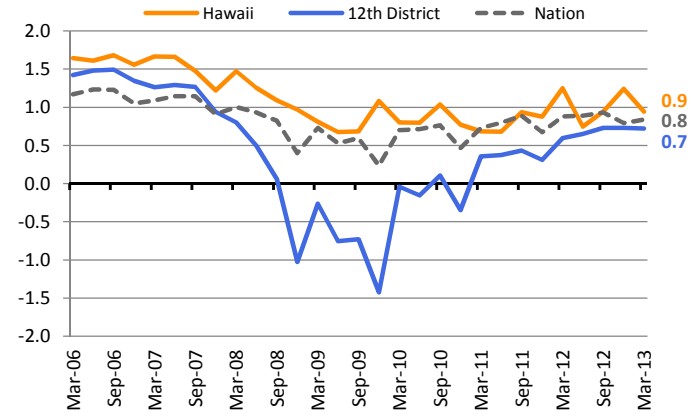
Banks at a Glance: Hawaii

Federal Reserve Bank of San Francisco
Banking Supervision & Regulation
July 12, 2013
Data as of 03/31/13

Overview:

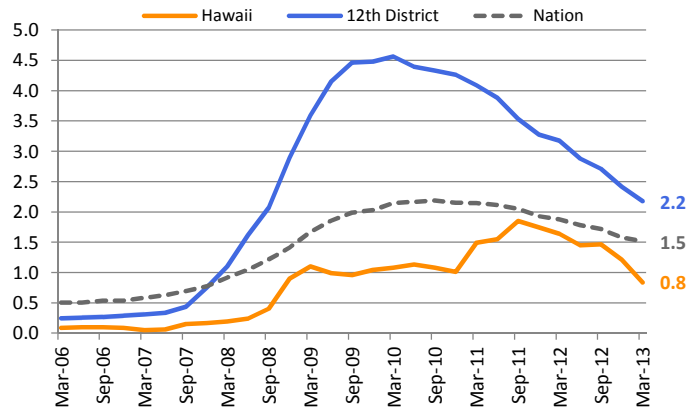
- Profitability remains challenged by depressed net interest margins; but ROAAs are well above national levels.
- The average nonperforming asset ratio has dropped to 0.84%, the lowest of any state in the District.
- Loan growth has returned; wtih the average rate of loan growth stronger than the nation. Financial crisis deleveraging contributed to strengthened balance sheet liquidity and capital ratios.
- The overall health of 12th District banks, as seen by regulatory CAMELS ratings, is improving; however nearly 40% of banks still have less-than-satisfactory ratings.

Avg. Return on Avg. Assets (%)



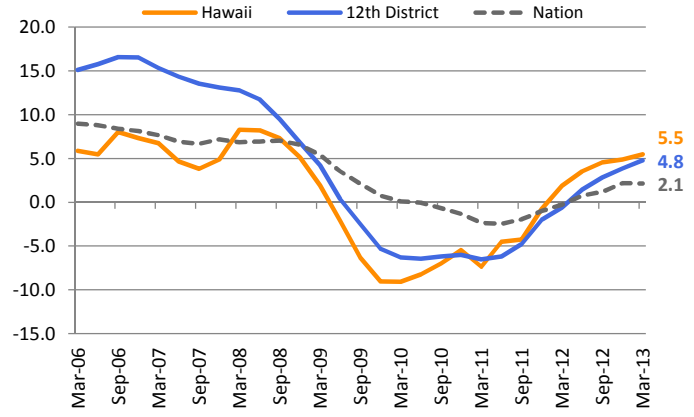
Quarterly net income / quarterly avg assets

Avg. Non-Performing Assets / Total Assets (%)

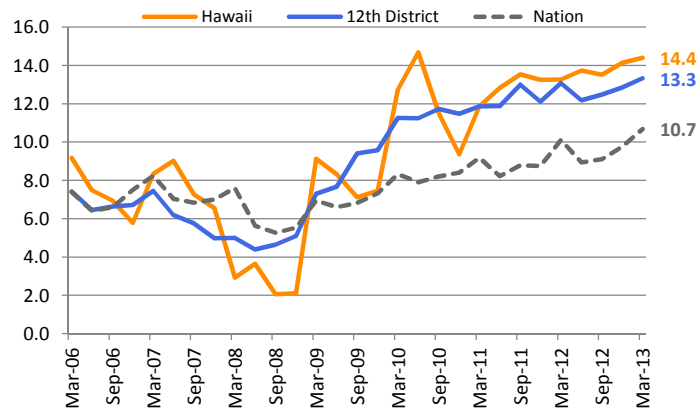


Non-performing: 90+ days past due + nonaccrual + other real estate owned

Avg. Net Loan Growth Rate, Year-over-Year (%)

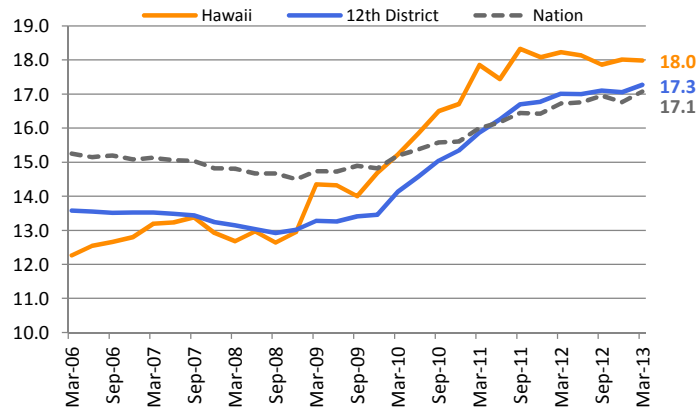


Avg. Short-Term Investments / Total Assets (%)



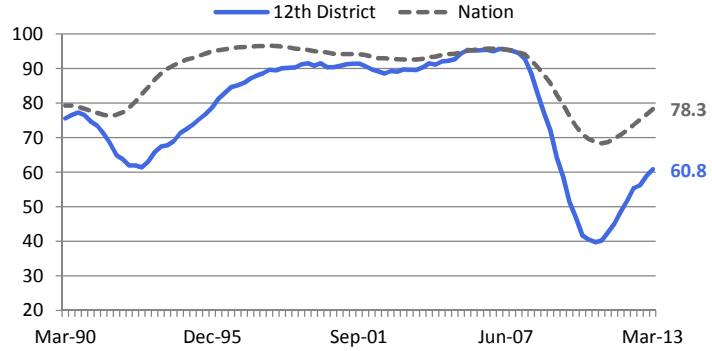
Short term investments: = < 1 year

Avg. Total Risk-Based Capital Ratio (%)



Total capital / risk based assets

Commercial Banks in Satisfactory or Better Condition, per CAMELS Ratings (%)



CAMELS is the rating system used by bank examiners;
satisfactory or better is indicated by a 1 or 2 rating on a 1-5 scale

Note: except for ratings data, all values are trimmed means of the ratios for all banks, excluding De Novo banks

Banking Trends* *(commercial banks only)* *Data as of 03/31/13*

I. Summary Items	Hawaii			United States		
	Mar-13	Dec-12	Mar-12	Mar-13	Dec-12	Mar-12
median bank asset size (millions)	$2,592	$2,497	$2,385	$161	$160	$156
number of banks*	6	6	6	5,980	6,036	6,208
-state member	1	1	1	818	818	809
-national	1	1	1	1,219	1,232	1,306
-nonmember	4	4	4	3,943	3,986	4,093
memo: number < 5 yrs. old	0	0	0	77	114	226

II. Balance Sheet Highlights	Average Hawaii Bank**			Average U.S. Bank**		
	Mar-13	Dec-12	Mar-12	Mar-13	Dec-12	Mar-12
Selected Loan Concentrations (% Risk-Based Capital)	%	%	%	%	%	%
total CRE (excl. owner-occ nonfarm-nonresid)	146.1	146.7	155.0	112.7	113.2	114.3
-construction & land development	15.7	15.8	20.3	25.7	26.1	27.4
-nonfarm nonresidential (excl. owner-occ)	87.0	85.0	93.8	65.9	66.2	66.4
-multi-family	25.9	26.0	27.8	10.9	10.8	10.5
nonfarm nonresidential owner-occ	58.1	56.2	52.7	72.8	73.6	74.9
1-4 family RE (includes home equity)	152.3	149.7	149.5	139.3	143.1	144.8
agricultural & farm loan balances	0.3	0.3	0.2	57.4	61.6	59.2
commercial & industrial loans	104.9	106.8	103.9	76.0	77.0	77.4
consumer loans	24.9	24.5	23.1	23.7	24.9	25.9
Liquidity, Funding, and Capital	%	%	%	%	%	%
net loan growth rate (year over year)	5.5	4.9	1.9	2.1	2.2	-0.3
net loans / assets	52.8	53.5	54.3	57.5	58.5	57.9
core deposits / total assets (w/CDs <= $250K)	74.1	74.5	73.8	80.3	80.0	79.7
net noncore funding dependence (w/CDs > $250K)	-0.8	-0.6	1.4	-3.7	-2.2	-2.1
securities / assets	40.1	39.7	38.6	36.7	35.7	36.1
tier 1 leverage ratio	10.0	10.1	9.9	10.0	10.0	9.9
total risk-based capital ratio	18.0	18.0	18.2	17.1	16.8	16.7

III. Performance Measures	Mar-13	Dec-12	Mar-12	Mar-13	Dec-12	Mar-12
Earnings (year-to-date annualized)	%	%	%	%	%	%
return on avg. assets	0.94	1.07	1.25	0.84	0.86	0.88
net interest income (tax equivalent) / avg. assets	2.91	3.18	3.25	3.39	3.56	3.57
noninterest revenues / avg. assets	0.86	0.82	0.94	0.62	0.63	0.61
overhead expenses / avg. assets	2.90	3.03	2.99	2.89	2.98	2.94
loan loss provisions / avg. assets	0.00	0.08	0.15	0.10	0.21	0.18
efficiency ratio	76.51	75.72	72.44	70.87	69.98	69.36
Asset Quality	%	%	%	%	%	%
noncurrent loans / total loans	0.7	1.0	1.2	1.6	1.7	2.0
loans past due 30-89 days / total loans	0.3	1.0	1.0	0.9	1.0	1.0
loans past due 30+ days + noncurrent / total loans	1.0	2.4	2.9	2.8	2.9	3.3
allowance for losses / loans & leases not held for sale	2.1	2.1	2.1	1.7	1.7	1.8
net charge-offs / avg. loans (YTD annualized)	0.1	0.2	0.3	0.1	0.4	0.2

* Population of banks includes commercial banks only.Data excludes credit card banks and banks with zero loans.

** Averages are trimmed (upper/lower 10% of observations are removed before averaging); De Novos omitted (banks < 5 yrs. old)

Sources: Regulatory Call & Income Reports; Federal Reserve financial & exam databases. CRE = Commercial Real Estate.

For this and other publications, see: http://www.frbsf.org/banking-supervision/publications/

12th Federal Reserve District

contacts: gary.palmer@sf.frb.org
martin.karpuk@sf.frb.org
colin.perez@sf.frb.org
Banking Supervision & Regulation
Federal Reserve Bank of San Francisco

Note: for press inquiries, please contact Media Relations
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