

Banks at a Glance: California

Economic and Banking Highlights

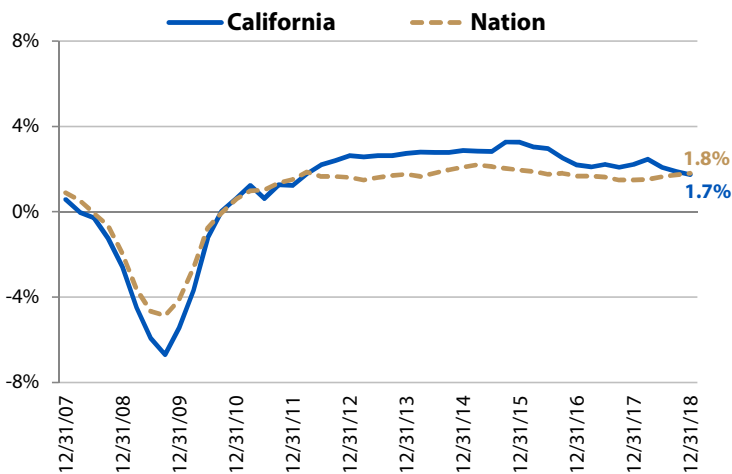
Data as of 12/31/2018

- California's economic expansion continued to cool amid historically low unemployment. Job growth fell below the national average in the fourth quarter for the first time since early 2012, led by slowdowns in the transportation/utilities and construction sectors. As housing affordability in the state's coastal metro areas approached prerecession lows, statewide population grew by its slowest pace in more than 20 years and home-price growth slowed to nearly the national average. Single-family permit activity ticked down in the fourth quarter, following a third-quarter downturn in multifamily permits.
- Growth in commercial lending and commercial real estate (CRE) mortgages sustained average loan growth at the fastest pace in the nation in the fourth quarter of 2018. Average CRE concentration was more than twice the national average, but stabilized in 2018. Despite the state's cooling housing market, 1-4 family mortgage growth accelerated in the second half of the year. Bank profitability was among the strongest in the nation due to wider margins and lower tax expenses than in 2017. Margins reflected, in part, lower balance sheet liquidity as banks favored higher-yielding loans over more liquid investments. Provisions rose despite the second-best average nonperforming asset ratio in the nation. However, capital accretion trailed risk-weighted asset growth in the fourth quarter because of seasonal dividend payouts, leading to slightly lower risk-based capital ratios.

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

Year-over-Year Job Growth: 1.7%

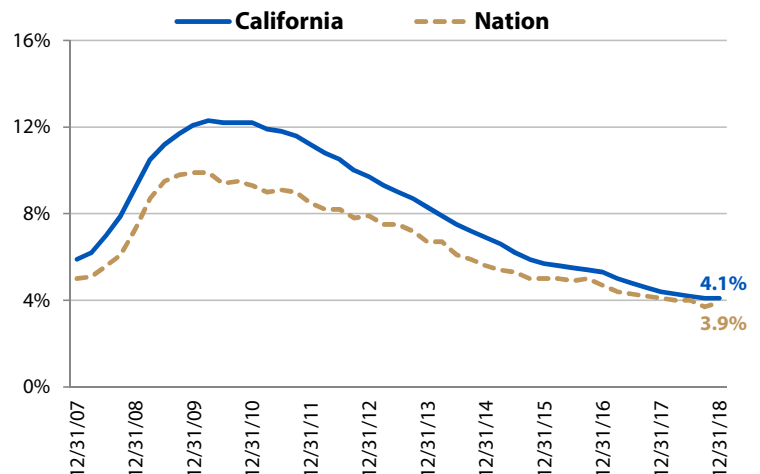
State Rank: #14



Establishment Survey, nonfarm payrolls, quarterly average, seasonally adjusted
Source: Bureau of Labor Statistics

Unemployment: 4.1%

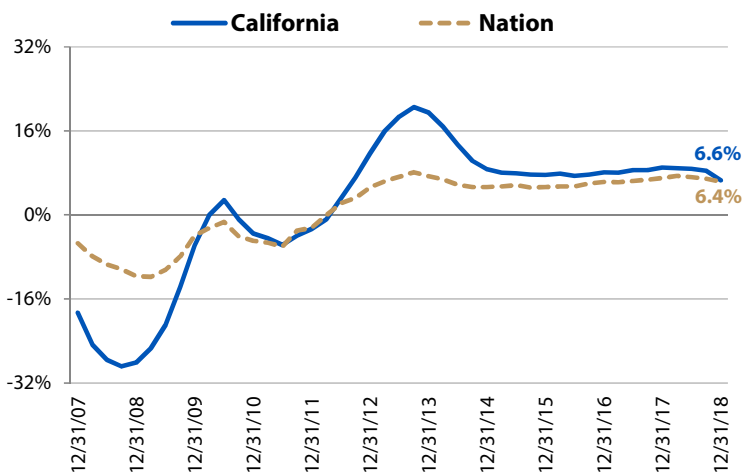
State Rank: #14



Household Employment Survey, end of period, seasonally adjusted
Source: Bureau of Labor Statistics

Year-over-Year Home Price Growth: 6.6%

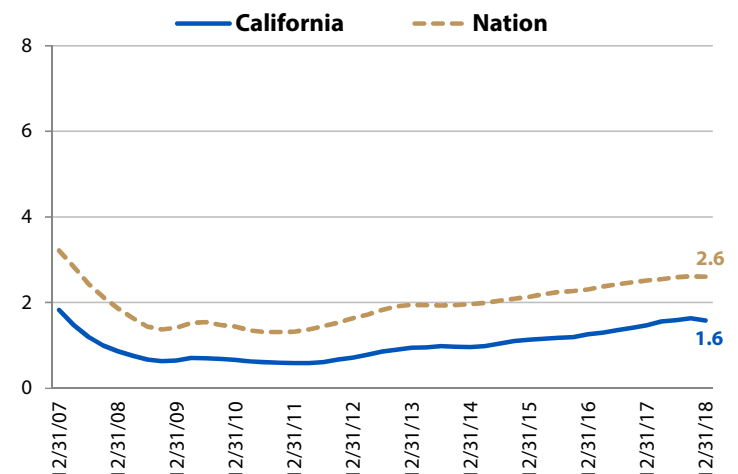
State Rank: #19



Housing Price Index, year-over-year change of average home prices
Source: Federal Housing Finance Agency

Single Family Permits / 1,000 Residents: 1.6

State Rank: #41

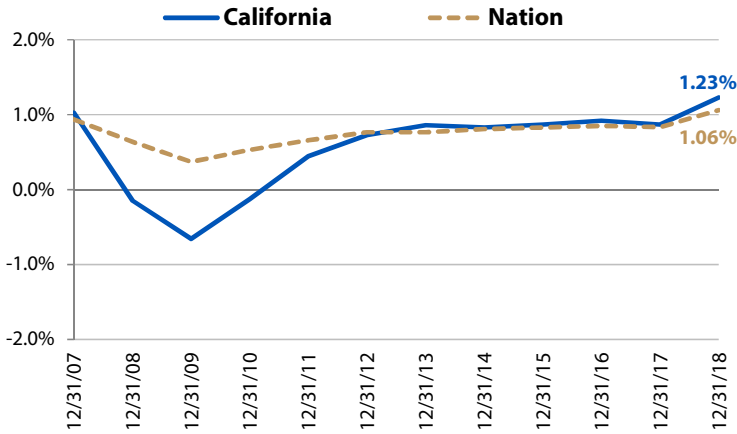


Trailing twelve month single family permits / average twelve month population in thousands, by state. Source: Census Bureau

Key Banking Metrics (averages across banks; ranking #1 = highest in the nation)

Year to Date Return on Average Assets: 1.23%

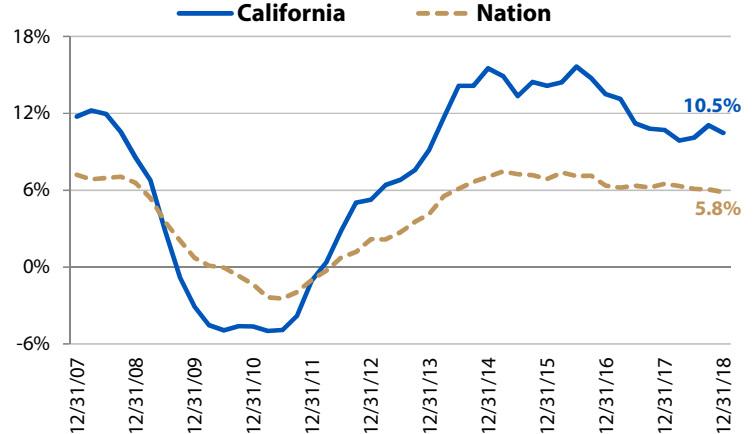
State Rank: #5



Net income / average assets, adjusted for S-Corps, annualized

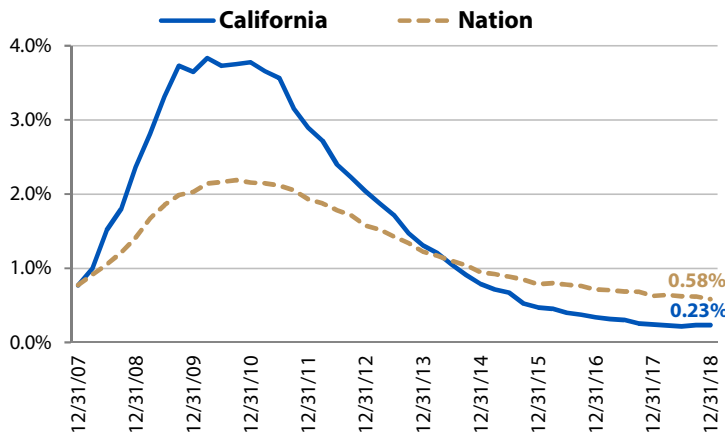
Year-over-Year Net Loan Growth: 10.5%

State Rank: #1



Nonperforming Assets / Total Assets: 0.23%

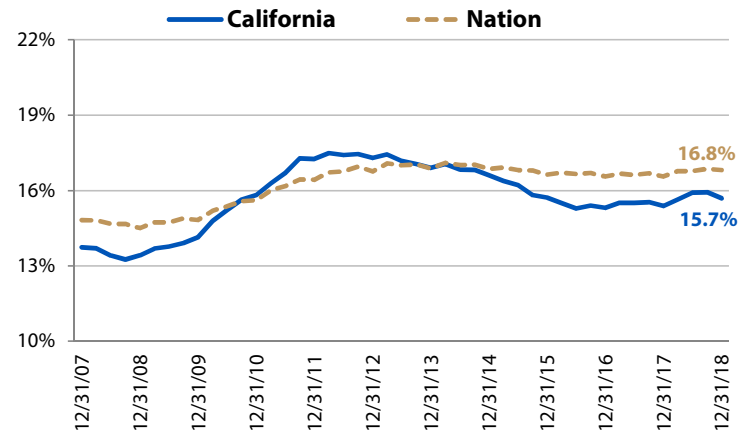
State Rank: #49



90+ days past due + nonaccruals + other real estate owned / total assets

Total Risk-Based Capital: 15.7%

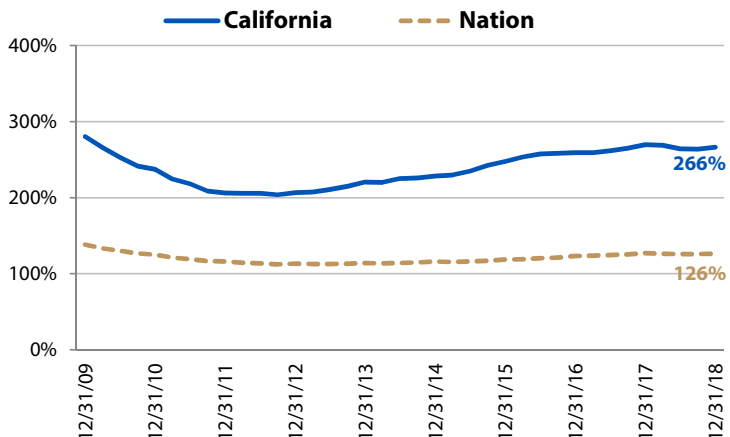
State Rank: #36



Total capital / risk-weighted assets

CRE Concentration: 266%

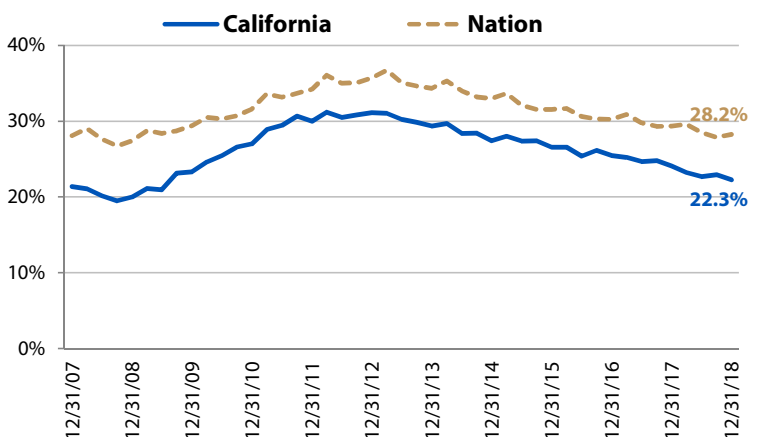
State Rank: #3



Total nonowner-occupied commercial real estate / total capital

Securities and Liquid Invest. / Total Assets: 22.3%

State Rank: #41



Liquid investments = cash, due from balances, interest bearing bank balances, and Fed funds sold and securities purchased under agreements to resell

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 138 for the state and 4,677 for the nation. For this and other publications, see: <http://www.frbsf.org/banking/publications>