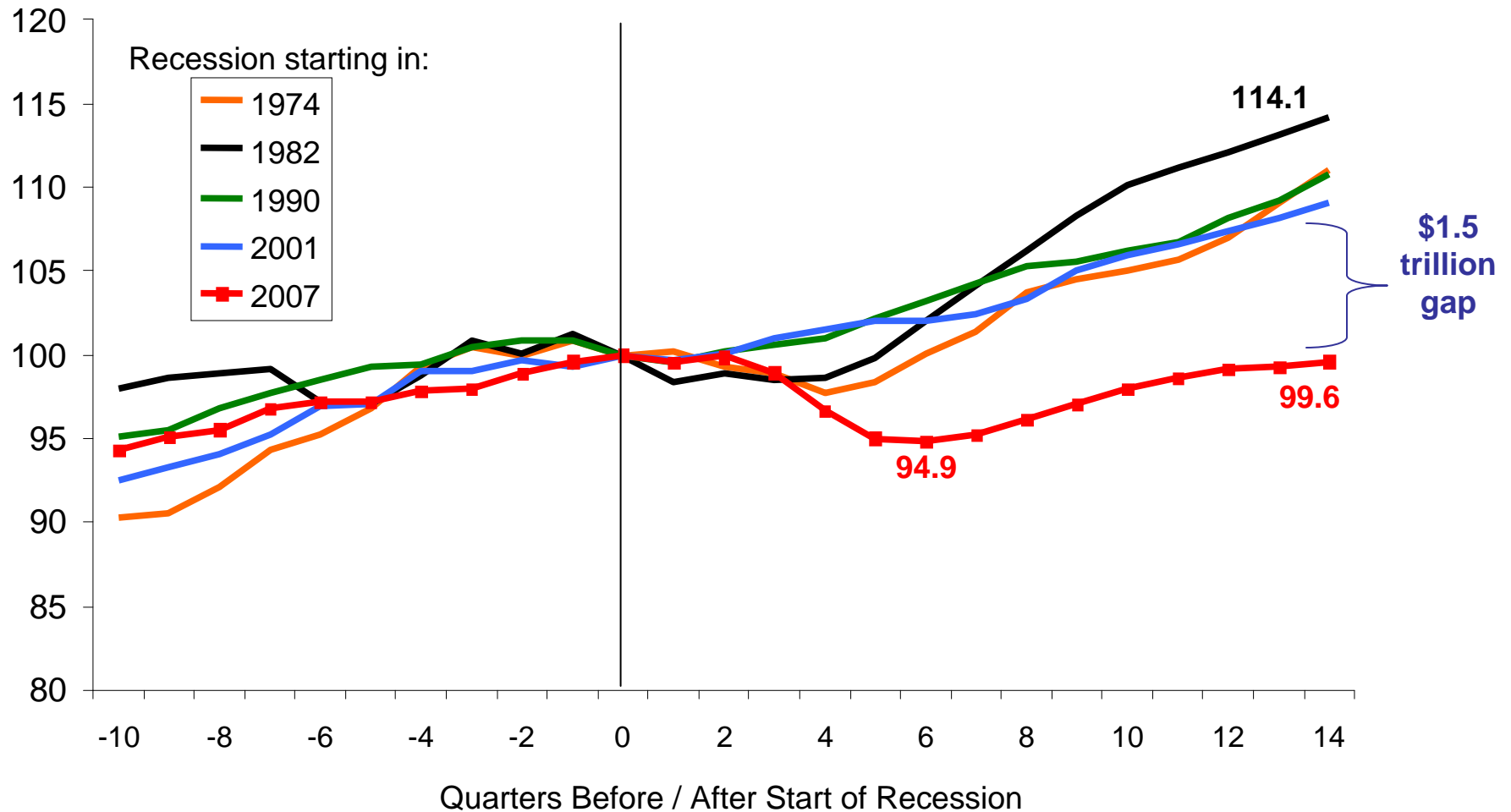


Source: Bureau of Economic Analysis

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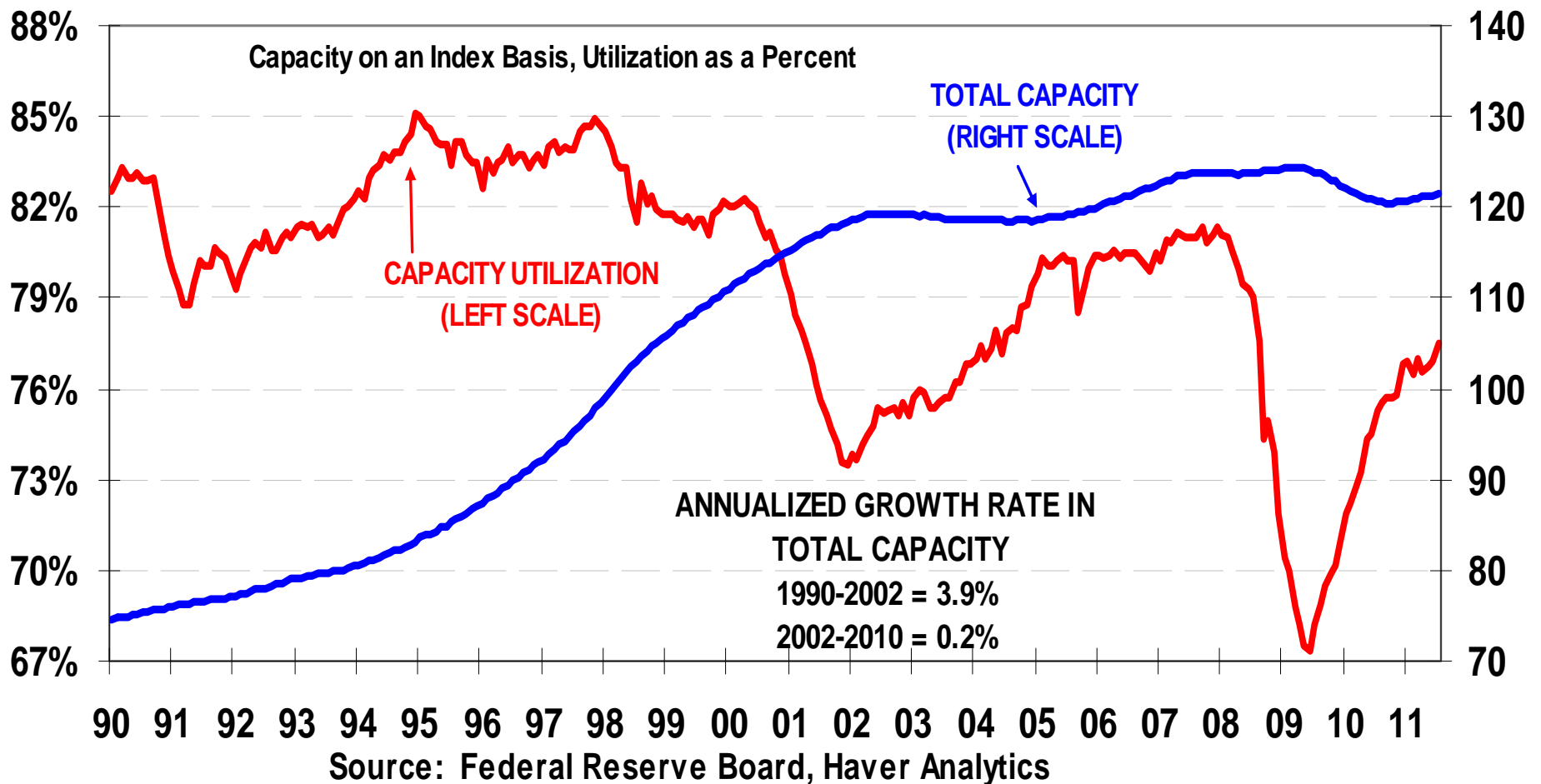
# Real GDP growth has been the slowest in recent memory.

Real Gross Domestic Product (Start of Recession = 100)

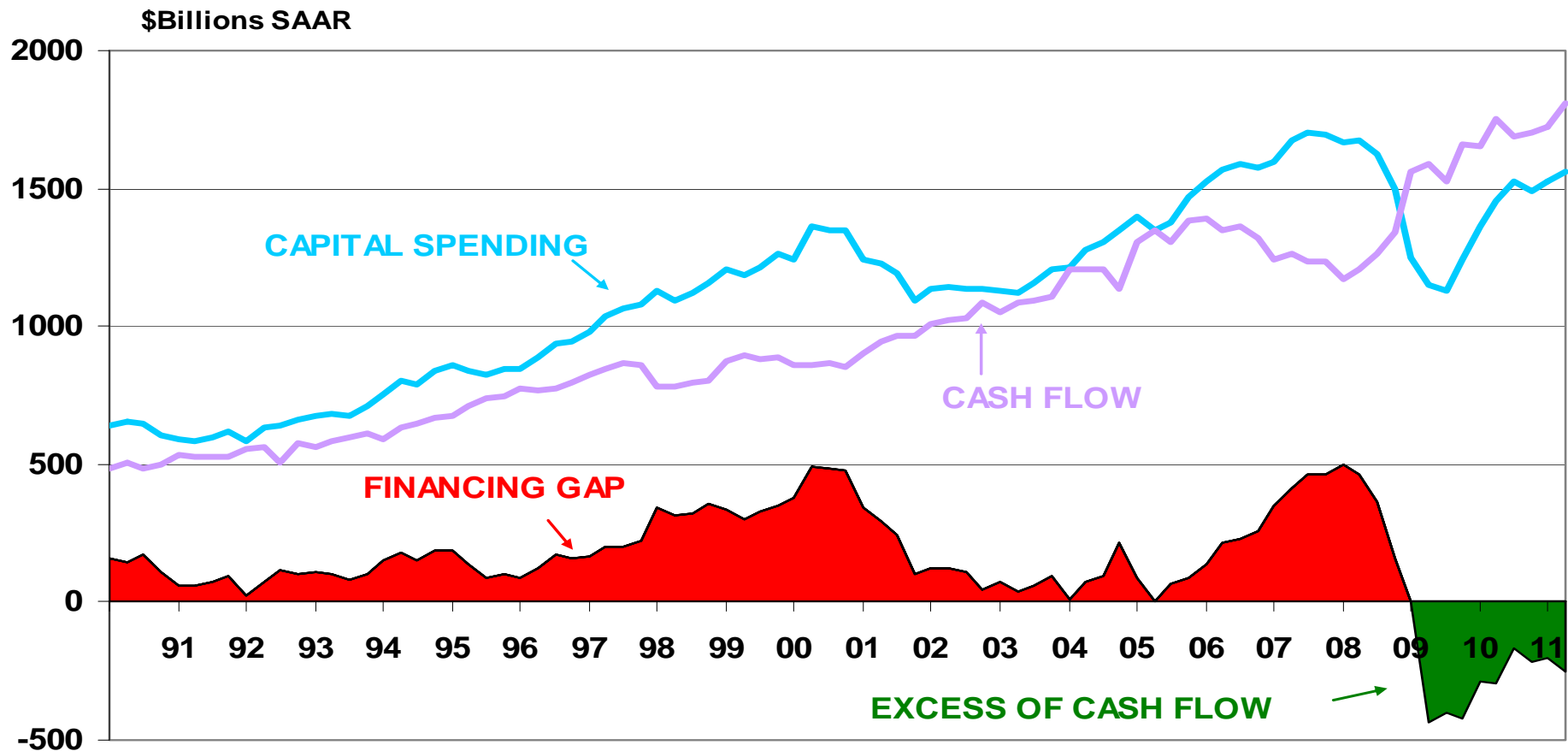


Source: FDIC calculations based on data from the Bureau of Economic Analysis / Haver Analytics  
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# The business sector has little reason to expand capacity.



... but they have plenty of cash sitting on the sidelines.

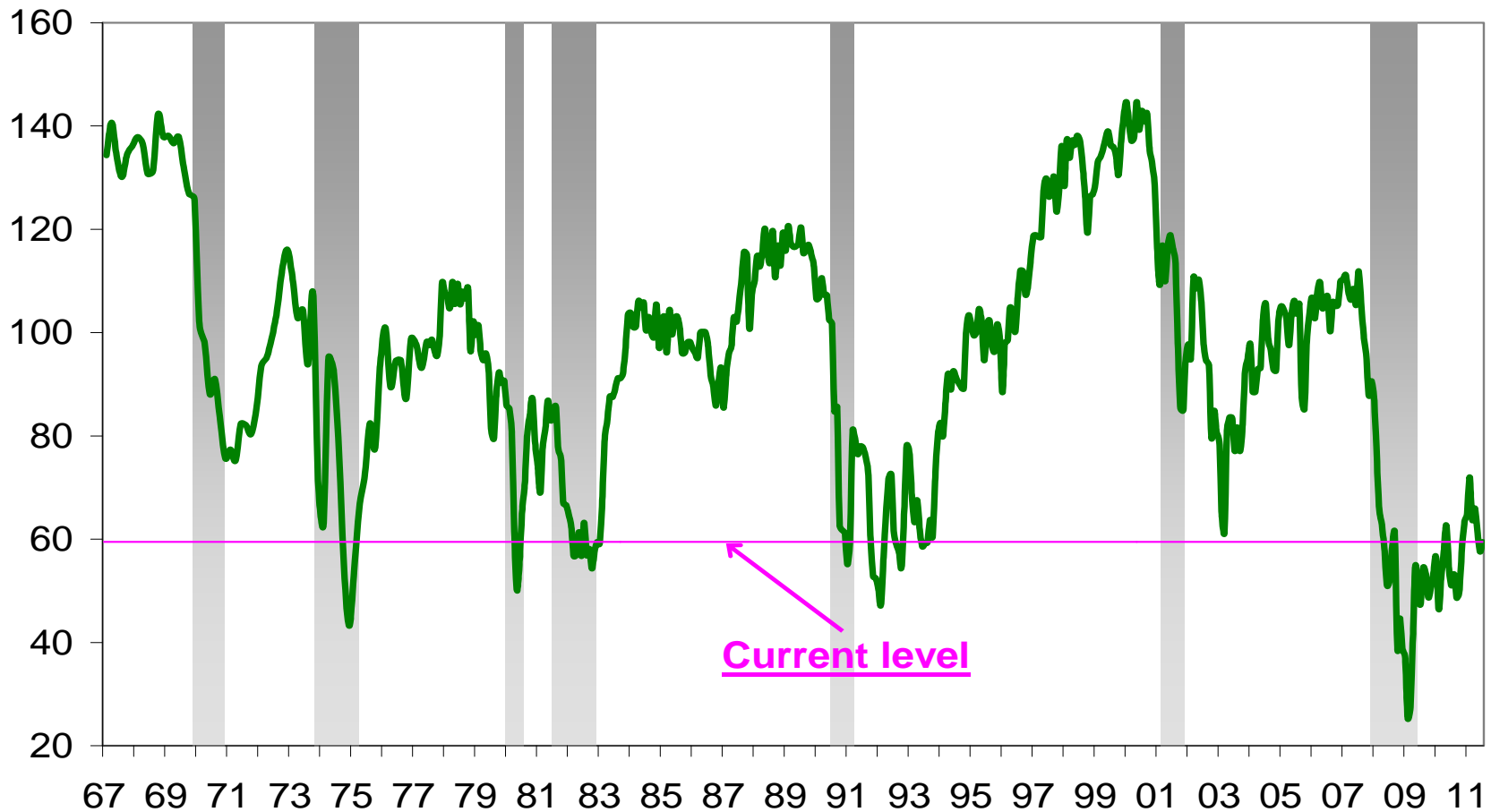


Sources: Bureau of Economic Analysis, Haver Analytics

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## Consumer confidence remains at recessionary levels.

Conference Board Consumer Confidence Index  
1985 = 100

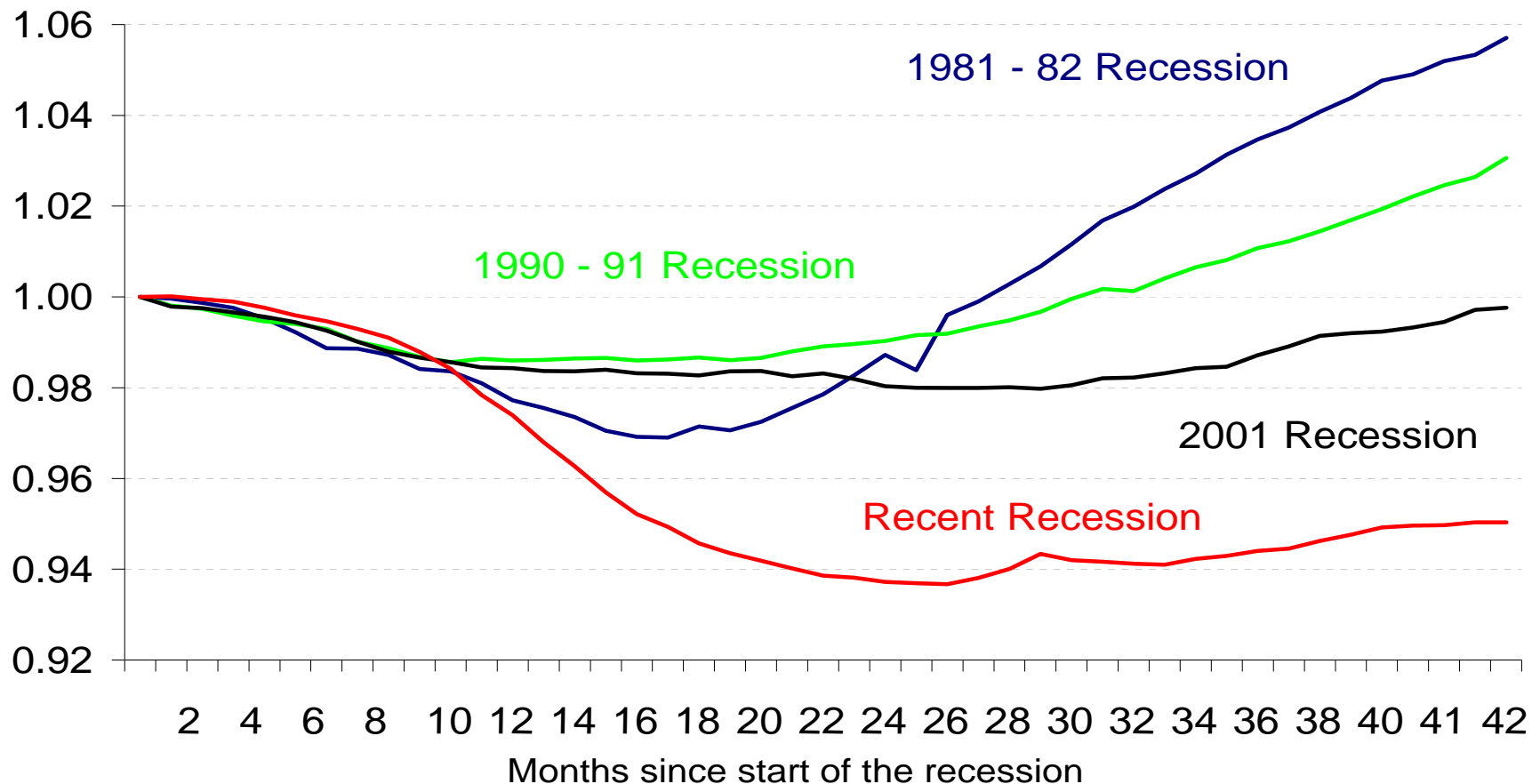


Sources: Conference Board, NBER, Haver Analytics

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## Employment has been very weak during this recovery.

Non-farm Employment  
Indexed to the beginning of the recession

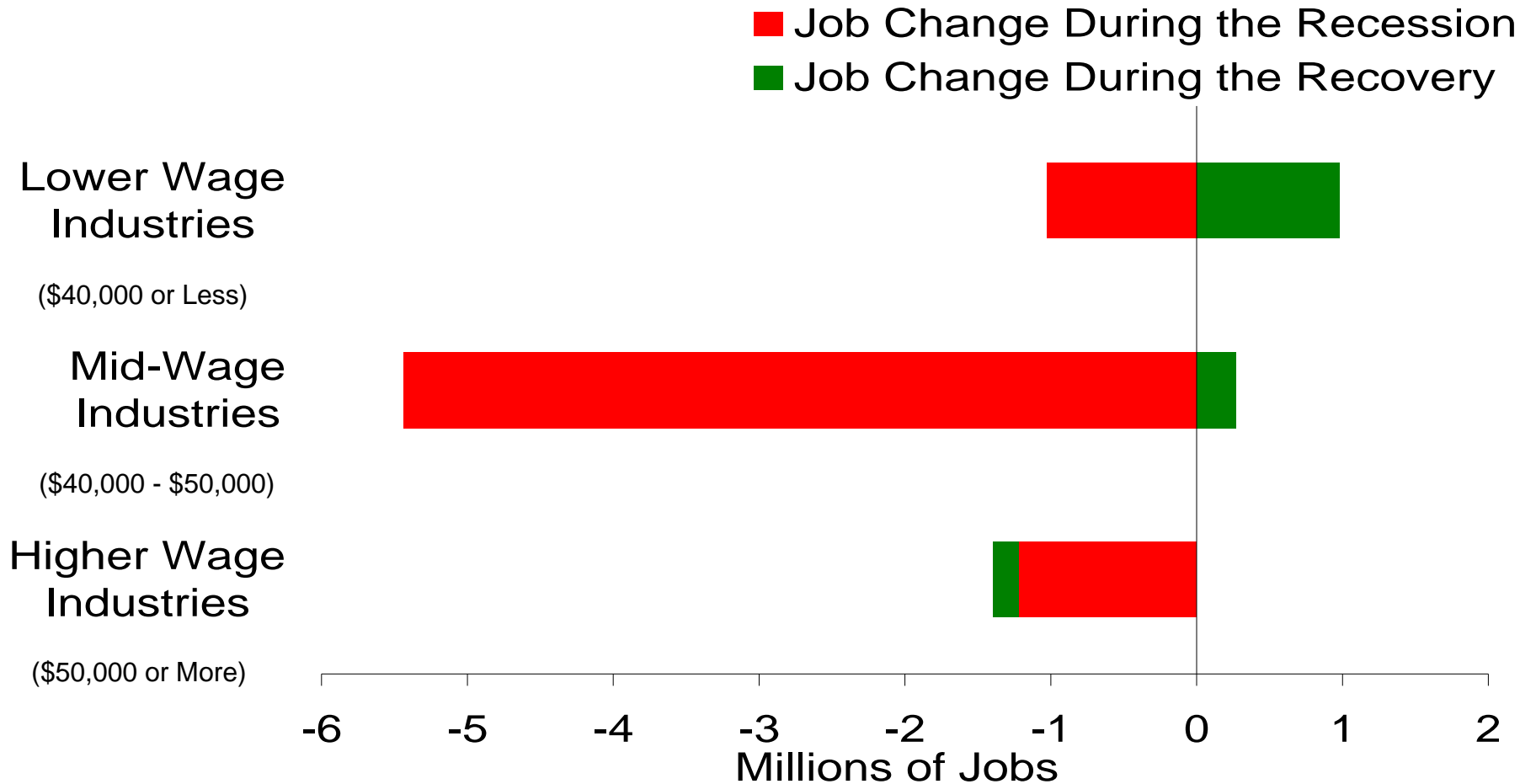


Source: Bureau of Labor Statistics, Haver Analytics. Data through August, 2011.

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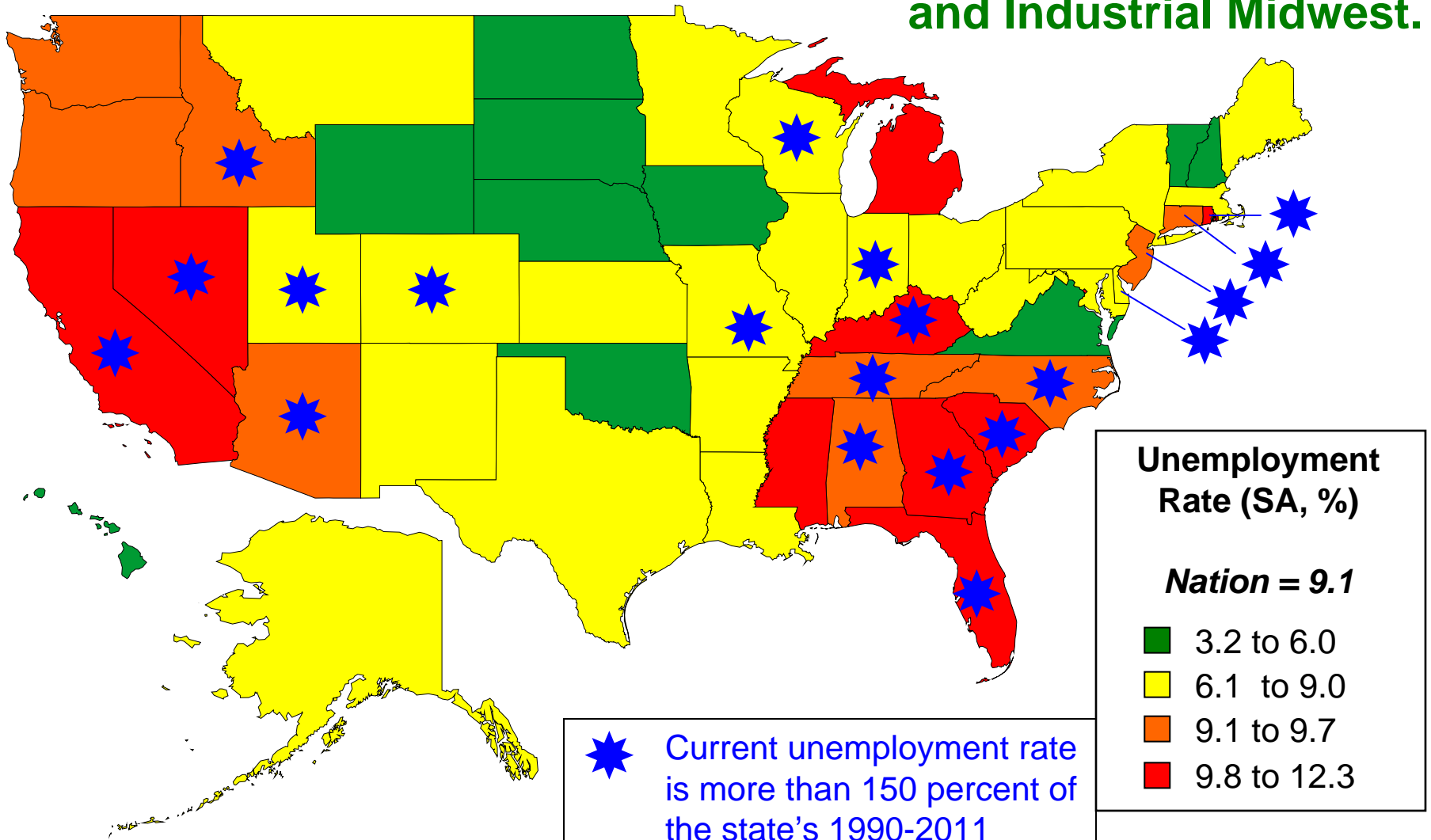


## Nationally, lower wage jobs account for most of the gains.



Source: Bureau of Labor Statistics, FDIC. Note: Lower Wage Industries include Leisure and Hospitality, Retail Trade, Education, Health and Other Services; Mid-Wage includes Business Services, Transportation and Utilities, Manufacturing and Construction, Higher Wage includes Wholesale Trade, Financial, Information and Natural Resources and Mining.

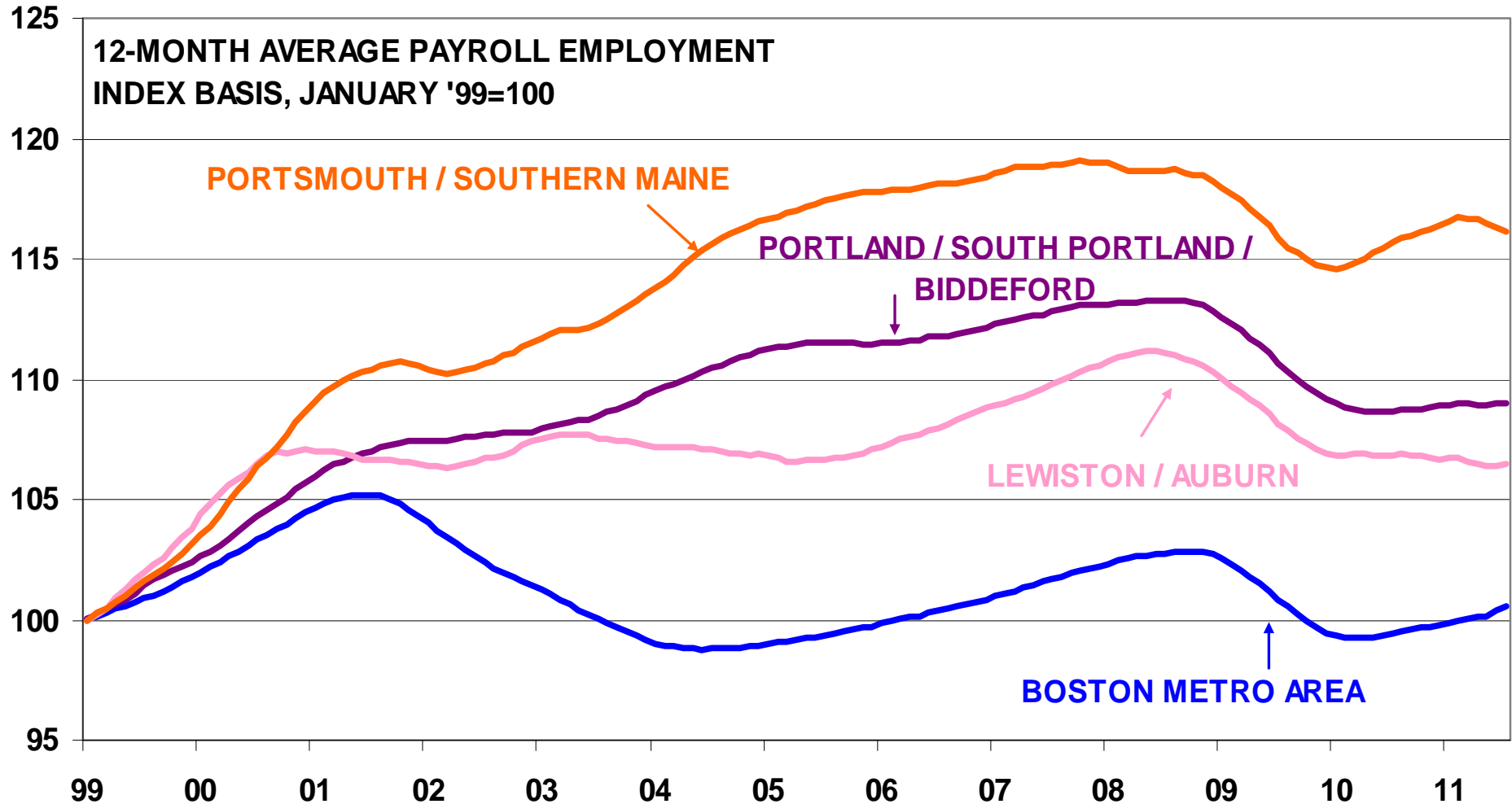
# Unemployment rates remain persistently high in the South, West, and Industrial Midwest.



Source: Bureau of Labor Statistics.  
 Note: Map shows second quarter 2011 data.

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## Southern Maine had the strongest payroll growth.



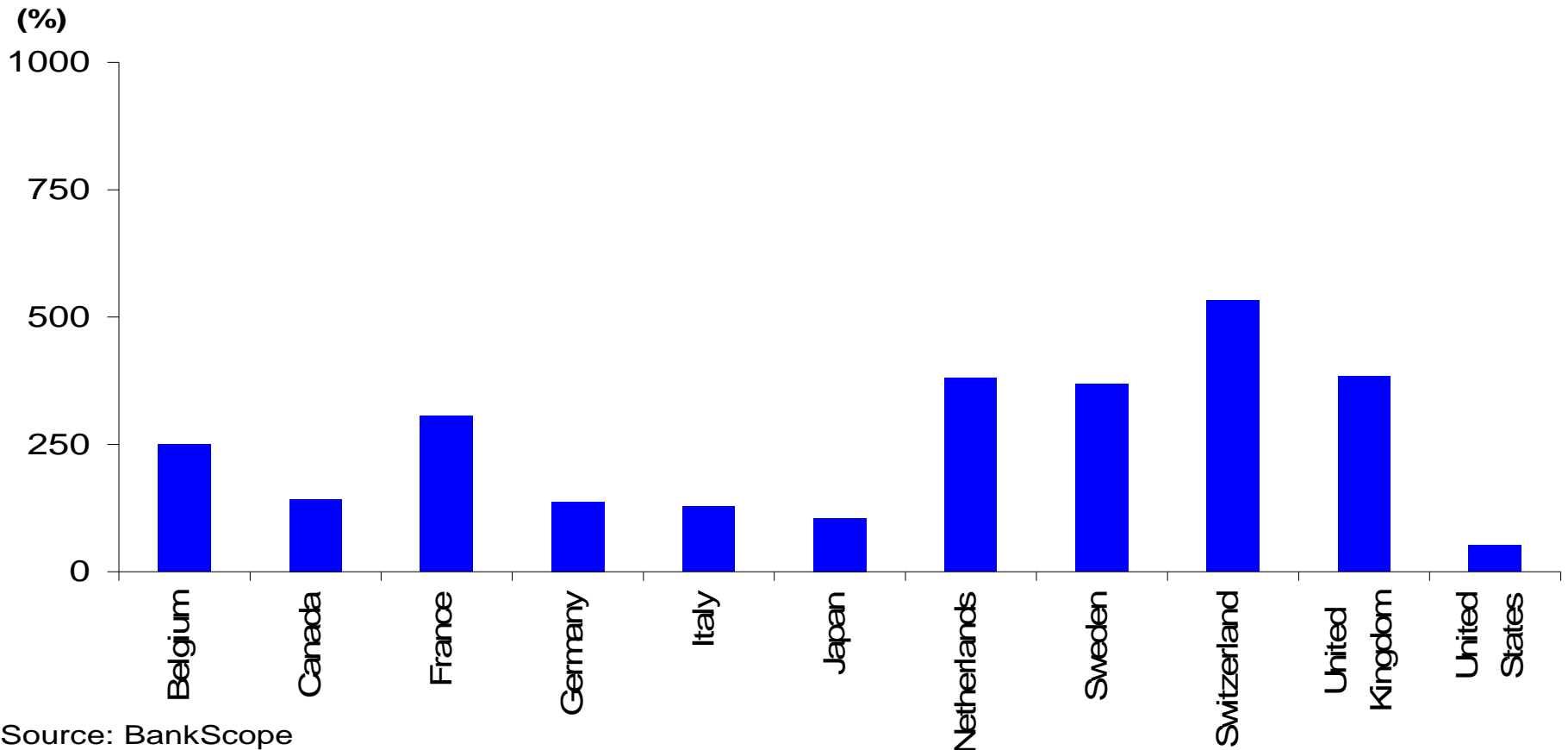
Sources: Bureau of Labor Statistics, Haver Analytics

# European Fiscal and Banking Problems



## Many European countries have banks with assets that are several times larger than their economies.

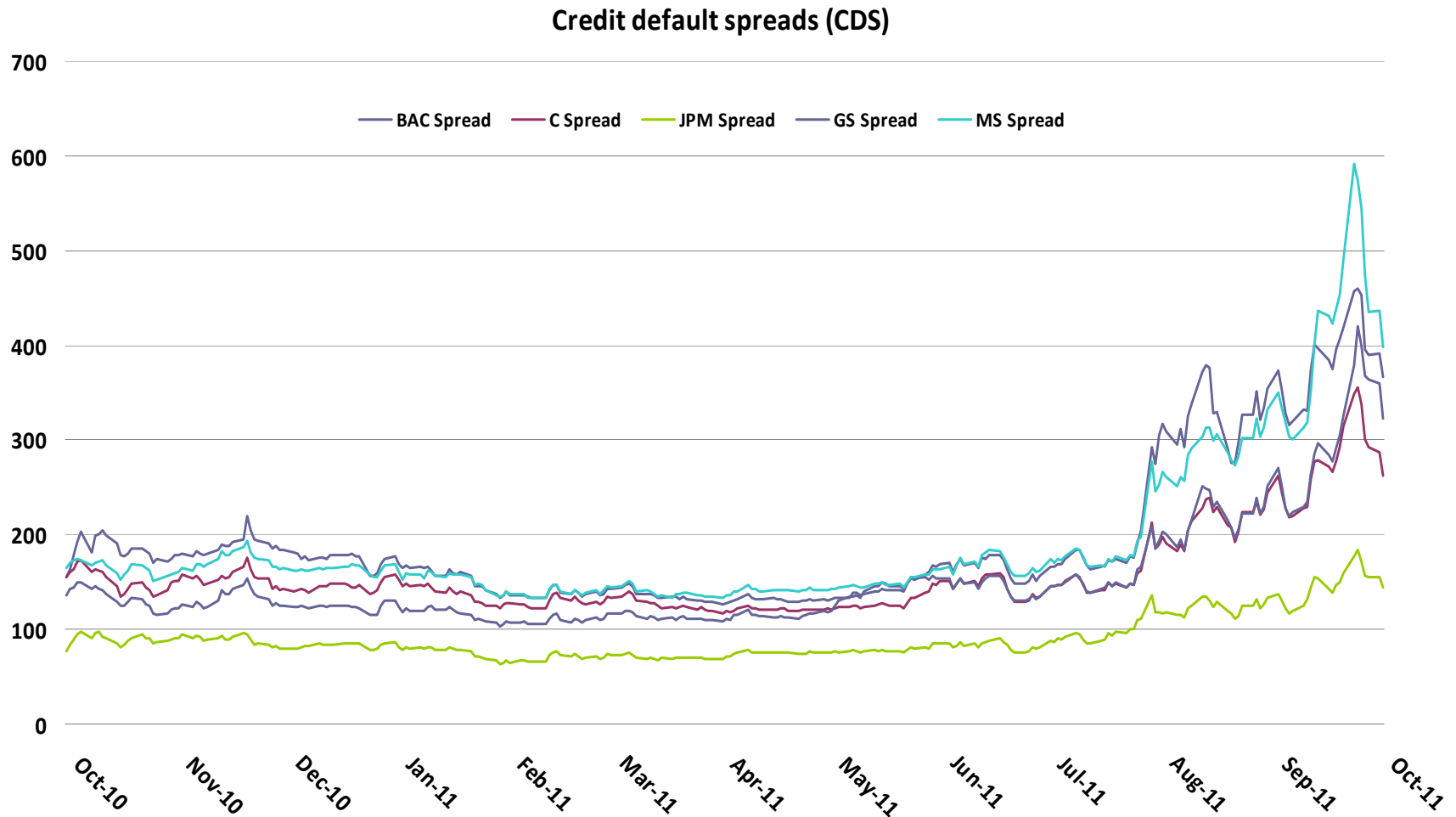
Total domestic and foreign assets of the four largest banks in G-10 Countries as a share of country GDP at year-end 2010



Source: BankScope

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# Credit default spreads have widened in response to the European debt crisis

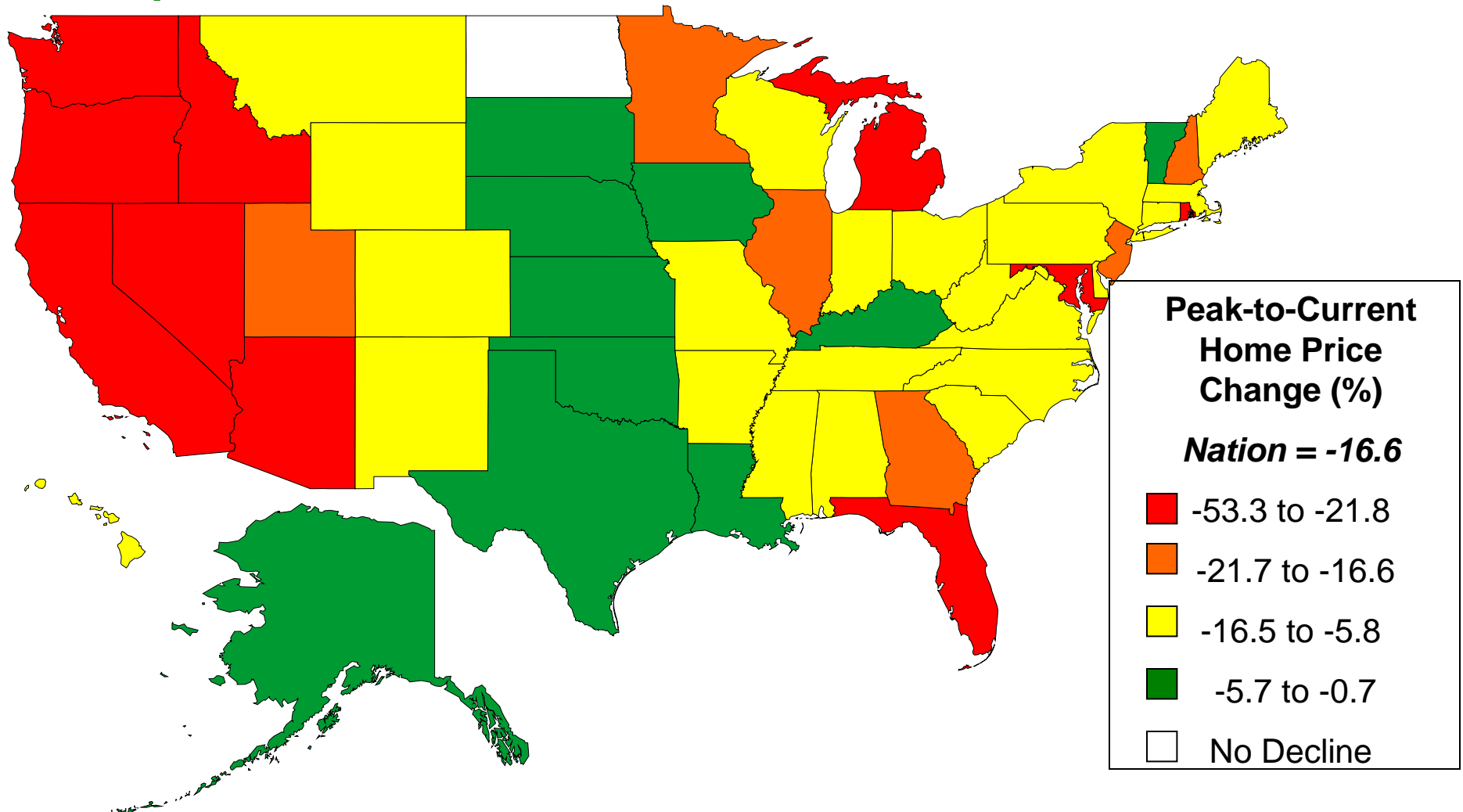


Source: Markit

## Housing and Mortgage Markets are Undergoing a Correction



## Home price declines are most severe in the West and South.



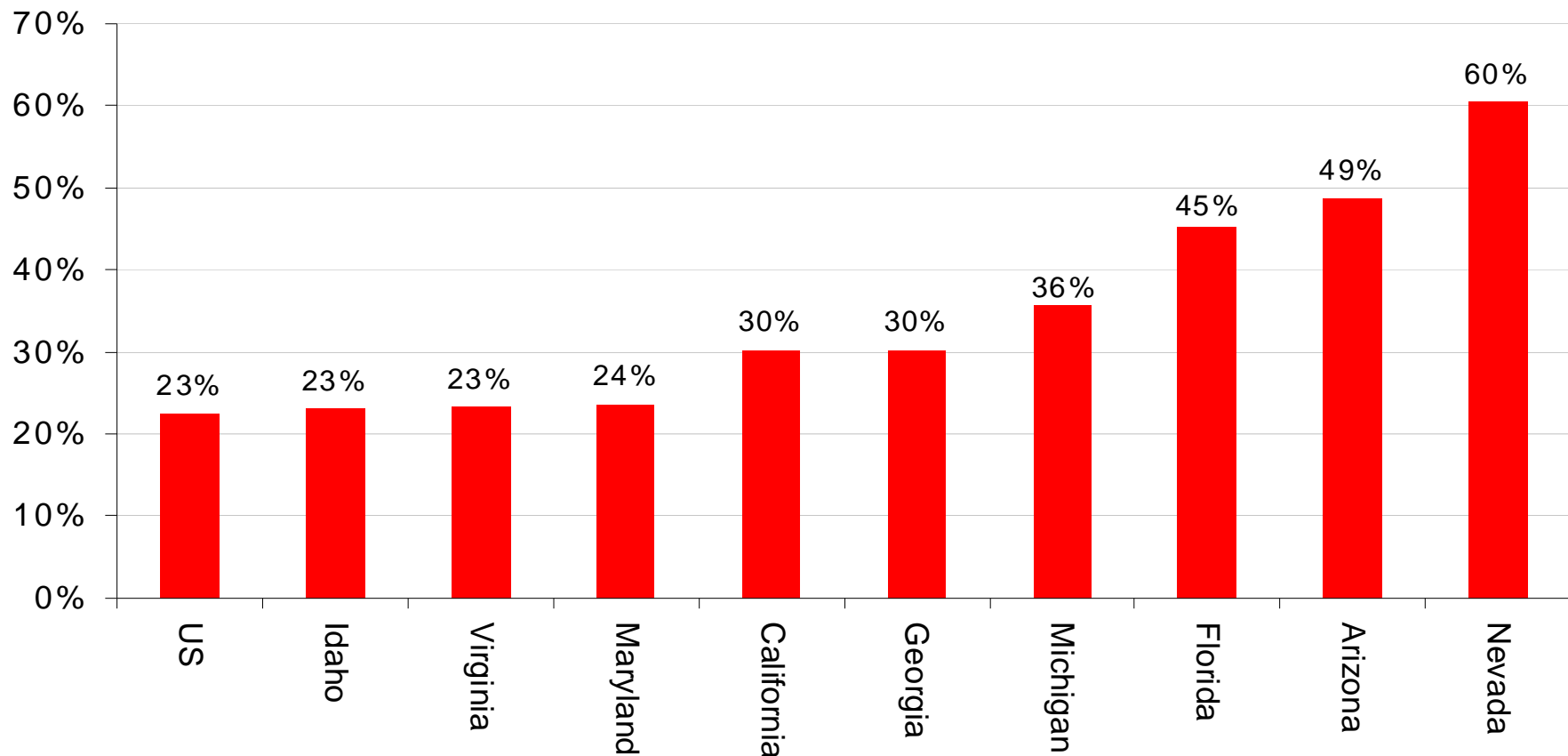
Source: Federal Housing Finance Agency (data as of second quarter 2011).

Note: Peak-to-current data are calculated as the percent change between the recent home price peaks and the current home prices.

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## More than one-fifth of the nation's residential mortgage loans are underwater.

Percentage of Mortgages With Negative Equity

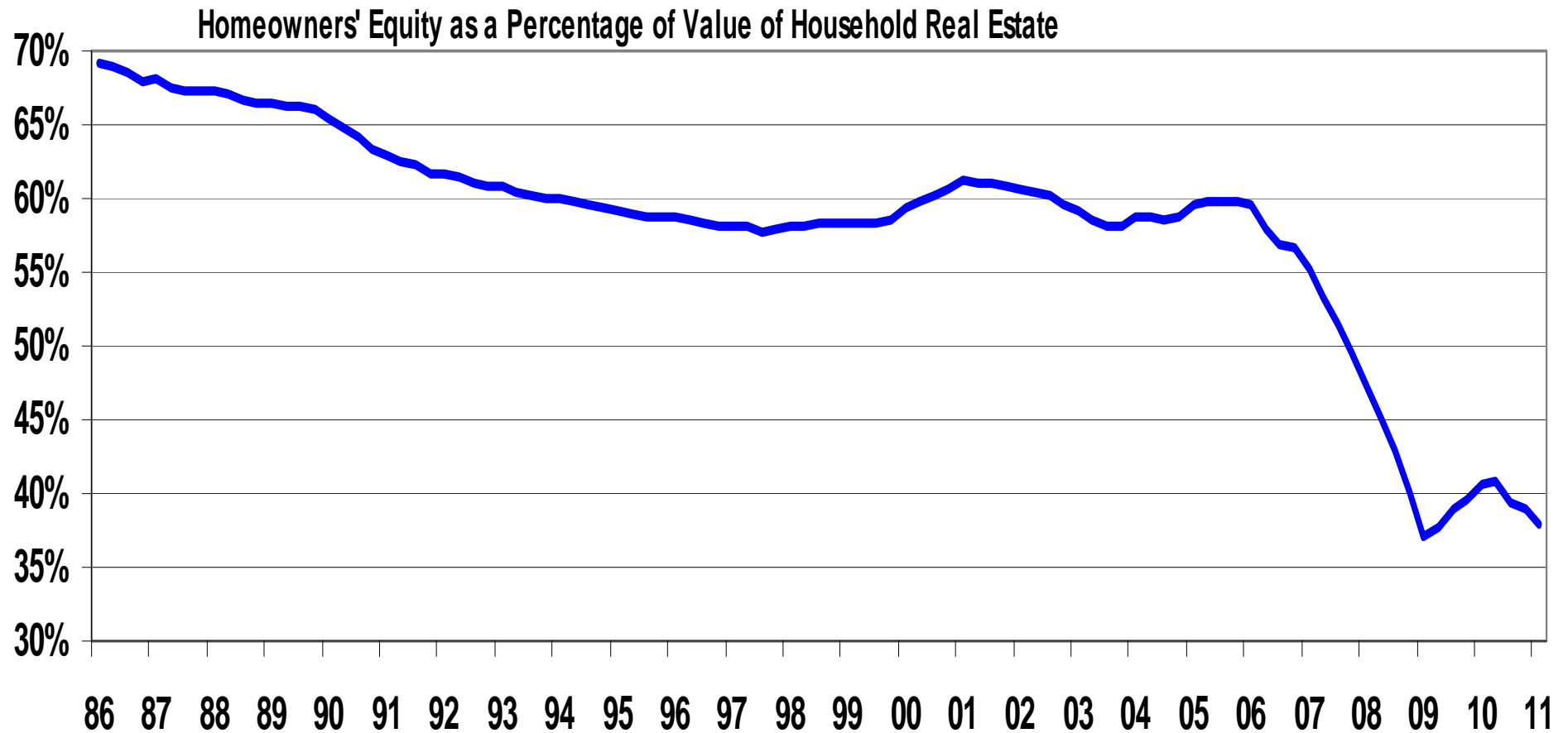


Source: CoreLogic. Data as of second quarter 2011.

Note: Data for LA, ME, MS, SD, VT, WV and WY unavailable. There are 48 million mortgages in the US.

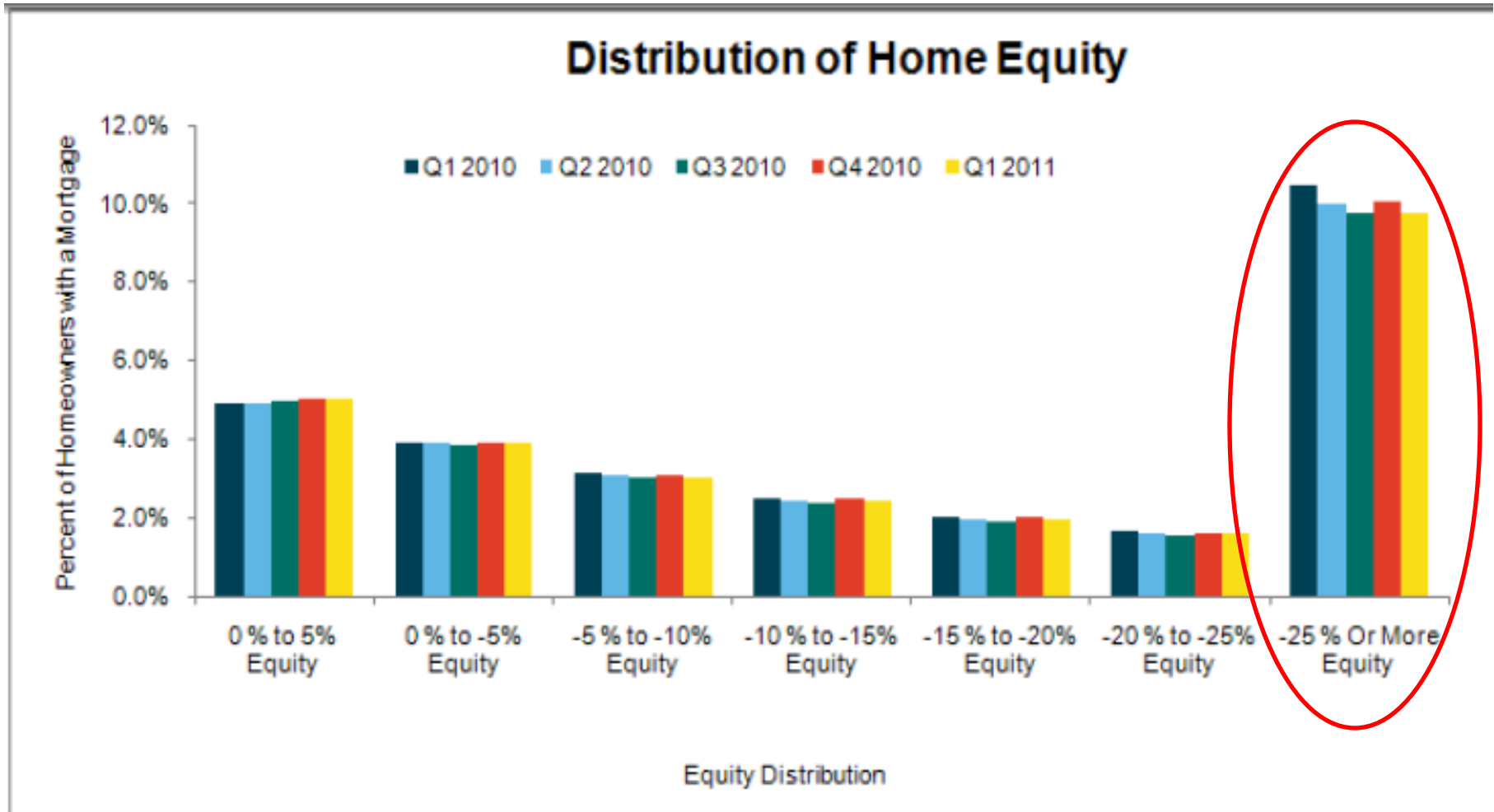
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## Homeowners are more Accurately “Home Owers”



Source: Federal Reserve Board, Haver Analytics

## Homes with negative equity takes a toll on the recovery.

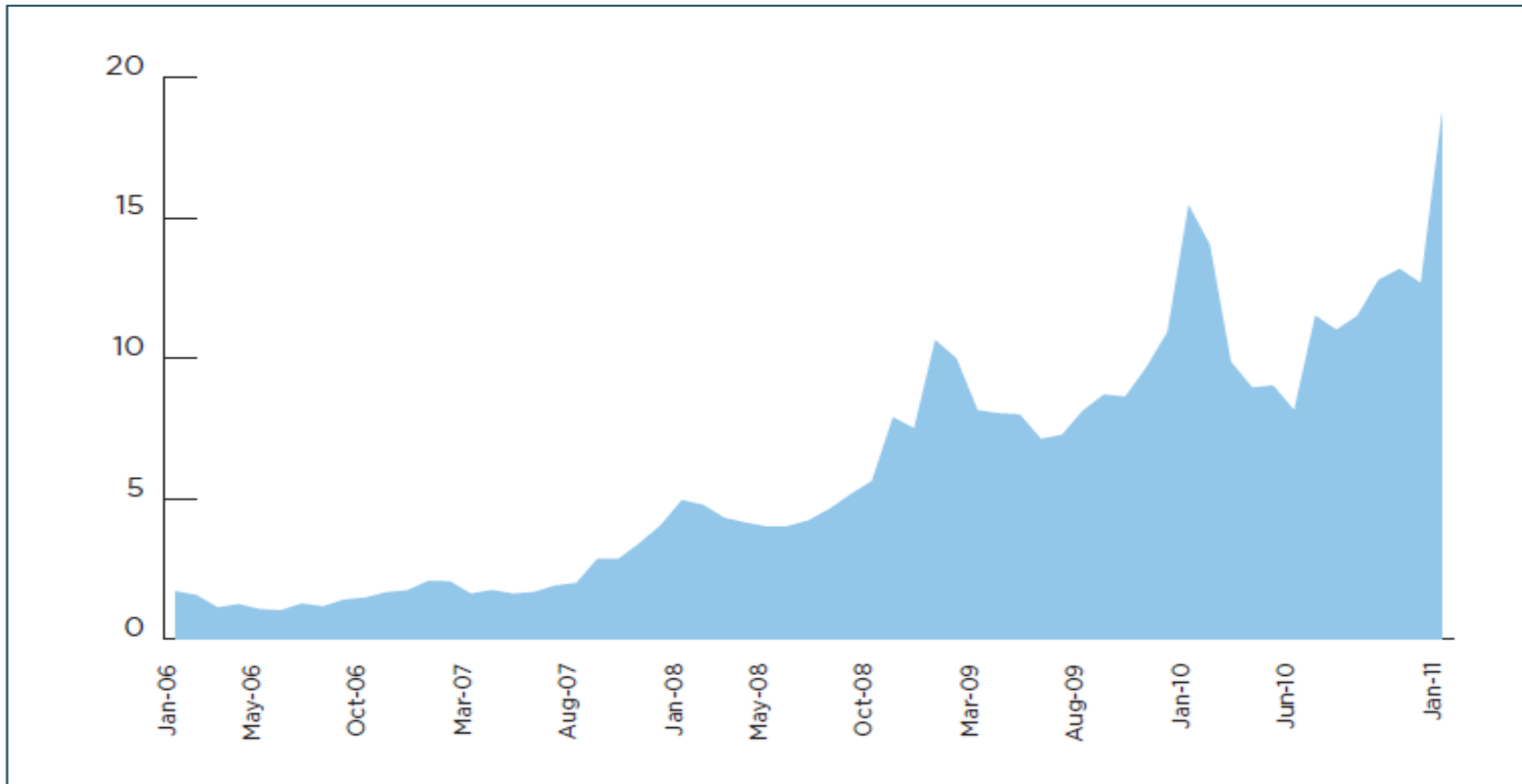


Source: CoreLogic

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## No housing recovery until this backlog gets worked off.

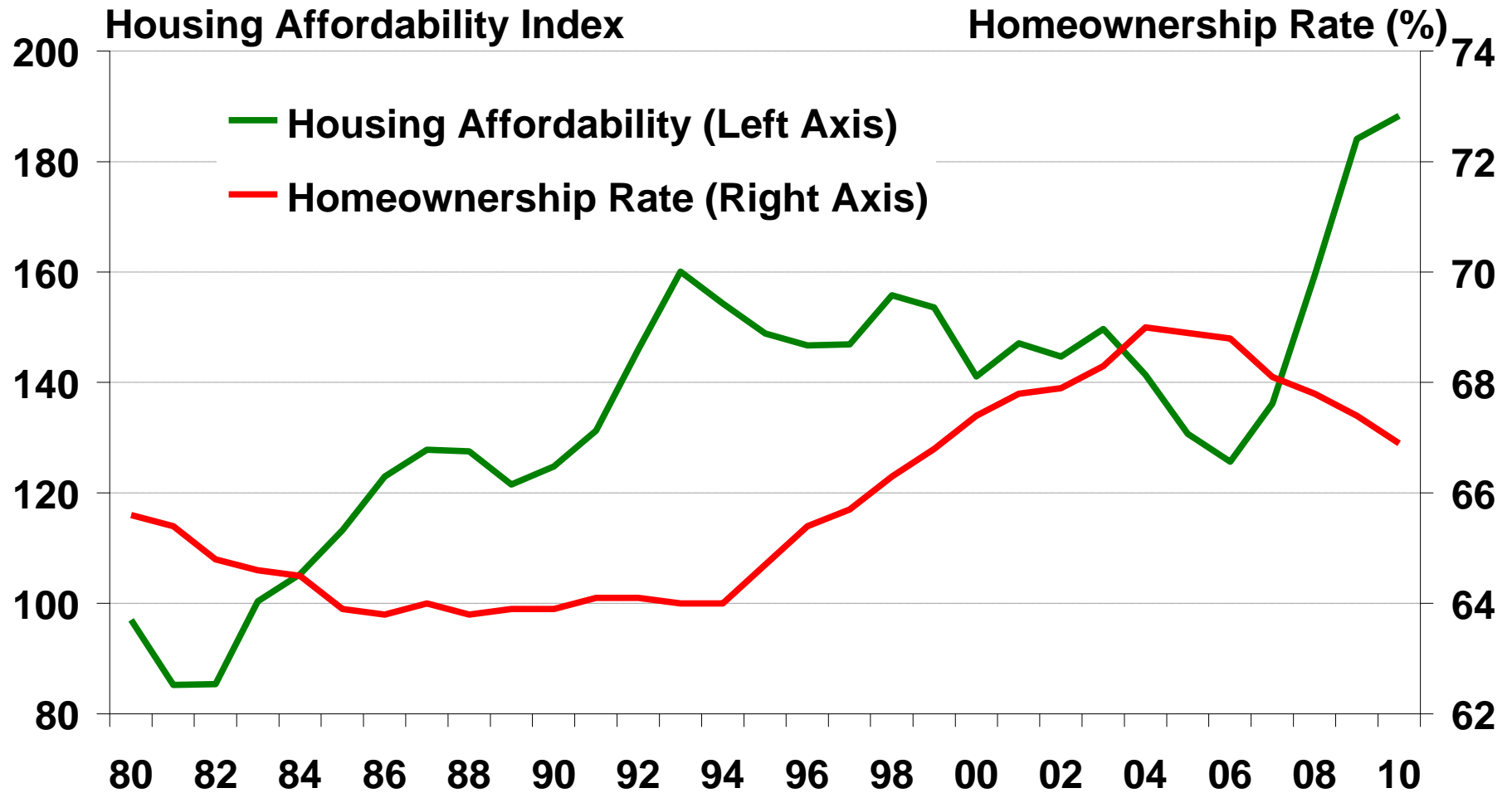
### MONTHS SUPPLY DISTRESSED HOMES



Source: CoreLogic

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**Homes are more affordable now but fewer are buying.**



Sources: Moody's Analytics and U.S. Census Bureau (annual data through 2010).

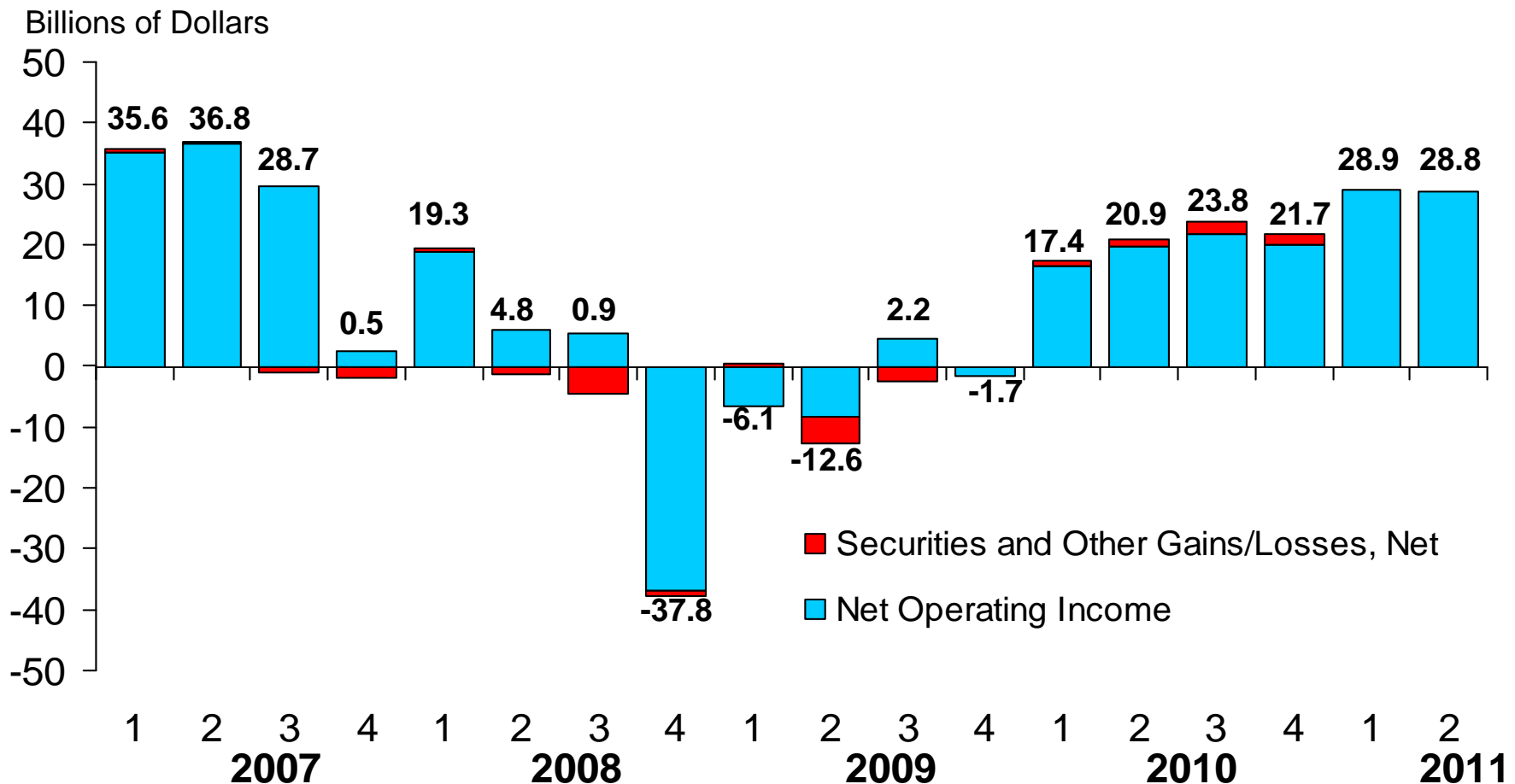
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## Banking Conditions



The industry posted a profit in each of the past six quarters.

### Quarterly Net Income

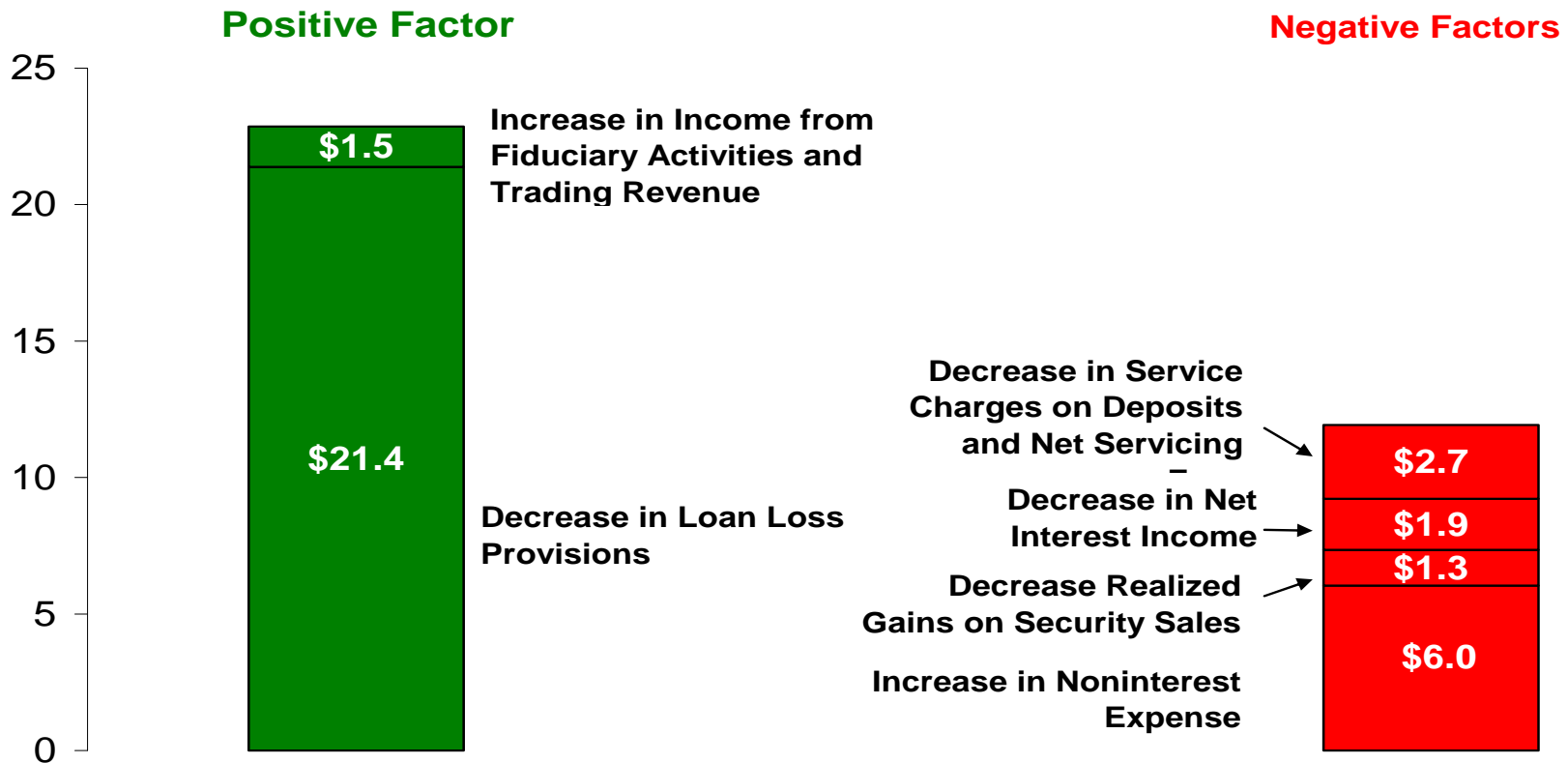


Source: FDIC QBP

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# Lower loan loss provisions were a key factor in earnings growth.

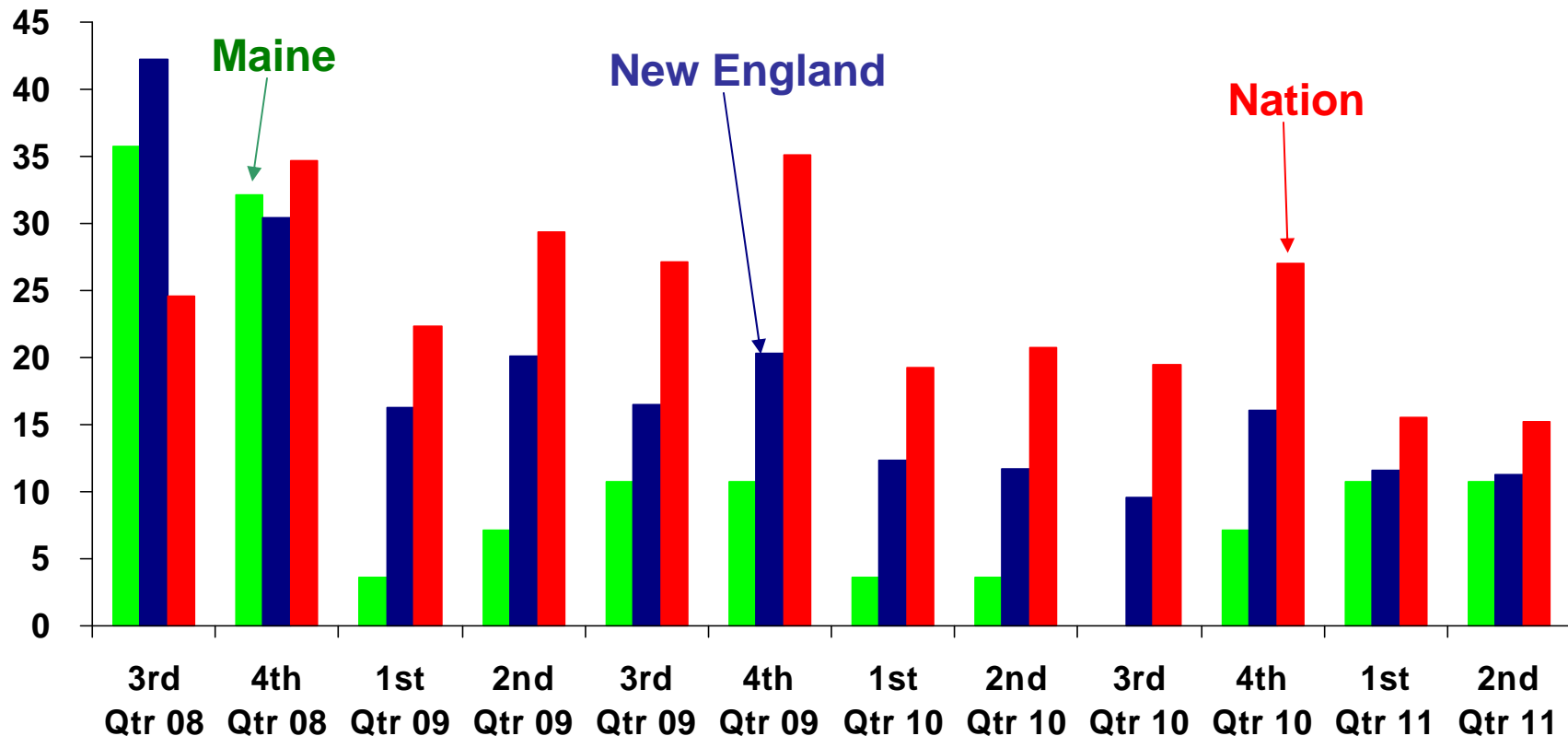
2nd Quarter 2010 vs. 2nd Quarter 2011  
\$ Billions



Source: FDIC  
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**The percentage of insured institutions posting losses is higher nationally than in New England or Maine.**

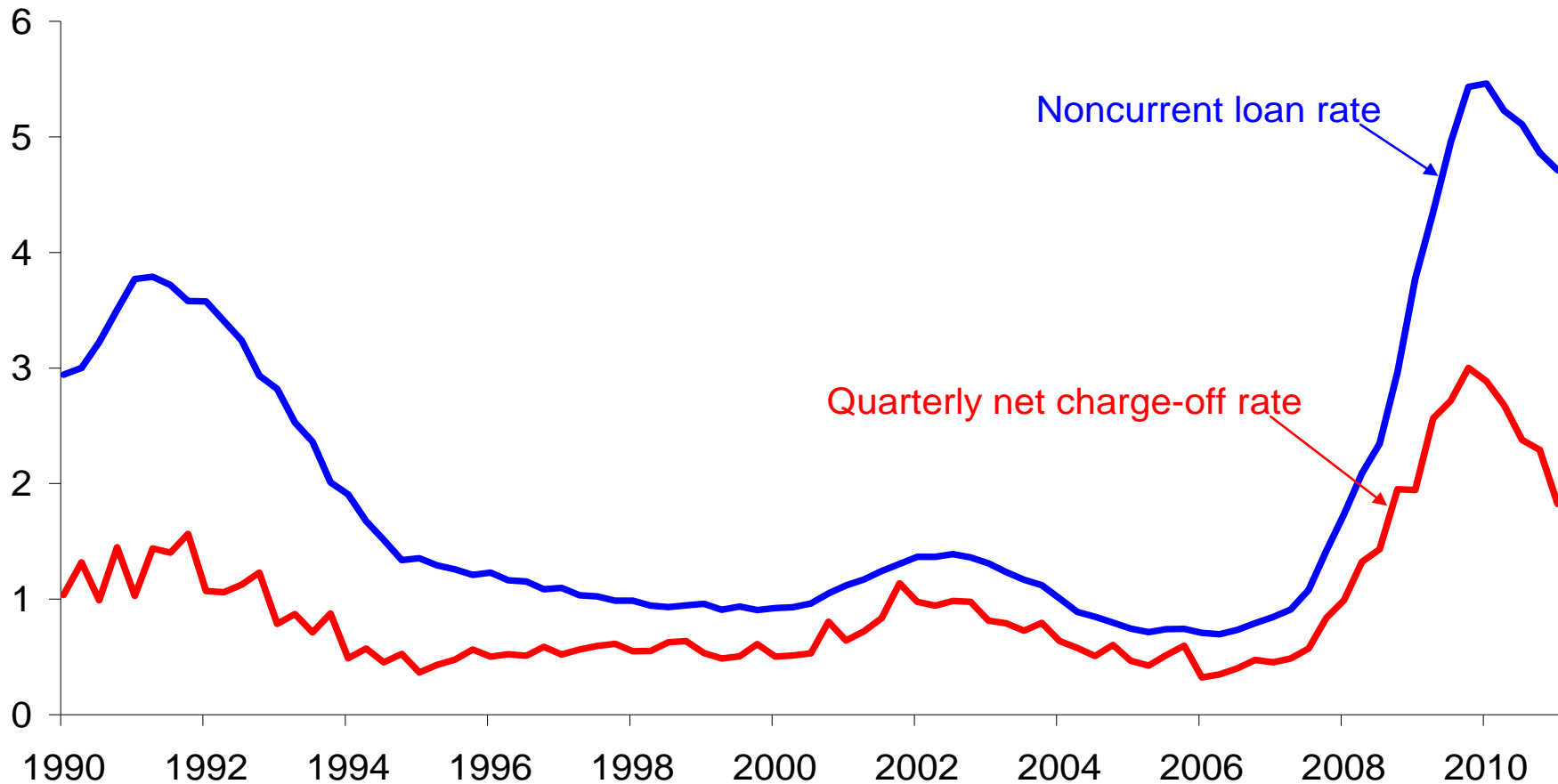
### Percent of institutions



Source: FDIC. Data as of June 30, 2011.

## Nationwide credit quality deterioration has slowed, but delinquency and charge-off rates remain elevated.

Percent of total loans & leases

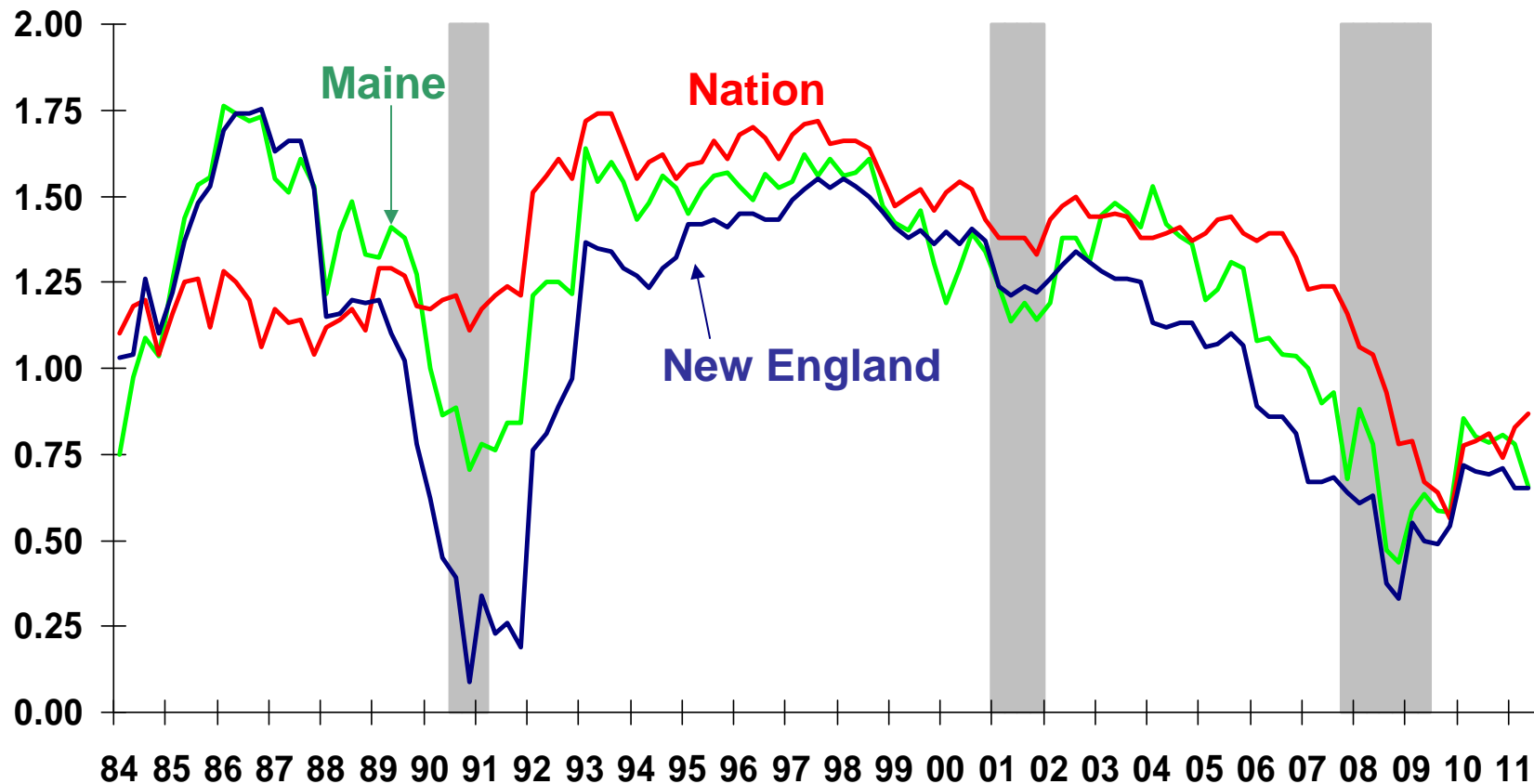


Source: FDIC

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## Earnings were hit harder in recent recession nationally and in Maine than in previous recessions.

Pre-tax ROA (median %)

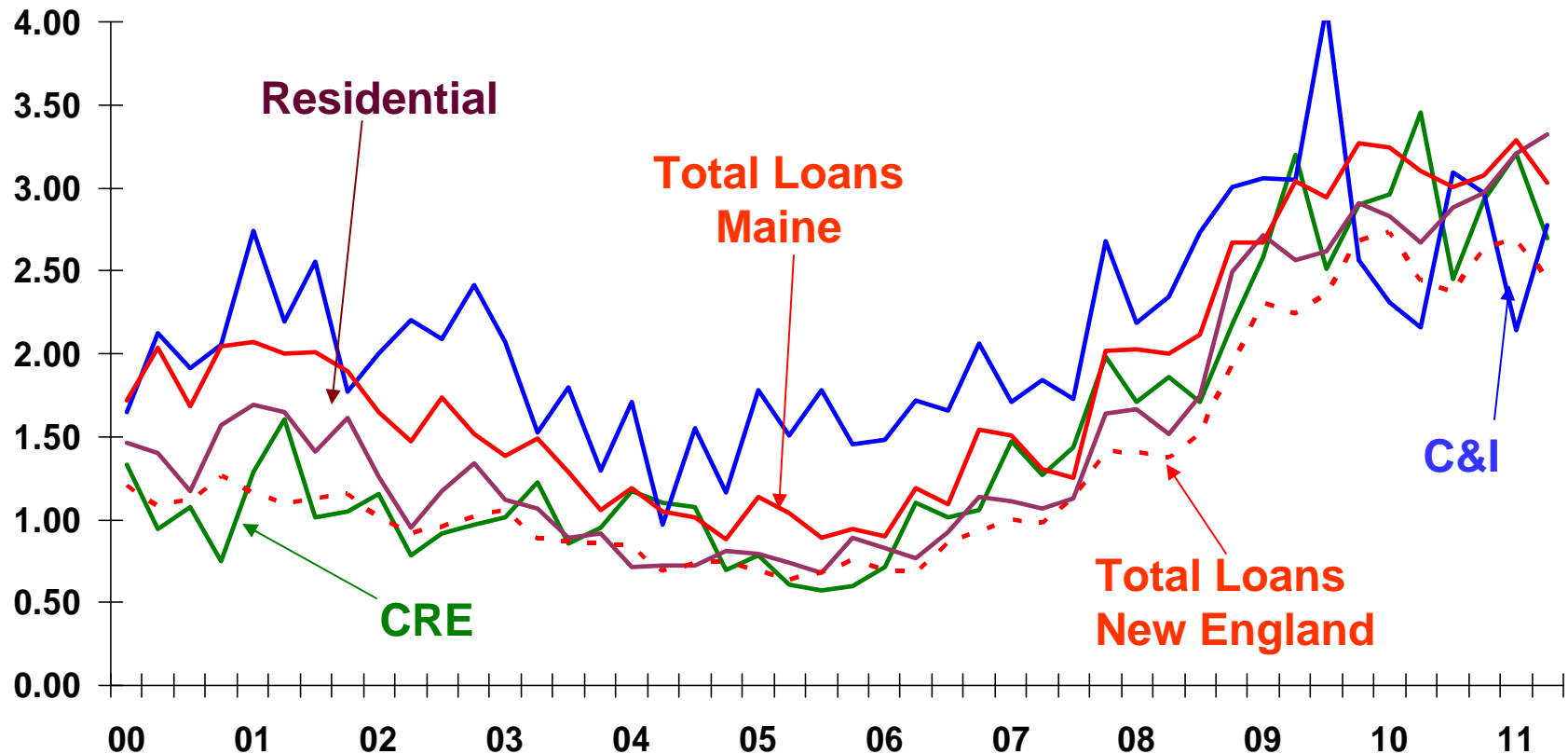


Source: FDIC. National Bureau of Economic Research/Haver Analytics.  
Data as of June 30, 2011. Maine data excludes TD Bank.

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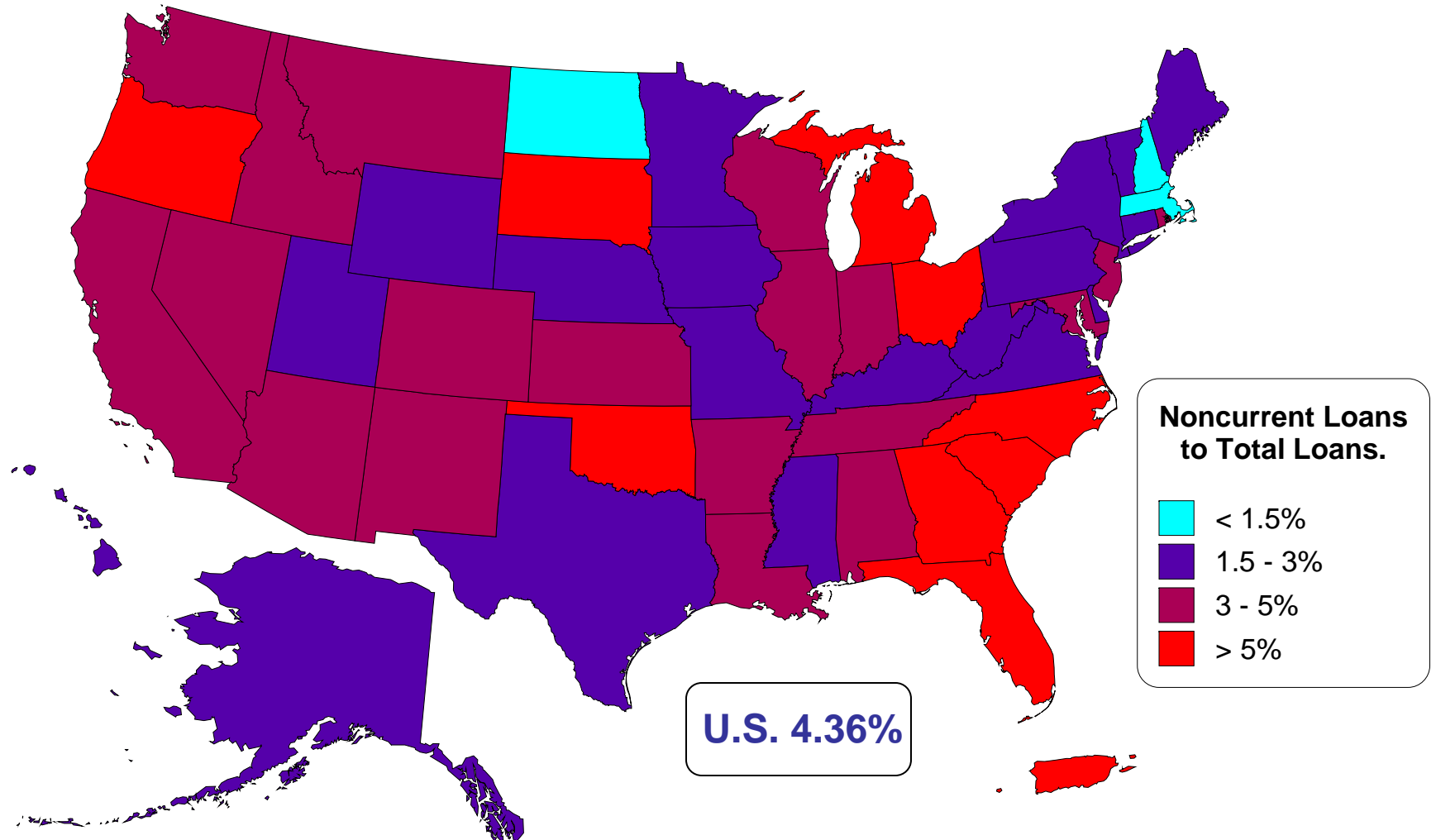
## Credit quality still shows signs of stress in Maine.

### Past Due Loans (median %)



Source: FDIC. Data as of June 30, 2011.

## Noncurrent loan ratios in the Northeast are lower than other parts of the country.

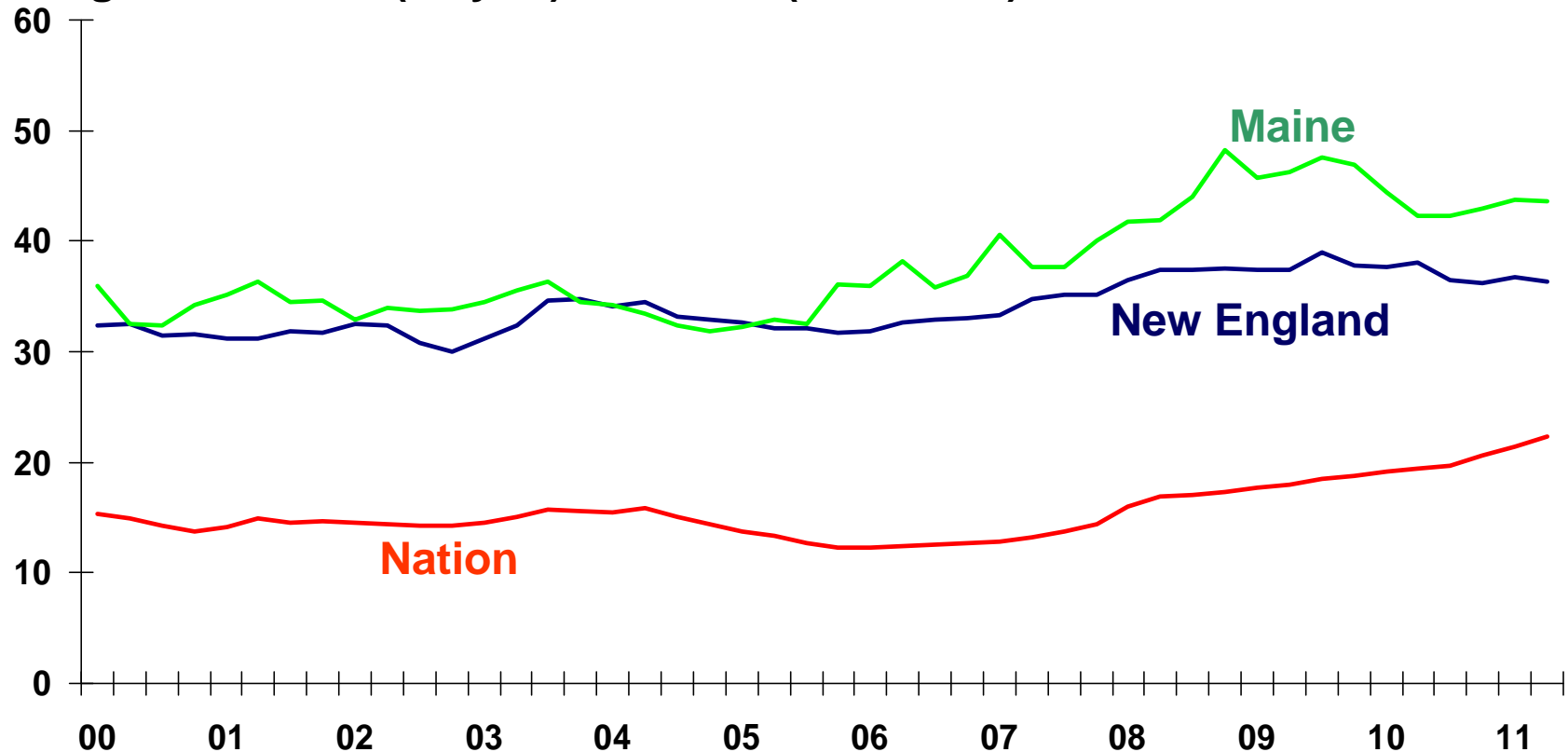


Source: FDIC. Aggregate data as of June 30, 2011.

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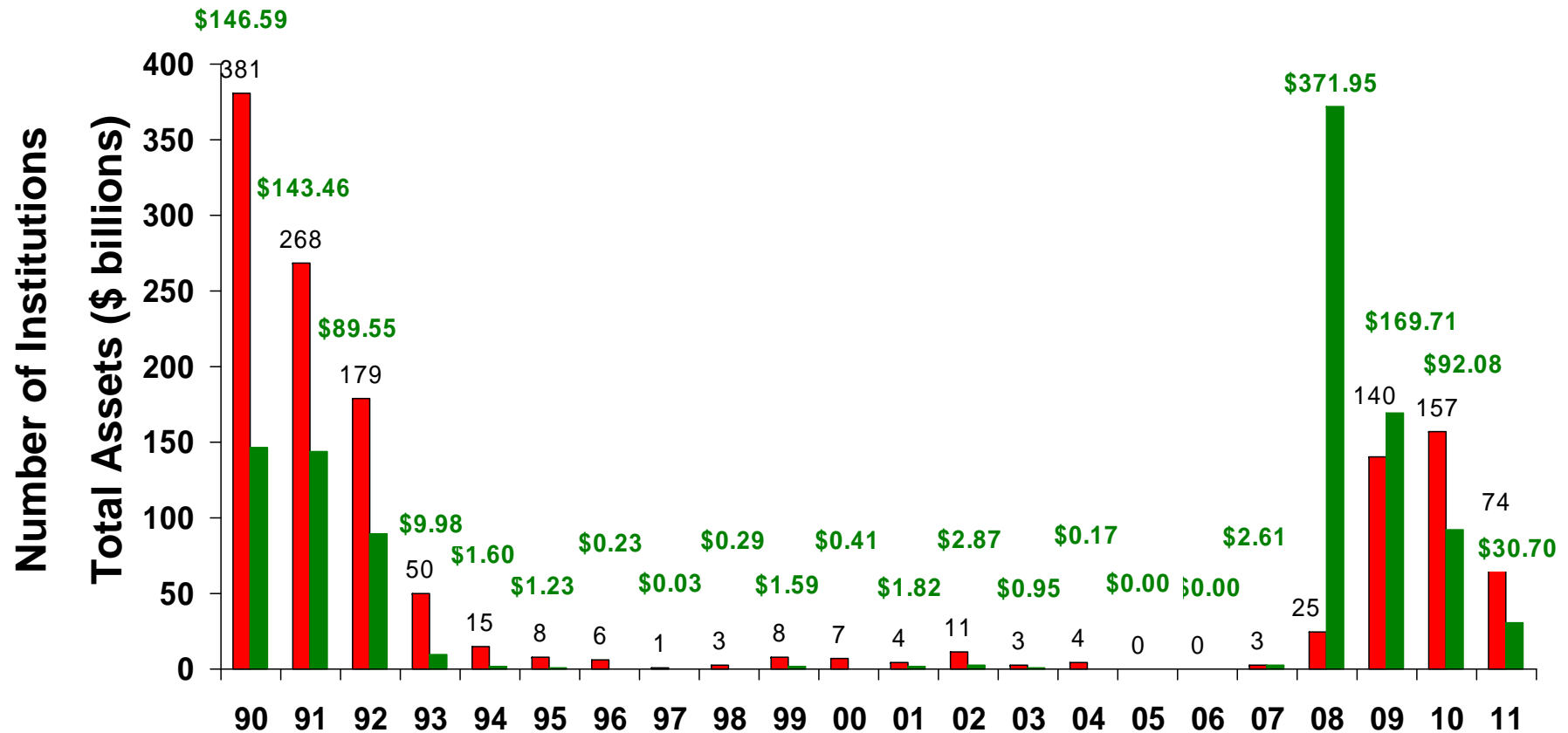
## While deposits are short-term, long-term assets are much higher in Maine and New England.

Long-term assets (>5 yrs.) to assets (median %)



Source: FDIC. Call filers. Data as of June 30, 2011.

## The pace of bank failures is slowing in 2011.



Source: FDIC. Insured institutions. National data. Dollar values in billions.

Data through September 30, 2011.

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## ***Disclaimer***

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**Questions?**

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