



12th District Banking Profile

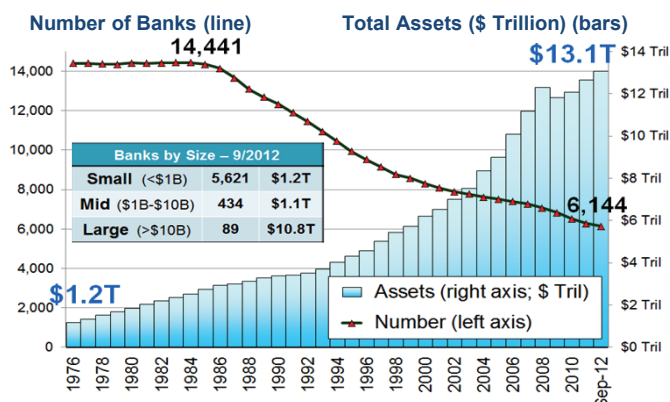
Federal Reserve Bank of San Francisco
Banking Supervision & Regulation

December 21, 2012

Overview

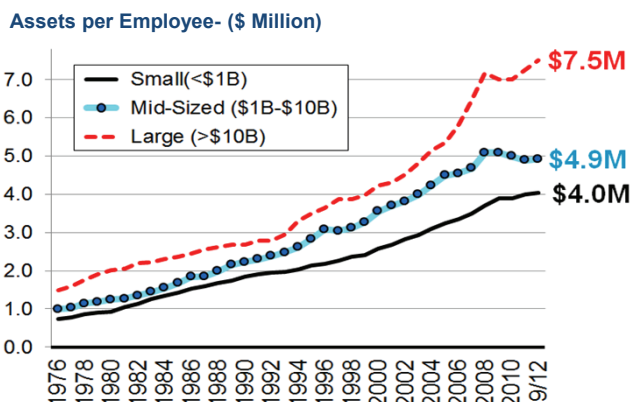
This Profile focuses on a handful of nationwide metrics for three bank size peer groups. The industry has undergone considerable consolidation in the past 35 years, with the number of banks down nearly 60%, yet with assets in aggregate up more than 11 times. Consolidation of banks within the same organization, mergers, and failures were behind the large reduction in charters (for more detail, see FDIC Community Banking Study, Dec. 2012). Over time, banks have emphasized efficiencies with pretty dramatic increases in assets per employee, particularly at the large banks. Trends in noncurrent loan rates reflect the major credit quality cycles over the period. Small banks now have the lowest noncurrent rates; however, they presently are the least profitable with fewer noninterest revenue sources and moderately higher overhead ratios. Banks of all sizes are recovering from the recession. Capital ratios rose strongly over this period, particularly among the large and mid-sized banks.

Nationwide Commercial Bank Numbers and Assets



Based on all Commercial Banks. Note: total bank numbers differ slightly from those on page 2 due to minor bank definition differences.

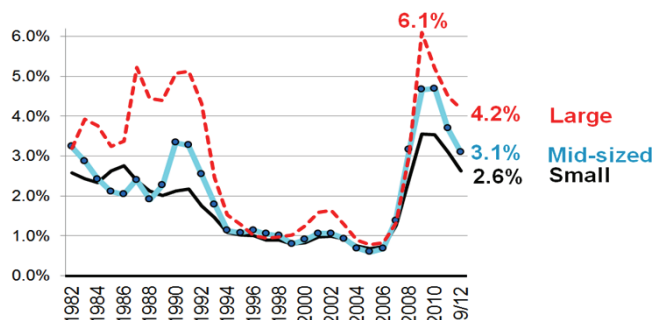
Banks of All Sizes Have Steadily Grown Assets per Employee, Particularly at the Largest Banks



Based on all Commercial Banks, aggregate (weighted averages) by size

Noncurrent Loan Rates Remained Lower at Small Banks than at Larger Banks

Noncurrent Loans / Total Loans - Nationwide banks in aggregate (%)

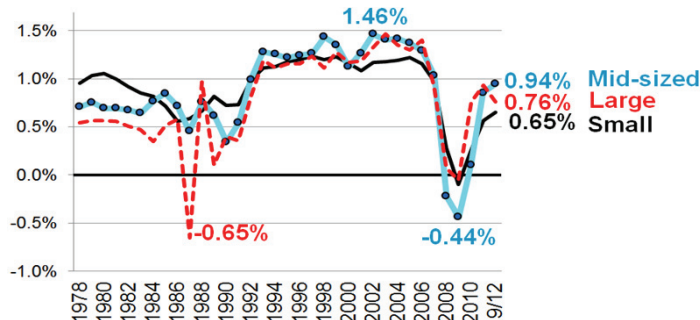


Based on all Commercial Banks, aggregate (weighted averages) by size

However, Small Banks Have Recently Been the Least Profitable Group

Lower noninterest revenues; moderately higher overhead ratios

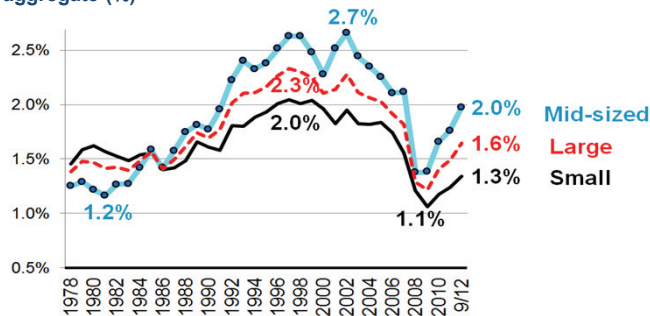
Return on Average Assets - Nationwide banks in aggregate (%)



Based on commercial banks, aggregate (weighted averages) by size; 9/30/12 ratios are annualized

Similar Story for Core Profitability (Based on Pre-tax, Pre-provisions Earnings)

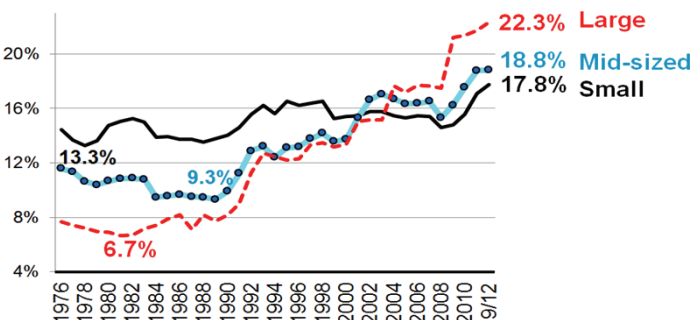
Pre-Provision Pretax Earnings/Avg. Assets - Nationwide banks in aggregate (%)



Based on commercial banks, aggregate (weighted averages) by size; 9/30/12 ratios are annualized

Capital Ratios Rose Considerably Over the Past 35 Years, Especially at Large Banks

Equity-to-Assets Ratios - (%)

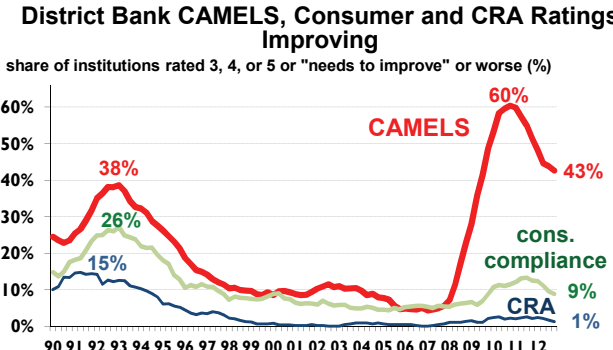


Based on all Commercial Banks, aggregate (weighted averages) by size

I. Summary Items	12th District			United States		
	Sep-12	Jun-12	Sep-11	Sep-12	Jun-12	Sep-11
median bank asset size (millions)	\$ 236	\$ 232	\$ 243	\$ 157	\$ 155	\$ 152
number of banks ***	410	418	433	6,110	6,164	6,297
state member	36	36	37	811	814	809
national	79	81	85	1,272	1,284	1,332
nonmember	295	301	311	4,027	4,066	4,156
memo: portion < 5 years old	6.1%	7.9%	14.1%	2.5%	3.0%	4.7%

II. Balance Sheet Highlights	Average 12th District Bank*			Average U.S. Bank*		
	Sep-12	Jun-12	Sep-11	Sep-12	Jun-12	Sep-11
selected loan concentrations (as % of total capital)	%	%	%	%	%	%
total CRE (excl. owner-occupied nonfarm-nonresid)	191.8	194.3	199.7	112.3	113.6	116.7
construction & land development	28.0	29.3	36.3	26.4	26.8	29.9
nonfarm nonresidential (excl. owner-occ)	127.0	127.4	127.5	65.5	66.3	66.5
multi-family	20.2	20.5	19.4	10.5	10.5	10.3
nonfarm nonresidential owner-occupied	118.4	120.2	122.5	73.1	74.1	75.7
1-4 family RE (includes home equity)	79.1	78.7	81.3	142.9	144.1	147.9
commercial & industrial	96.4	96.0	96.9	75.9	77.3	78.2
agricultural lines & farmland	8.9	8.6	10.0	61.0	61.4	63.9
consumer	7.8	7.9	9.1	25.3	25.8	27.8
liquidity and funding	%	%	%	%	%	%
net loan growth rate (year over year)	2.8	1.4	(4.8)	1.2	0.7	(1.9)
net loans / assets	63.6	63.9	63.6	59.0	59.0	60.1
core deposits / assets	77.6	77.4	76.5	79.4	79.5	78.7
net noncore funds dependence	8.3	9.5	10.2	11.2	11.8	13.4
securities / assets	13.6	13.6	13.1	22.6	22.7	21.6
tier 1 leverage ratio	11.2	11.2	10.9	10.1	9.9	9.9
total risk-based capital ratio	17.1	17.0	16.7	17.0	16.8	16.4

III. Performance Measures	Sep-12	Jun-12	Sep-11	Sep-12	Jun-12	Sep-11
	%	%	%	%	%	%
earnings (year-to-date annualized)	%	%	%	%	%	%
return on average assets	0.67	0.63	0.35	0.90	0.88	0.79
net interest income (tax equiv.) / avg assets	3.79	3.79	3.81	3.57	3.57	3.65
noninterest revenues / avg assets	0.65	0.62	0.57	0.62	0.61	0.60
overhead expenses / avg assets	3.49	3.50	3.53	2.95	2.95	3.00
loan loss provisions / avg assets	0.23	0.23	0.48	0.20	0.20	0.30
efficiency ratio (overhead / revenue)	76.2	77.1	78.5	69.2	69.4	69.6
asset quality	%	%	%	%	%	%
noncurrent loans / total loans	2.63	2.82	3.73	1.79	1.87	2.18
loans past due 30-89 days / total loans	0.50	0.49	0.70	0.94	0.91	1.02
loans past due 30+ days + noncurrent / total loans	3.35	3.54	4.60	2.93	2.99	3.42
allowance for losses / loans & leases not held for sale	2.36	2.41	2.64	1.74	1.76	1.78
net charge-offs / avg loans (ytd annualized)	0.52	0.55	0.98	0.32	0.30	0.46

IV. Examination Data	% rated 3, 4, 5, "needs to improve" or worse**	12th District		United States	
		Dec-12 [‡]	Dec-11	Dec-12 [‡]	Dec-11
District Bank CAMELS, Consumer and CRA Ratings Improving share of institutions rated 3, 4, or 5 or "needs to improve" or worse (%) 	overall safety & soundness	42.6	51.4	24.2	29.2
	capital	32.1	43.2	19.8	23.8
	asset quality	54.7	66.0	36.2	42.6
	management	41.4	51.6	24.9	29.8
	earnings	58.4	69.2	35.2	40.3
	liquidity	19.2	26.8	10.9	14.4
	sensitivity to market risk	23.8	27.0	14.2	16.4
	consumer compliance	8.8	12.5	6.5	7.1
	community reinvestment	1.2	2.2	0.6	1.0
[‡] Prelim data for 4Q12 examinations					
bank/thrift failures (YTD[‡])		1	12	51	92

* Averages are trimmed means (upper and lower 10% of observations are removed prior to averaging) and exclude De Novos (banks < 5 yrs. old)

** Includes all commercial bank charters; safety and soundness and consumer compliance have a 5-point rating scale; community reinvestment has a 4-point rating scale. For each, only the top two ratings are considered satisfactory or better.

*** Population of banks includes commercial banks only. Sources: Regulatory Call & Income Reports; Federal Reserve financial & exam databases.

For this and other publications, see: www.frbsf.org/publications/banking/index.html

12th Federal Reserve District



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