Hawaii’s economy remained resilient while facing labor constraints. The labor force had little room for expansion, and migration outflows grew in 2017, causing the unemployment rate to fall to the lowest in the country. Rising wages drove the demand for housing and propelled home price growth, but the low permit activity continued to strain affordability.

Overall, Hawaii’s commercial banks performed relatively on par with the nation in 2017 in terms of average profitability and loan growth. The average return on average assets ratio fell due to one-time tax reform-related deferred tax asset write-downs and a larger year-over-year provision expense. The average nonperforming assets ratio remained the lowest in the nation, having fully recovered from the crisis, and was also the lowest level that Hawaii has seen in at least 25 years. The average share of assets held in securities and liquid investments continued to trend lower as loan growth outpaced total asset growth.

**Key Economic Metrics** (ranking #1 = highest in the nation)

<table>
<thead>
<tr>
<th>Year-over-Year Job Growth: 1.0%</th>
<th>Unemployment: 2.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rank: #27</td>
<td>Rank: #50</td>
</tr>
<tr>
<td>[Graph showing job growth]</td>
<td>[Graph showing unemployment]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year-over-Year Home Price Growth: 7.6%</th>
<th>Single Family Permits / 1,000 Residents: 1.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rank: #15</td>
<td>Rank: #38</td>
</tr>
<tr>
<td>[Graph showing home price growth]</td>
<td>[Graph showing single family permits]</td>
</tr>
</tbody>
</table>

The opinions expressed in this publication are those of the authors. Opinions are intended only for informational purposes, and are not formal opinions of, nor binding on, the Federal Reserve Bank of San Francisco or the Board of Governors of the Federal Reserve System.
### Key Banking Metrics

#### Year to Date Return on Average Assets: 0.77%
- **Rank:** #37

#### Year-over-Year Net Loan Growth: 7.5%
- **Rank:** #17

#### Nonperforming Assets / Total Assets: 0.05%
- **Rank:** #50

#### Total Risk-Based Capital Ratio: 14.4%
- **Rank:** #42

#### CRE Concentration: 155%
- **Rank:** #23

#### Securities and Liquid Invest. / Total Assets: 29.7%
- **Rank:** #17

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**Source:** Call Report data for commercial banks based upon headquarters location. Averages are calculated on a “trimmed” basis by removing the highest 10% and lowest 10% of ratio values prior to averaging to prevent distortion from outliers. All charts display quarterly data, except for return on average assets which displays the same quarter in each year.

**Growth rates are not adjusted for mergers.** Graphics and data exclude “De Novo” banks (banks less than five years old). As of the latest period, the count of banks included in these statistics were five for the state and 4,882 for the nation.

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