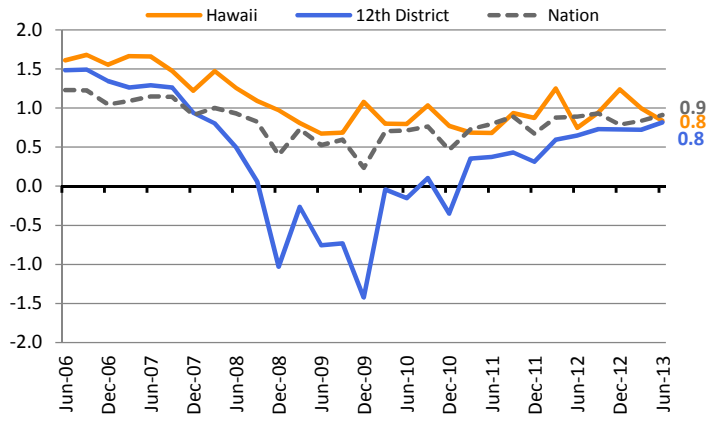
Banks at a Glance: Hawaii

Federal Reserve Bank of San Francisco
Banking Supervision & Regulation
September 2013
Data as of 06/30/13

Overview:

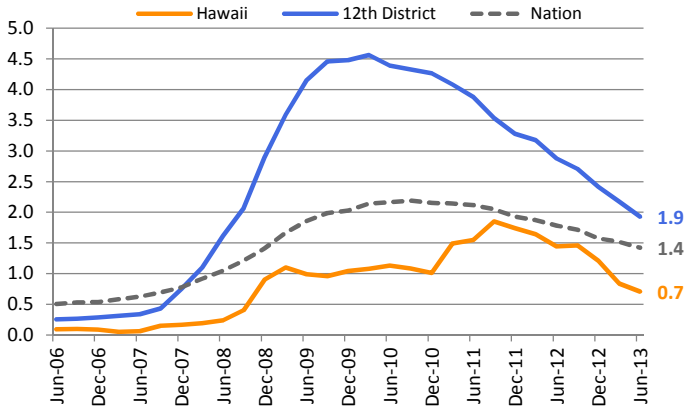
- Profitability remains challenged by very low and declining net interest margins.
- The average nonperforming asset ratio dropped to 0.71%, the lowest in the 12th District and 6th lowest nationwide.
- Loan growth remained healthy at a 5.4% annual rate. The state's average short-term investments ratio increased, the only state in the 12th District where this happened, while capital ratios have dipped.
- The overall health of 12th District banks, as measured by regulatory CAMELS ratings, is improving; however one-third of banks still have less-than-satisfactory ratings.

Avg. Return on Avg. Assets (%)



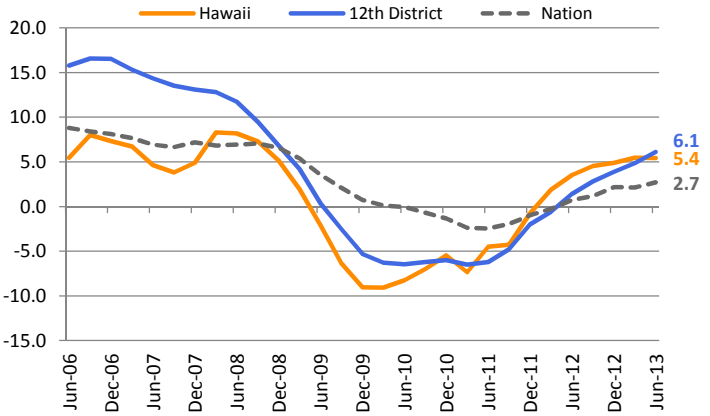
Quarterly net income / quarterly average assets

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

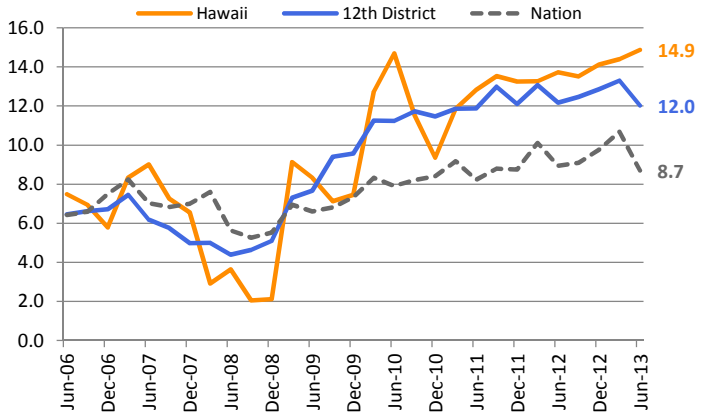


Non-performing: 90+ days past due + nonaccrual + other real estate owned

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

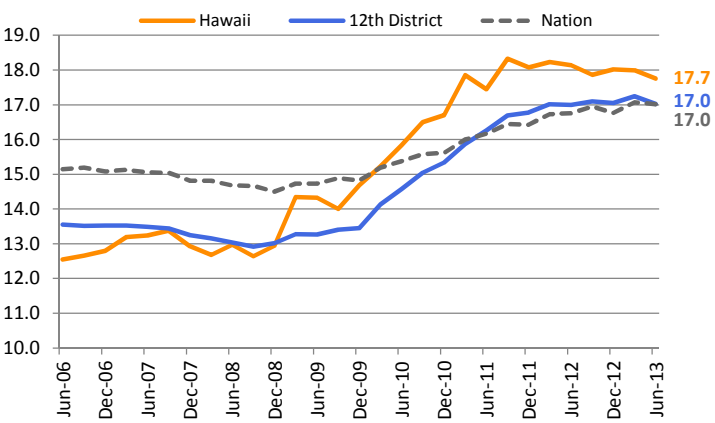


Avg. Short-Term Investments / Total Assets (%)



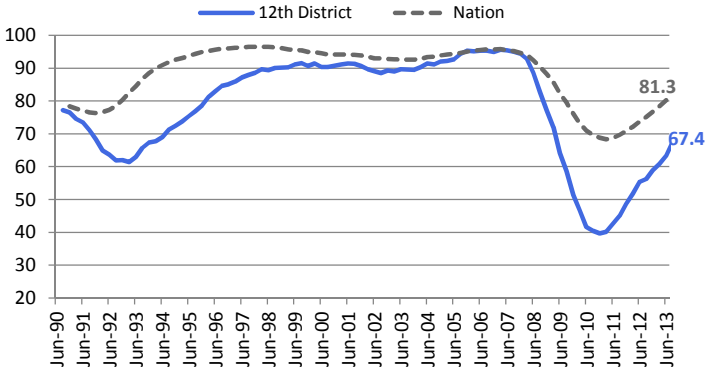
Short-term investments: = < 1 year

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 on a 1-5 scale

Banking Trends *(commercial banks only)* *Data as of 06/30/13*

I. Summary Items	Hawaii			United States		
	Jun-13	Mar-13	Jun-12	Jun-13	Mar-13	Jun-12
median bank asset size (millions)	$2,645	$2,592	$2,414	$161	$161	$155
number of banks	6	6	6	5,913	5,984	6,164
-state member	1	1	1	819	821	814
-national	1	1	1	1,192	1,219	1,284
-nonmember	4	4	4	3,902	3,944	4,066
memo: number < 5 years old	0	0	0	56	77	187

II. Balance Sheet Highlights	Average Hawaii Bank			Average U.S. Bank		
	Jun-13	Mar-13	Jun-12	Jun-13	Mar-13	Jun-12
Selected Loan Concentrations (% Total Risk-Based Capital)	%	%	%	%	%	%
total CRE (excl. owner-occupied nonfarm-nonresidential)	146.3	146.9	145.2	112.6	112.8	113.6
-construction & land development	14.9	15.8	16.4	25.5	25.7	26.8
-nonfarm nonresidential (excl. owner-occupied)	94.6	87.2	90.7	65.7	66.0	66.3
-multi-family	24.4	26.0	27.4	11.1	10.9	10.5
nonfarm nonresidential owner-occupied	59.4	58.4	57.0	72.6	73.0	74.1
1-4 family residential (includes home equity)	156.4	153.5	147.1	138.4	139.3	144.1
agricultural & farm loan balances	0.3	0.3	0.3	60.3	57.4	61.4
commercial & industrial loans	108.5	104.9	105.2	76.5	76.0	77.3
consumer loans	29.1	25.1	25.1	23.7	23.7	25.8
Liquidity, Funding, and Capital	%	%	%	%	%	%
net loan growth rate (year-over-year)	5.4	5.5	3.5	2.7	2.1	0.7
net loans / assets	54.0	52.8	54.6	59.2	57.5	59.0
core deposits / total assets (w/CDs <= $250K)	74.1	74.1	74.0	80.1	80.3	79.5
net noncore funding dependence (w/CDs > $250K)	-2.9	-0.8	0.2	-0.8	-3.7	-0.6
securities / assets	22.3	22.7	23.0	23.1	22.9	22.7
tier 1 leverage ratio	9.8	10.0	9.8	10.1	10.0	9.9
total risk-based capital ratio	17.7	18.0	18.1	17.0	17.1	16.8

III. Performance Measures	Jun-13	Mar-13	Jun-12	Jun-13	Mar-13	Jun-12
Earnings (year-to-date annualized)	%	%	%	%	%	%
return on average assets	0.86	1.00	1.01	0.88	0.84	0.88
net interest income (tax equivalent) / average assets	2.92	2.90	3.23	3.42	3.39	3.57
noninterest revenues / average assets	0.87	0.91	0.82	0.63	0.62	0.61
overhead expenses / average assets	2.95	2.88	3.06	2.89	2.89	2.95
loan loss provisions / average assets	0.00	0.00	0.09	0.11	0.10	0.20
efficiency ratio	77.67	75.01	76.58	70.12	70.88	69.43
Asset Quality	%	%	%	%	%	%
noncurrent loans / total loans	0.7	1.0	0.9	1.5	1.6	1.9
loans past due 30-89 days / total loans	0.5	0.3	0.5	0.8	0.9	0.9
loans past due 30+ days + noncurrent / total loans	1.3	1.3	1.8	2.5	2.8	3.0
allowance for losses / loans & leases not held for sale	2.1	2.1	2.1	1.7	1.7	1.8
net charge-offs / average loans (YTD annualized)	0.1	0.1	0.3	0.2	0.1	0.3

Population of banks includes commercial banks only. De Novo (banks < 5 years old) are omitted.
Averages are trimmed (upper/lower 10% of observations are removed before averaging).
CRE = Commercial Real Estate.
Sources: Regulatory Call & Income Reports; Federal Reserve financial & exam databases.
For this and other publications, see: http://www.frbsf.org/banking-supervision/publications/

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