

News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY
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NEBRASKA BANKS OUTPERFORM NATIONAL PEERS

Since 2008, a booming farm economy and less exposure to weak real estate markets shaped profits at Nebraska banks. A special edition of the *Nebraska Economist* explores Nebraska banking conditions.

Compared to similar-sized national peers, Nebraska banks have more loans to the agricultural sector. In addition, Nebraska bank loan portfolios were less concentrated in troubled housing and commercial real estate markets. With this combination, earnings at Nebraska banks were more than four times higher than banks nationwide in 2010.

The outlook for Nebraska's banks remains promising. Fueled by a robust economy and low unemployment rates, problem assets are poised to remain low at Nebraska banks. In addition, Nebraska banks have strong capital positions.

Going forward, stronger agricultural, real estate and labor markets in Nebraska should solidify loan demand and strengthen loan portfolios. Yet, surging farmland values and volatile commodity prices raise concerns about a farm real estate market correction if prices swoon.

For additional information about Nebraska banking conditions, see the special edition of the *Nebraska Economist* at www.kansascityfed.org/publications/research/ne.

As one of the three branches of the Federal Reserve Bank of Kansas City, the Omaha Branch is a source of economic information and insight for the state of Nebraska.

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