FEDERAL RESERVE BANK OF SAN FRANCISCO

First Glance 12L (1Q15)

Financial Performance of Banks in the 12th Federal Reserve District ("12L")

Banking Recovery Continues but Headwinds Remain

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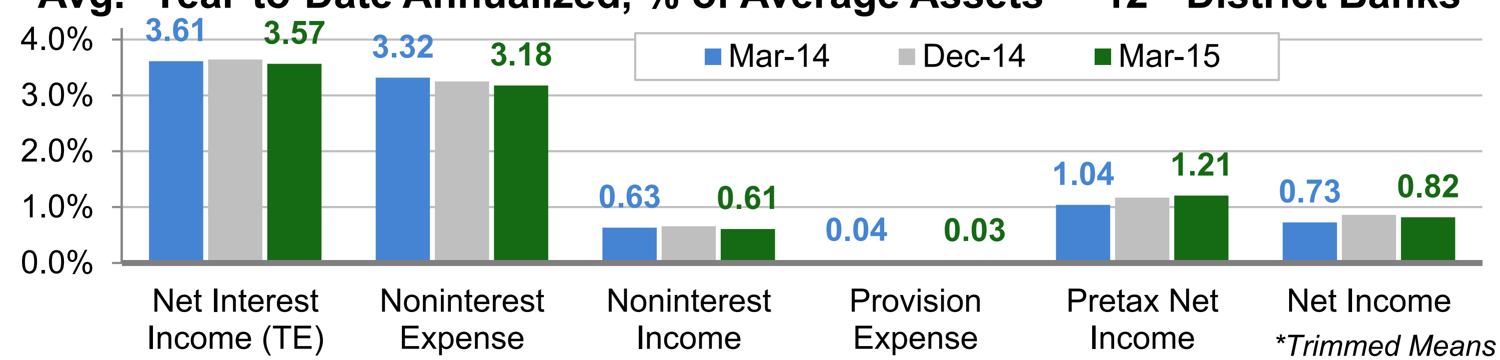
12th District Overview
"Banking Recovery Continues but Headwinds Remain"

Increases in District jobs, residential permits, and property prices continued to outpace the nation. The District's aggregate job growth rate accelerated to 3.1% in first quarter, compared with 2.3% nationally. Also, fourth quarter job growth was revised upward substantially during the annual benchmarking process. The District's aggregate unemployment rate declined to 6.1% by March 2015, down from a year-earlier figure of 7.2%. Although Districtwide unemployment was still above the national level of 5.5%, state-level jobless rates were better than average in Utah (3.4%), Idaho (3.8%), Hawaii (4.1%), and Oregon (5.4%). Leading index data from the Philadelphia Federal Reserve suggests growth will accelerate in Washington, Arizona, California, and Nevada, slow modestly in four other District states, and turn negative in Alaska.

Economic headwinds remain. In particular, economic slowing overseas and a strengthening dollar vis-à-vis other currencies have, among other things, dampened demand for U.S. exports. The impact on first quarter trade flows was compounded by the West Coast port labor dispute. Also, risks associated with the intensifying drought in the West continue to accumulate. Of particular concern are agricultural products in California's San Joaquin and Sacramento Valley growing areas, which are important contributors to the state's and nation's farm economy. In response, some growers have fallowed land and others have pumped groundwater, but groundwater levels have declined, contributing to land subsidence and degraded water quality in some areas.

In tandem with economic expansion, banking conditions improved. Loan growth accelerated, credit problems eased further, and earnings ticked higher year over year, despite continued margin pressures. Liquidity and capital measures remained solid, albeit moderating.

Avg.* Year-to-Date Annualized, % of Average Assets - 12th District Banks



*Trimmed Means

Year-Over-Year Change in Nonfarm Jobs

	Dec-14	Mar-15
UT	3.2%	4.0%
OR	3.2%	3.3%
WA	3.1%	3.3%
ID	2.3%	3.2%
NV	3.4%	3.2%
CA	3.1%	3.1%
AZ	2.1%	2.6%
HI	0.3%	0.9%
AK	0.7%	0.6%
Nation	2.1%	2.3%

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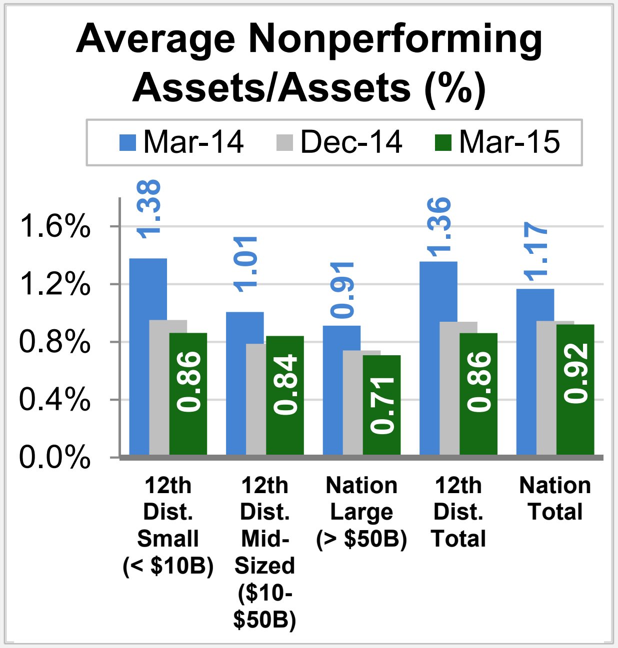
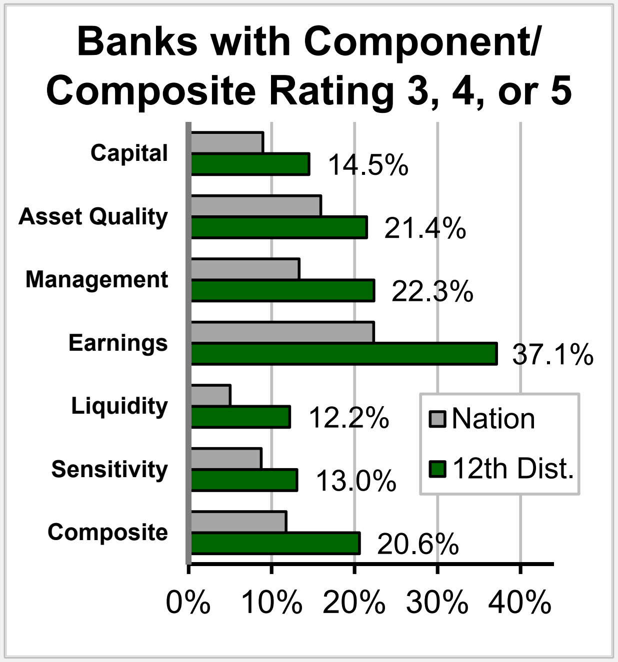
12th District Overview, Continued





Average District net loan growth continued to accelerate, increasing to 12.1% in the year-ending March 31st. State-level average net loan growth outpaced the national average of 7.5% in all but Alaska, Nevada, and Washington. Construction and land development and multifamily loan portfolios (and specialty lending at larger banks) registered rapid segment-level growth rates, but larger loan categories such as commercial and industrial and nonfarm-nonresidential tended to be larger contributors to overall loan growth in dollar terms. Senior Loan Officer Survey data suggested modest net loosening of loan standards, largely in response to intense competition. A key lesson learned from the Financial Crisis has been the importance of sound underwriting throughout the credit cycle.

Asset quality continued to improve, reducing the District's average nonperforming asset ratio (the ratio of noncurrent loans and foreclosed real estate to assets) to 0.86%, the lowest first quarter level since 2007 and slightly better than the national average. Seasoning among rapidly-expanding portfolios could eventually lift problem loan levels. Variable-rate credits, which are common among commercial loan segments, remain vulnerable to rising debt service burdens should interest rates increase. Higher interest rates could also lift commercial real estate capitalization rates and dampen property values.

Ongoing shifts in balance sheet maturities also pose risks in a rising interest rate environment. Exposures to longer-duration loans and securities drifted higher and related valuations may decline more severely than short-term assets should interest rates increase. Net unrealized gains/losses on available-for-sale investment securities could affect regulatory capital ratios among banks using advanced approaches to risk-based capital. These banks have designated an increasing share of securities as held-to-maturity to limit regulatory capital impacts. Meanwhile, reliance on non-maturity deposits drifted higher, leaving banks vulnerable if depositors shift their behavior with an increase in interest rates.

Examination ratings continued to improve. Roughly 79% of District banks had satisfactory or strong examination composite ratings, up from 74% one year ago. While the District's share of banks rated 3, 4, or 5 remained above the national average, the proportion was well below the 60% peak in late 2010. Earnings, management, and asset quality remained the most frequently criticized component areas.

Section 1 - Economic Conditions

On the Bright Side:

Job Growth

State Leading Index

Housing Market Metrics

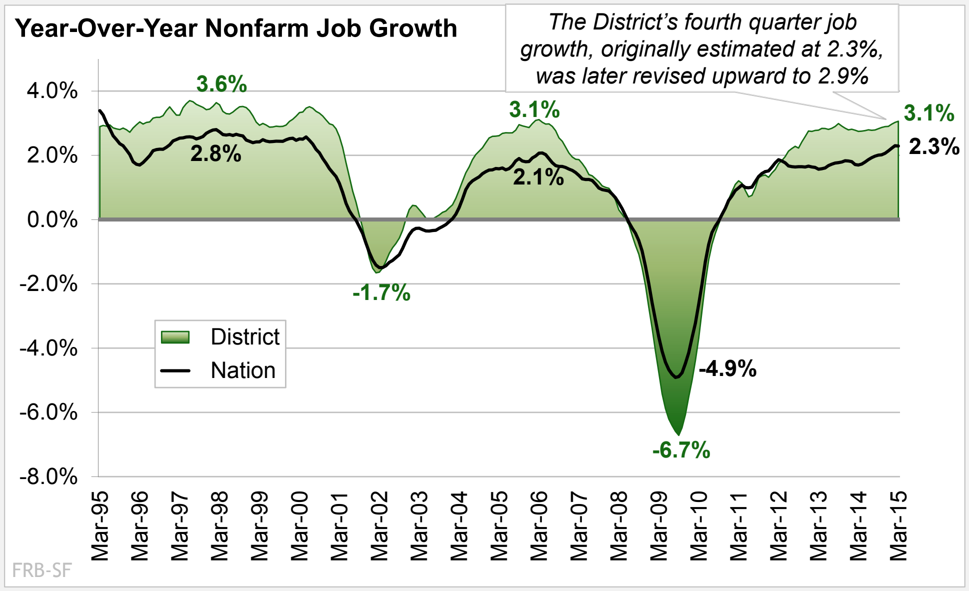
Commercial Real Estate Market Conditions

On the Downside:

International Trade

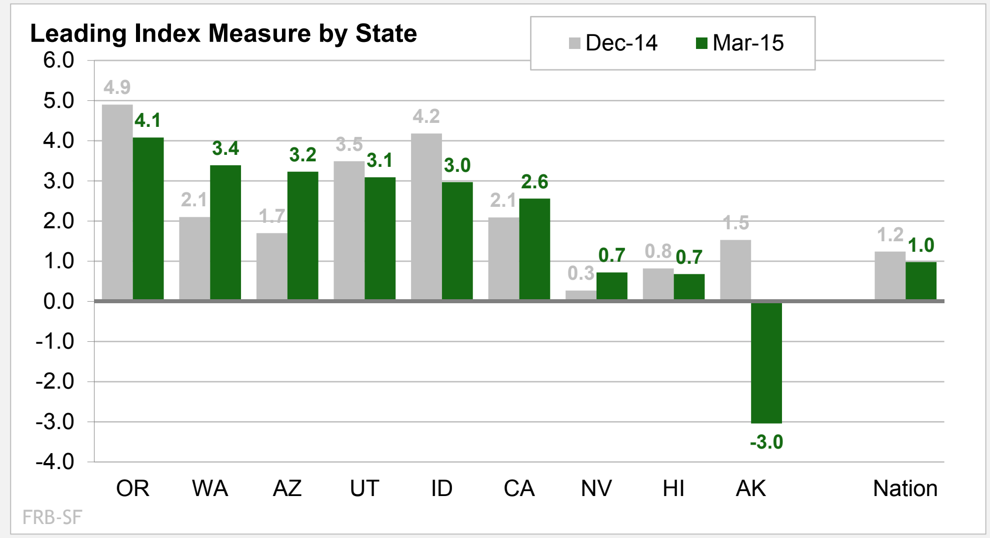
Drought Conditions

On the Bright Side: District Job Growth Continued to Outpace the Nation



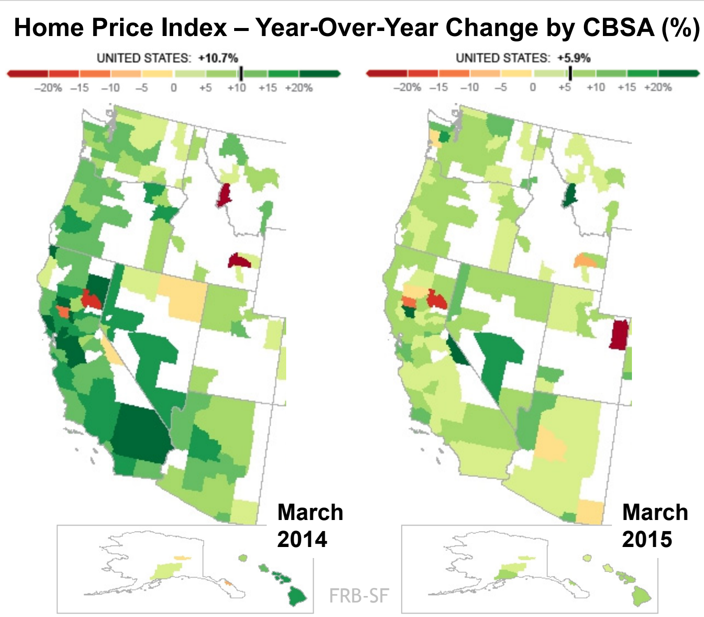
Based on average nonfarm payrolls over trailing three months; Source: Bureau of Labor Statistics via Haver Analytics.

The Leading Index Measure Suggests Continued Near-Term Growth in All But Oil-Exposed Alaska



The Leading Index predicts the 6-month growth rate of state's coincident economic index (also calculated by the Philadelphia FRB). Inputs include state-level nonfarm payroll jobs, average hours worked in manufacturing, unemployment rate, wages and salaries, 1-4 family permits, and initial unemployment claims, as well as national manufacturing delivery times and the 3-mo. vs. 10-yr. Treasury yield spread; Source: Federal Reserve Bank of Philadelphia via Haver Analytics

Home Price Appreciation Continued, but At a Slower Pace

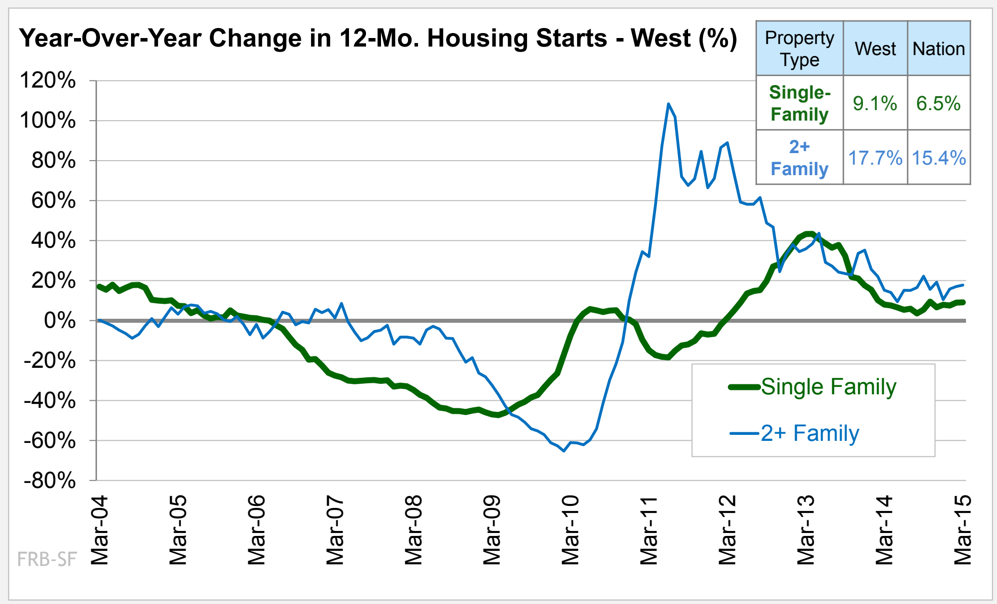


Year-Over-Year Change in Home Prices

State	Mar-14	Mar-15
Alaska	1.9%	4.0%
Arizona	10.7%	4.4%
California	17.9%	6.3%
Hawaii	12.8%	5.0%
Idaho	6.5%	6.5%
Nevada	16.1%	7.6%
Oregon	11.7%	6.5%
Utah	9.0%	5.5%
Washington	10.3%	7.0%
Nation	10.7%	5.9%

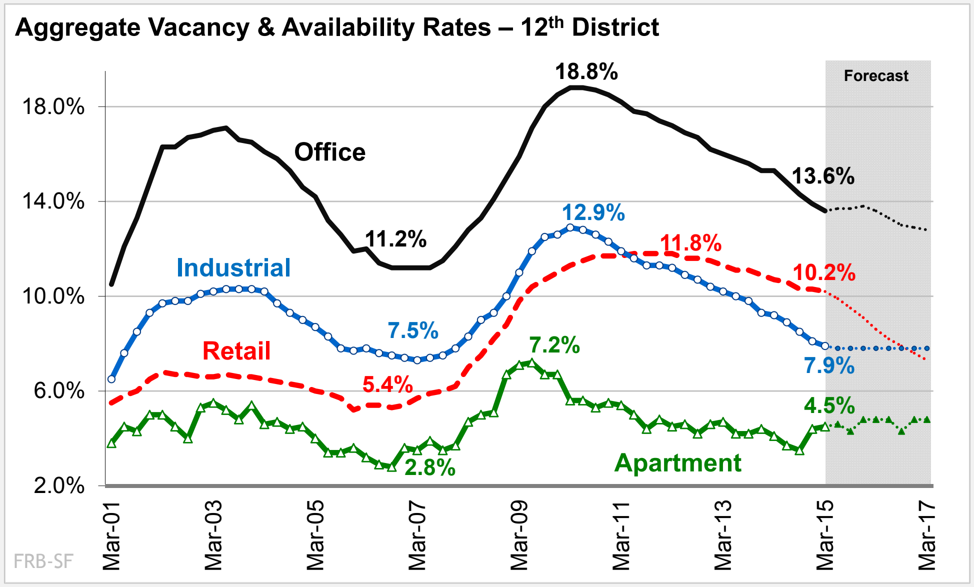
Source: Core Logic / Federal Reserve Bank of New York; CBSA = Core-Based Statistical Area

Growth in Housing Starts Accelerated Modestly Despite Slower Home Price Gains



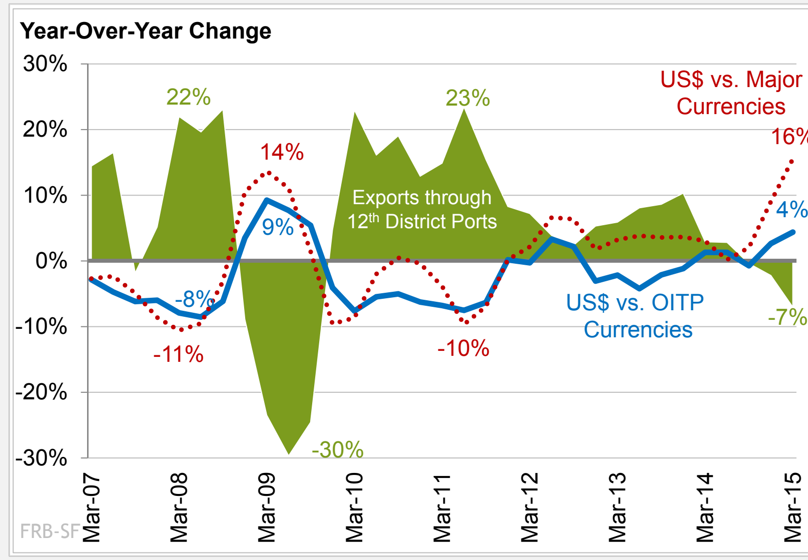
Based on average new privately owned housing units started in trailing 12 months (seasonally adjusted); West: 12th District plus CO, MT, NM and WY; Source: Census Bureau via Haver Analytics

Commercial Vacancy Rates May Improve Further Among Retail and Office Properties



Availability rates (retail and industrial) and vacancy rates (office and apartment) are aggregates across 15-16 large metropolitan areas; Source: CBRE-Econometric Advisors

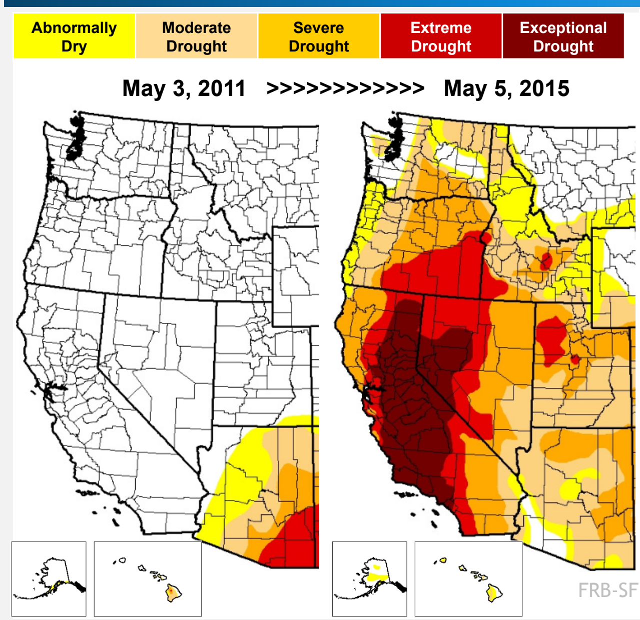
On the Downside: A Strong Dollar, Economic Slowing Abroad, and West Coast Port Disruption Hurt Export Volumes



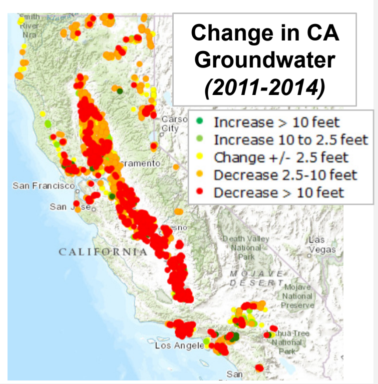
Nationwide, net exports trimmed 1.25 percentage points from estimated 1st qtr. 2015 GDP growth. Some drivers were transitory (West Coast labor dispute), but the effects of economic weakness abroad and dollar strength may linger. Exporters, trade distribution businesses, and foreign visitor destinations (e.g., HI & NV) face challenges.

Major: Euro Area, Canada, Japan, United Kingdom, Switzerland, Australia, and Sweden; OITP (Other Important Trading Partners): Mexico, China, Taiwan, Korea, Singapore, Hong Kong, Malaysia, Brazil, Thailand, Philippines, Indonesia, India, Israel, Saudi Arabia, Russia, Argentina, Venezuela, Chile and Colombia; 12th Dist. Ports include Anchorage (AK), Nogales (AZ), Los Angeles/San Diego/San Francisco (CA), Honolulu (HI), Columbia-Snake (OR), and Seattle (WA); Sources: Federal Reserve, Census Bureau, and Bureau of Economic Analysis via Haver Analytics

Drought is Extensive Throughout the West, Especially in California; Groundwater Pumping is Only a Partial Offset



Drought conditions are extreme or worse in two-thirds of CA, nearly half of NV, and one-third of OR. Groundwater pumping in CA (40%+ of water supply in state) can lead to depleted wells/ streams, land subsidence, and water quality issues.



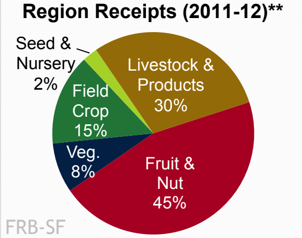
Sources: U.S. Drought Monitor (Nat'l. Drought Mitigation Center at the Univ. of Nebraska-Lincoln/U.S. Dept. of Agriculture/National Oceanic and Atmospheric Administration); California Dept. of Water Resources

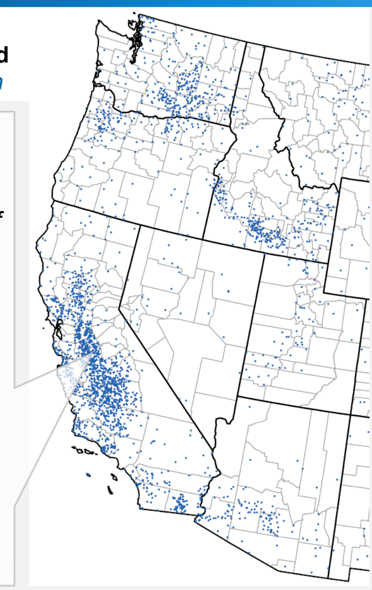
Agriculture in California's Key San Joaquin and Sacramento Valleys is at Particular Risk From Extreme Drought

Map: Market Value of Agricultural Products Sold (2012)* *1 Dot = $30 million*

*The San Joaquin and Sacramento Valleys are home to 2/3 of CA ag. receipts** and roughly 8% of statewide bank deposits***.*

Mix of San Joaquin & Sacramento Valley Growing Region Receipts (2011-12)**





Farming directly contributes 1.2% of CA's Gross State Product+—6.5% including indirect effects++. CA is a major agricultural producer nationally.

12th District Ag. at a Glance

State	% of 2013 Total U.S. Farm Cash Receipts^	% of 2012 Gross State Product (GSP)+
Alaska	0.0%	0.0%
Arizona	1.1%	0.6%
California	11.6%	1.2%
Hawaii	0.2%	0.7%
Idaho	2.1%	6.1%
Nevada	0.2%	0.2%
Oregon	1.2%	1.1%
Utah	0.5%	0.5%
Washington	2.5%	1.3%

Growing Region counties: San Joaquin Valley is Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare; Sacramento Valley is Butte, Colusa, Glenn, Sacramento, Solano, Sutter, Tehama, Yolo, and Yuba; Sources: *USDA 2012 Census of Ag.; **CA Co. Ag. Commissioners' Report; ***FDIC Summary of Deposits; +Bureau of Economic Analysis; ++UC Davis (2009), ^USDA 2013 Farm Income & Wealth Statistics

Section 2
Commercial Bank Performance

Earnings

Provisions and Loan Loss Reserves

Loan Growth and Underwriting

Credit Quality

Liquidity and Interest Rate Risk

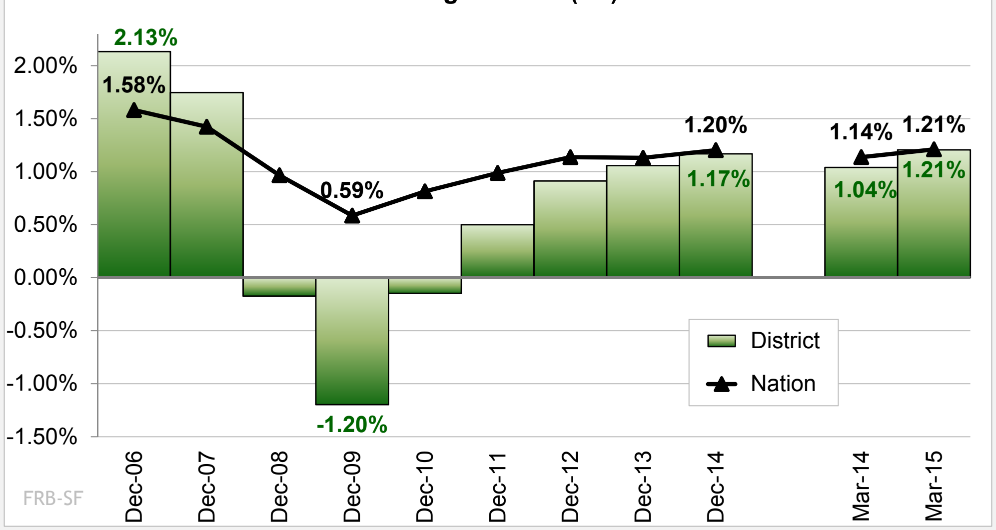
Capital

Note: Bank size groups are defined as small (<$10B), mid-sized ($10B-$50B), and large (>$50B) banks. The large bank group covers nationwide banks (a larger statistical population), while the other two groups cover 12th District banks.

See also "Banks at a Glance," Bank Profiles by State:
http://www.frbsf.org/banking-supervision/publications/banks-at-a-glance/

Earnings: Pretax Profitability Edged Higher

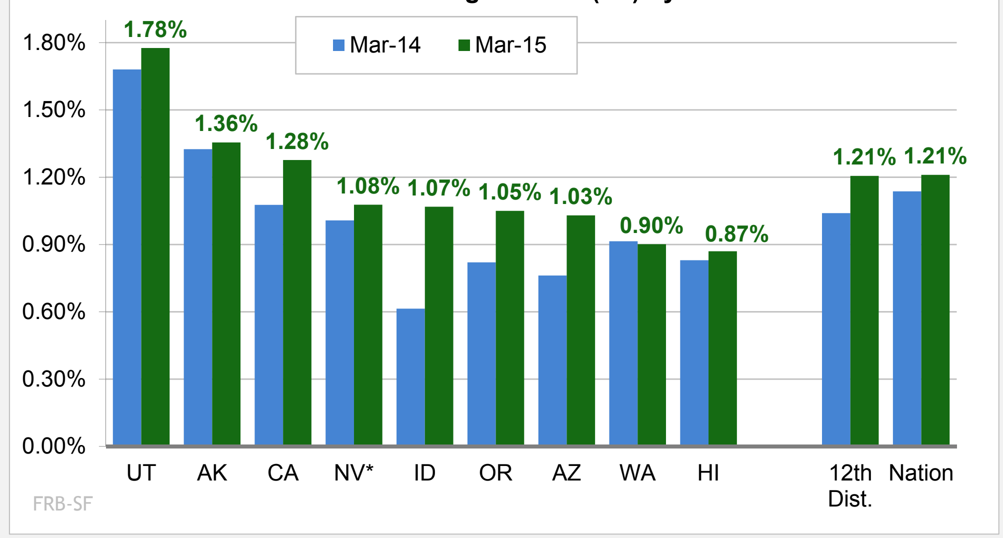
Annualized Pretax Return on Average Assets (TE)



Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 3/31/15 data; for comparability, Pretax ROAAs are adjusted on a tax-equivalent (TE) basis to assume taxes are paid on income from tax-free municipal loans and securities

Average Pretax ROAAs in Most District States Improved Year-Over-Year

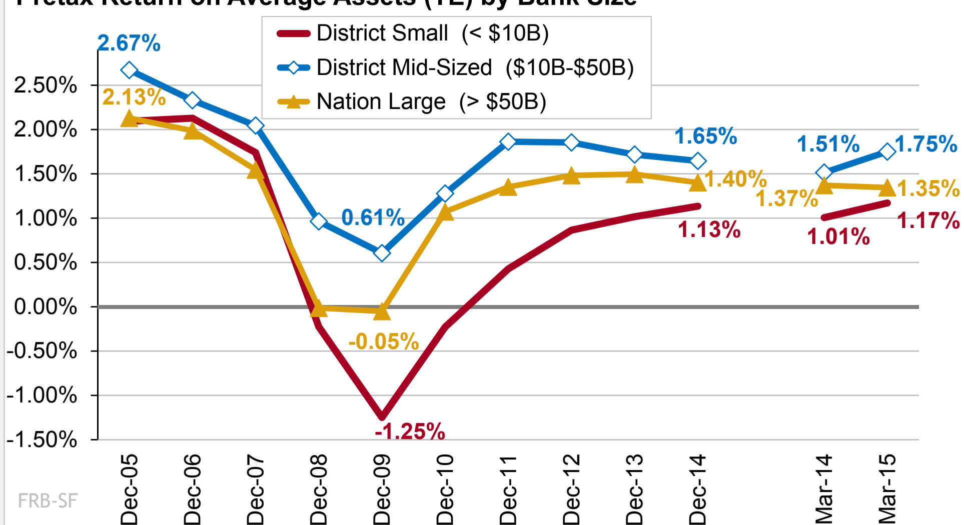
Annualized Pretax Return on Average Assets (TE) by State



Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 3/31/15 data; for comparability, Pretax ROAAs are adjusted on a tax-equivalent (TE) basis to assume taxes are paid on income from tax-free municipal loans and securities; *NV: excludes credit card and zero-loan banks

Mid-Sized Banks Notched Higher Pretax Earnings than Nationwide Large Banks and District Small Banks

Pretax Return on Average Assets (TE) by Bank Size

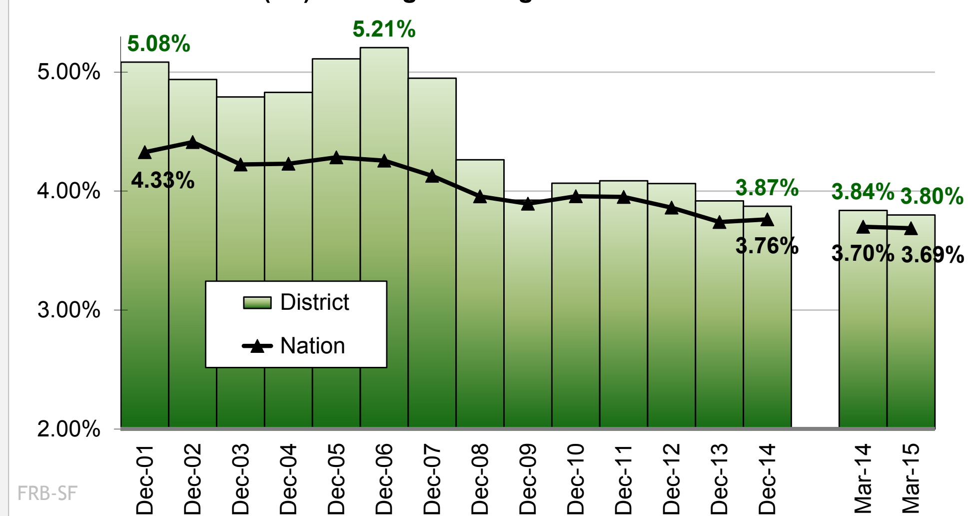


Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 3/31/15 data; for comparability, Pretax ROAAs are adjusted on a tax-equivalent (TE) basis to assume taxes are paid on income from tax-free municipal loans and securities

HOT TOPIC

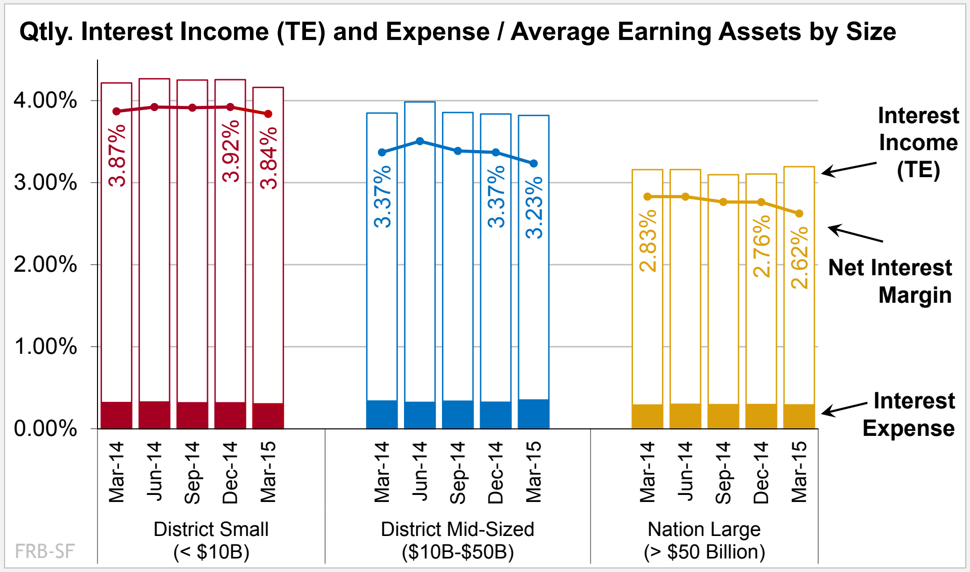
Earnings Improved in Spite of Ongoing Net Interest Margin Pressures

Net Interest Income (TE) / Average Earning Assets



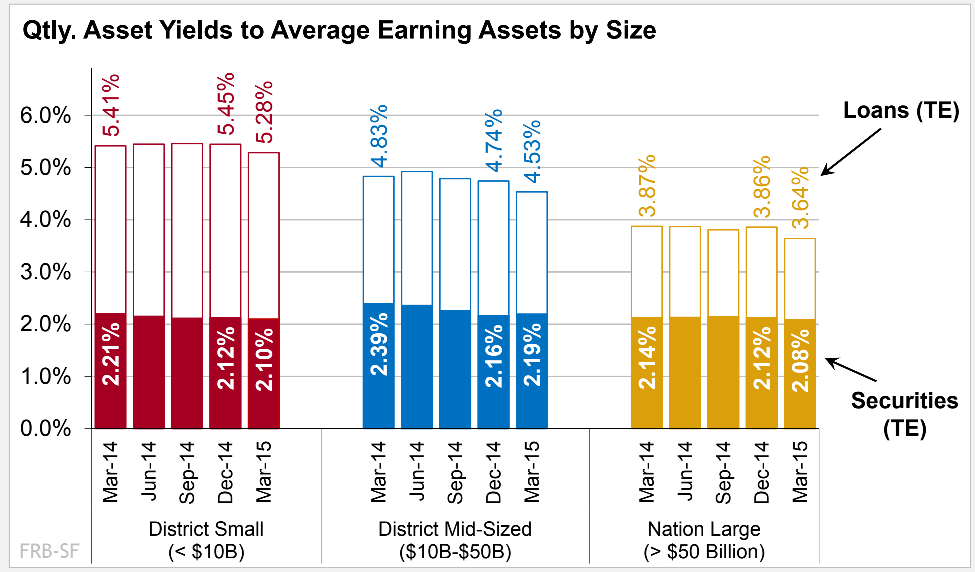
Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 3/31/15 data; for comparability, net interest income is adjusted on a tax-equivalent (TE) basis to assume taxes are paid on income from tax-free municipal loans and securities

Quarterly Margin Compression Was Driven In Many Cases by Declining Asset Yields



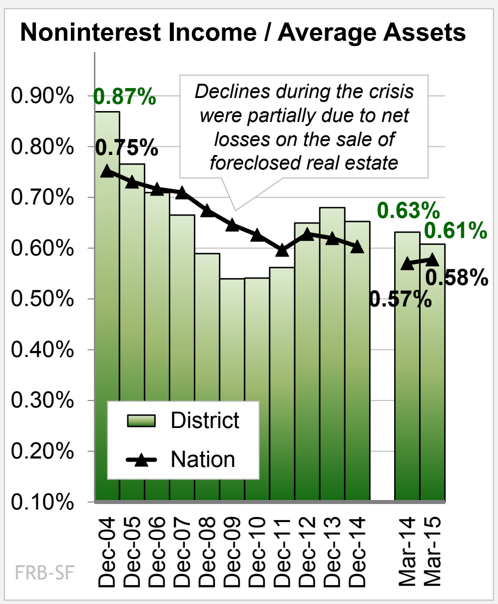
Based on commercial banks, excluding De Novos; quarterly annualized trimmed means; preliminary 3/31/15 data; for comparability, income is adjusted on a tax-equivalent (TE) basis to assume taxes are paid on income from tax-free municipal loans and securities

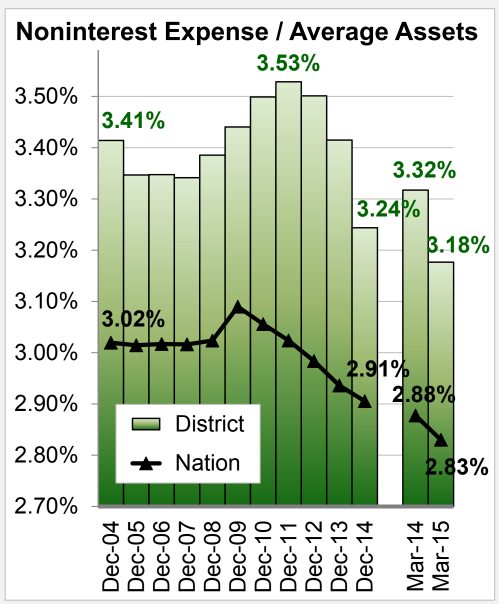
Loans and Securities Repriced Downward Across Bank Sizes



Based on commercial banks, excluding De Novos; quarterly annualized trimmed means; preliminary 3/31/15 data; for comparability, income is adjusted on a tax-equivalent (TE) basis to assume taxes are paid on income from tax-free municipal loans and securities

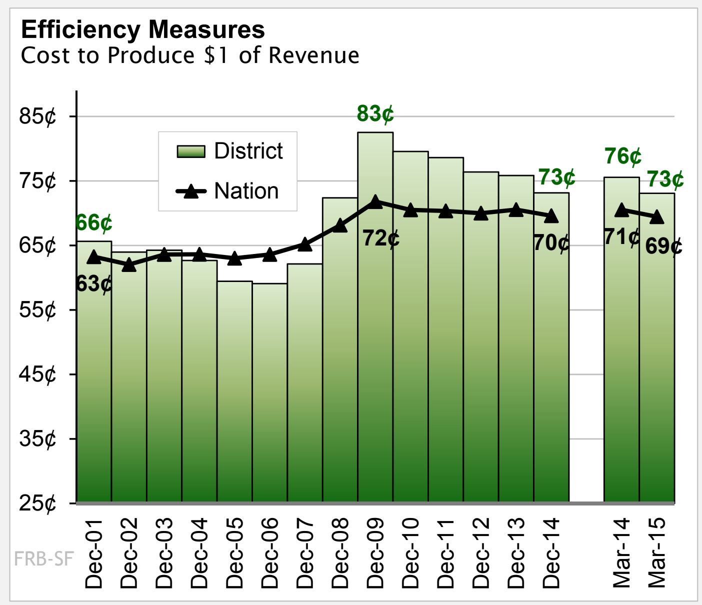
Lower Overhead Ratios Have Led Profits Higher But Trend May Not Be Sustainable





Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 3/31/15 data

Efficiency Ratios Benefited from Reduced Noninterest Expenses Despite Margin and Fee Income Challenges



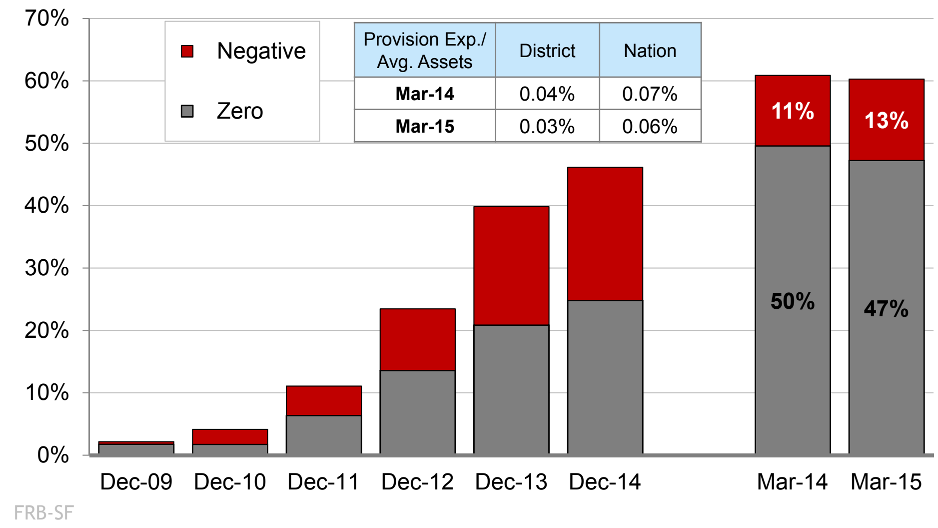
Efficiency ratios improved year-over-year across banks of all sizes.

Average Efficiency by Bank Size

Bank Size	Mar-2014	Mar-2015
District Small (<$10B)	76.6¢	74.2¢
District Mid-Sized ($10B-$50B)	58.6¢	53.2¢
Nation Large (>$50B)	68.3¢	63.9¢

Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 3/31/15 data; efficiency measure = overhead / (net interest income + noninterest income)

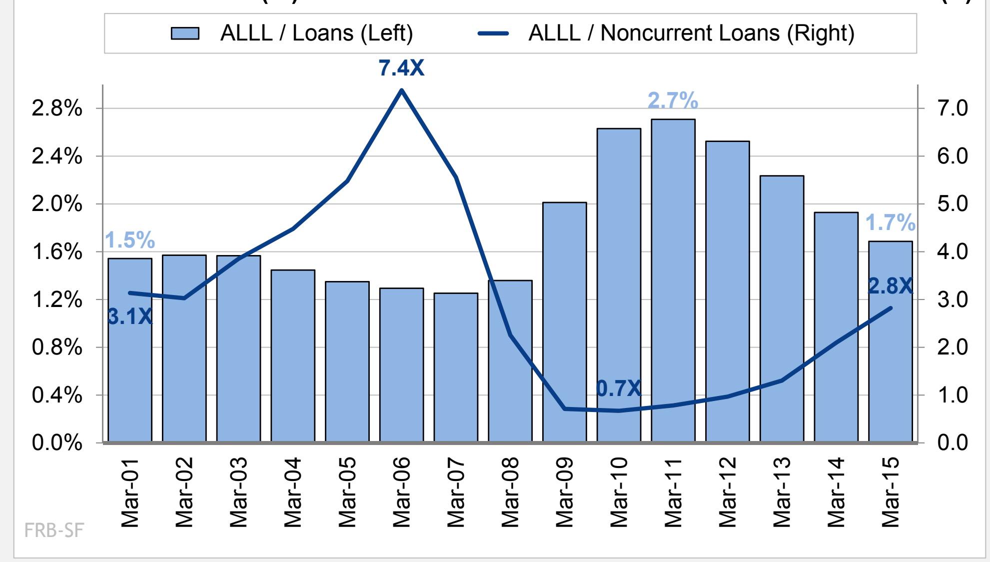
Loan Loss Reserves: Earnings Also Continued to Benefit from Zero or Negative Provision Expense Levels at Most Banks



Provision Exp./ Avg. Assets	District	Nation
Mar-14	0.04%	0.07%
Mar-15	0.03%	0.06%

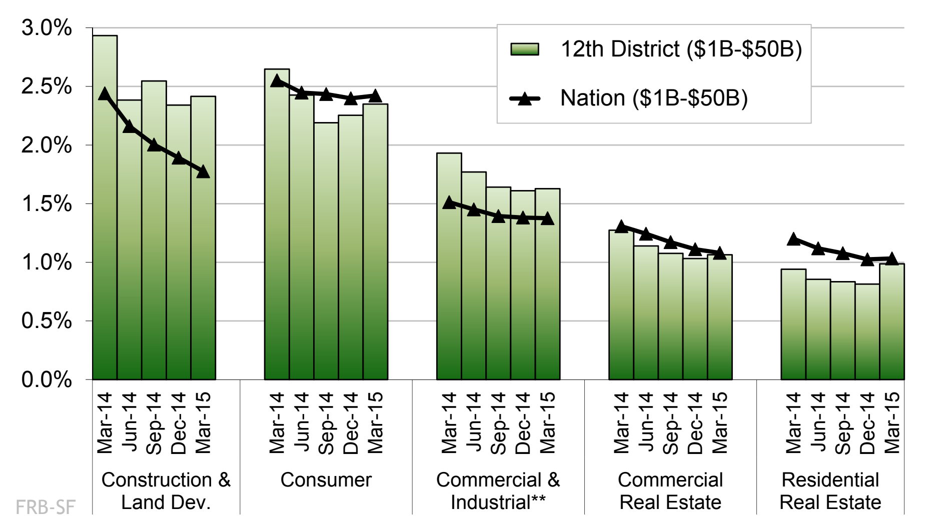
Based on commercial banks, excluding De Novos; year-to-date; preliminary 3/31/15 data

Low Provisioning Led to Further Declines in ALLL-to-Loan Ratios, but Coverage of Noncurrent Loans Marched Higher



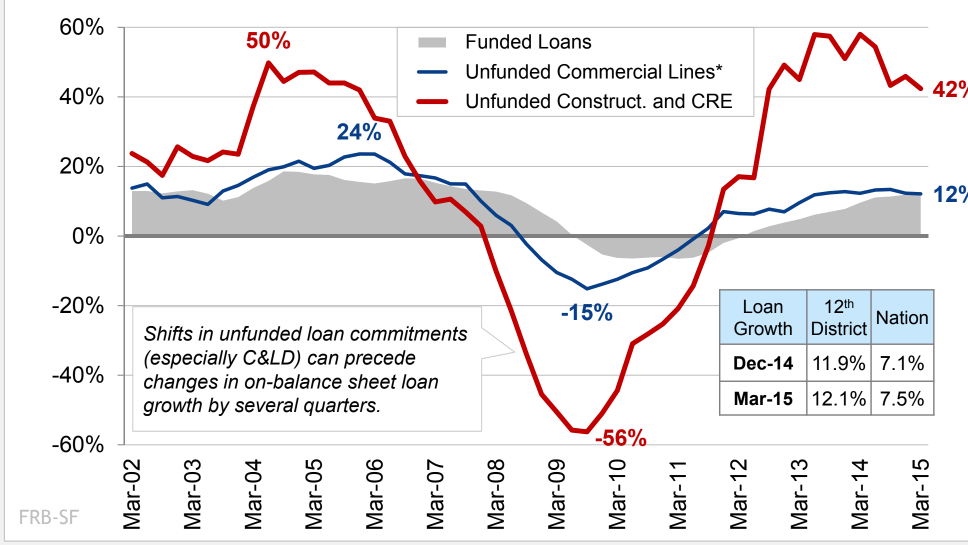
Based on commercial banks, excluding De Novos; trimmed means; preliminary 3/31/15 data; ALLL = allowance for loan and lease losses

Reserves Trailed Loan Growth Across Most Loan Segments, Similar to National Trends



Based on aggregate data for commercial banks with assets between $1 billion and $50 billion (smaller banks are not required to report this information); preliminary 3/31/15 data; *evaluated excludes loans accounted for at fair value or held for sale; **C&I also includes "all other" loan types not specified above

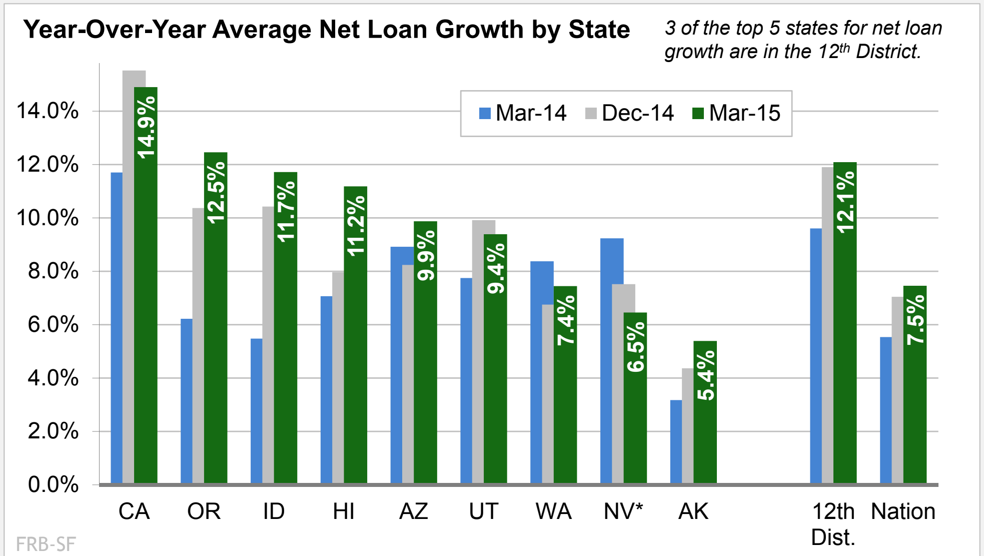
Loan Growth: District Outpaced Nation; Does Slowing in Unfunded Loan Growth Signal More Moderate Growth Ahead?



Loan Growth	12th District	Nation
Dec-14	11.9%	7.1%
Mar-15	12.1%	7.5%

Based on commercial banks, excluding De Novos; trimmed means (not merger adjusted); preliminary 3/31/15 data; *includes unfunded loan commitments not secured by residential or commercial real estate (CRE), not for CRE purposes, and not for credit cards (i.e., mostly commercial and industrial lines)

Net Loan Growth Occurred Broadly Across the District



Based on commercial banks, excluding De Novos; trimmed means (not merger adjusted); preliminary 3/31/15 data; *NV: excludes credit card and zero-loan banks

Some Portfolios Notched High Segment-Level Growth but Did Not Necessarily Drive Overall Growth Rate

Composition of Domestic Aggregate Loan Growth - 12th District Banks

Loan Segment	Banks < $10 Billion: Segment Level YOY Growth Rate (Mar-2015)	Banks < $10 Billion: % Point Contrib. to YOY Total Loan Growth (Mar-2015)	Banks < $10 Billion: % of Total Loans (Mar-2015)	Banks $10 - $200 Billion: Segment Level YOY Growth Rate (Mar-2015)	Banks $10 - $200 Billion: % Point Contrib. to YOY Total Loan Growth (Mar-2015)	Banks $10 - $200 Billion: % of Total Loans (Mar-2015)
Construction & Land Dev.	27%	1.3%	5%	35%	1.0%	3%
Multifamily	27%	1.9%	8%	7%	0.4%	6%
Other Loans*	17%	0.4%	3%	42%	2.9%	9%
Consumer Loans	15%	0.4%	3%	35%	0.5%	2%
Commercial & Industrial	15%	2.6%	18%	14%	3.0%	22%
Closed-End 1-4 First Liens	13%	1.7%	13%	7%	2.4%	33%
Agricultural and Farmland	12%	0.4%	3%	7%	0.2%	2%
Nonfarm Nonresidential	11%	5.1%	44%	3%	0.5%	17%
HELOC + Closed-End 1-4 Jr. Liens	6%	0.3%	4%	2%	0.1%	5%
Memo: Aggregate Loan Growth Rate		*14.1%*			*11.0%*	

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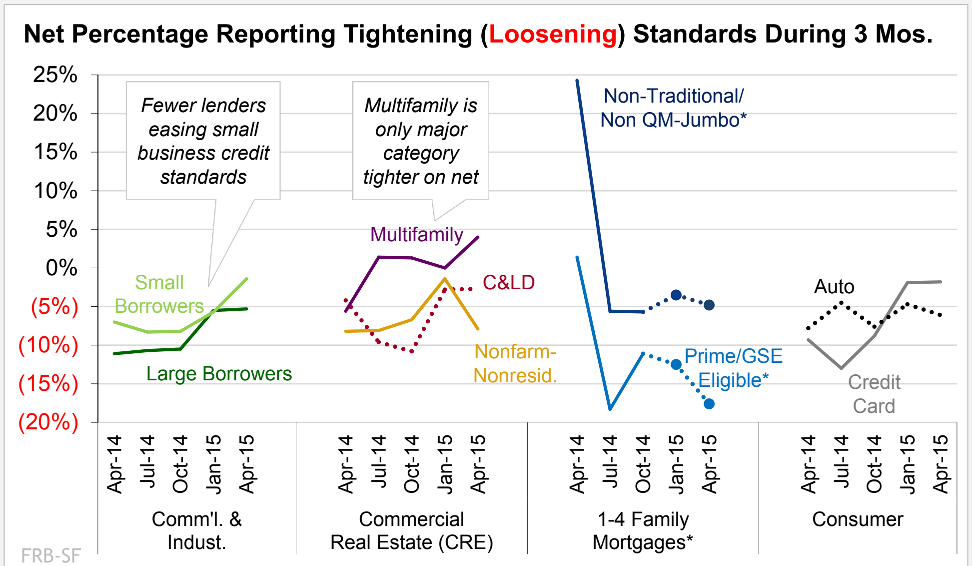
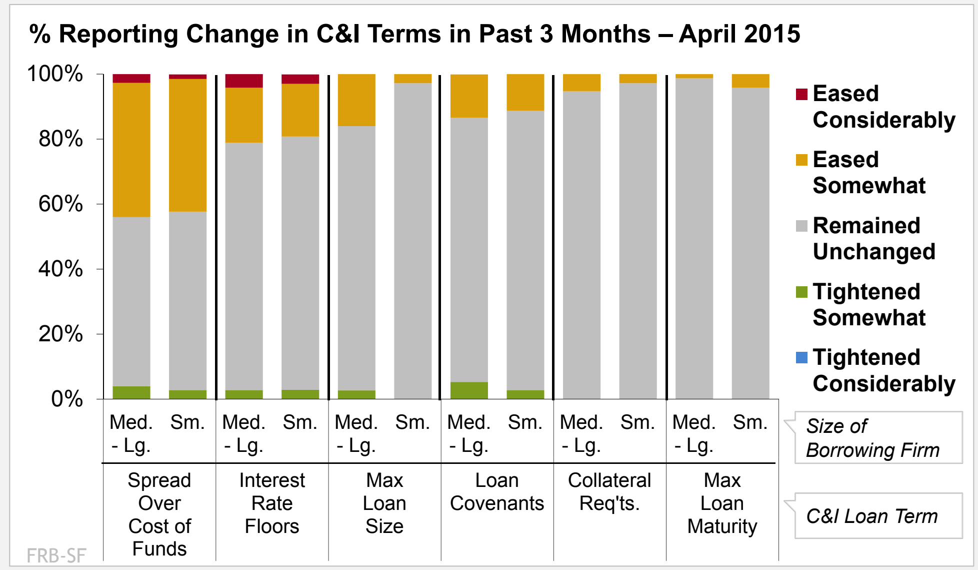
Based on a panel of commercial banks, excluding De Novos and banks with extreme growth (likely merger-related); preliminary 3/31/15 data; *includes leases as well as loans collateralized by securities (margin loans), loans extended to governments and to depository and non-depository institutions, and all other

HOT TOPIC: Did Some Growth Come At the Expense of Underwriting, Which Loosened Further?



Based on a sample of loan officers at 70+/- domestic banks (number varies by period and loan type); *beginning January 2015, two categories were replaced with six based on GSE eligibility, qualifying mortgage (QM) status, and size (making comparisons imperfect); Source: Federal Reserve Senior Loan Officer Opinion Survey (http://www.federalreserve.gov/BoardDocs/snloansurvey/)

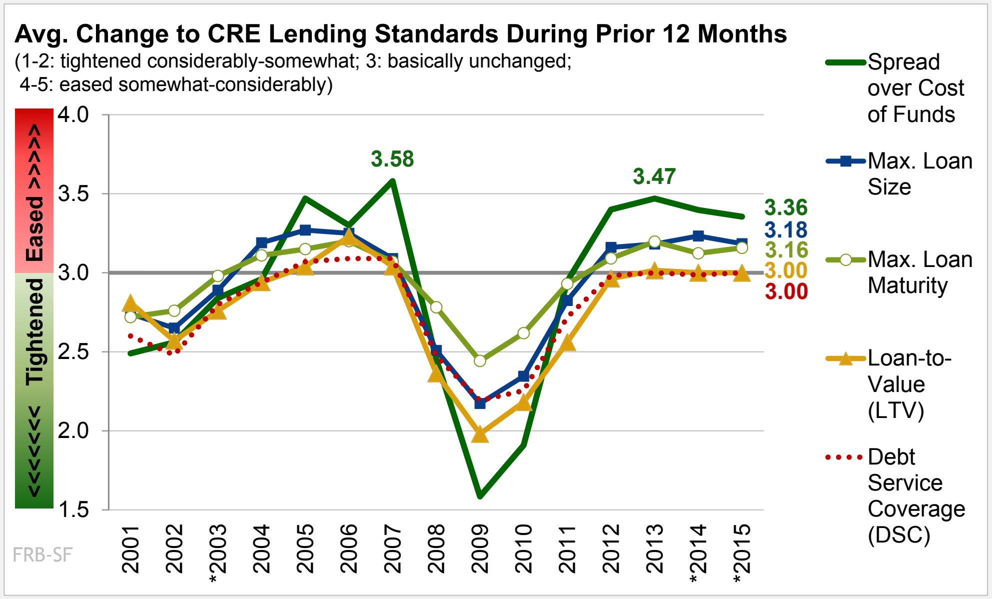
HOT TOPIC: C&I Lenders Were Most Likely To Ease Terms on Pricing, Size, and Covenants



Based on a sample of loan officers at 70+ domestic banks; Source: Federal Reserve Senior Loan Officer Opinion Survey conducted in April 2015 (http://www.federalreserve.gov/BoardDocs/snloansurvey/)

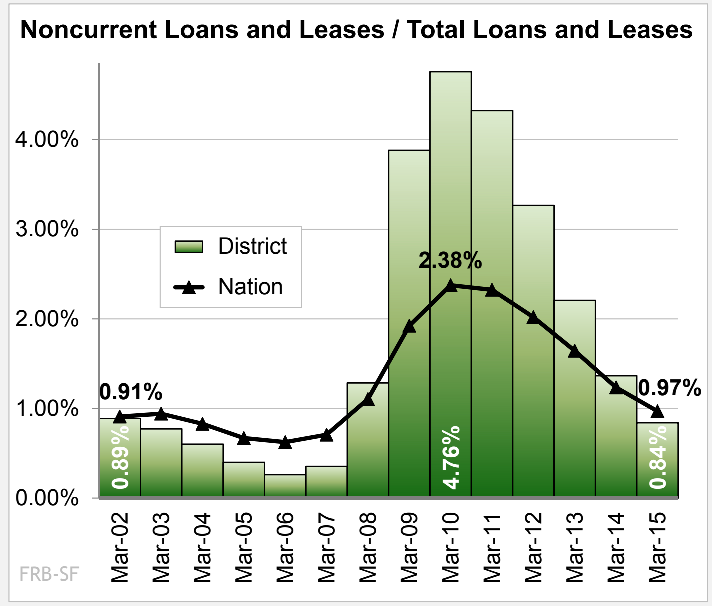
In Past Years, CRE Lenders Conceded on Pricing, Size, and Maturity More Often Than DSC or LTV

HOT TOPIC



Based on an annual sample of loan officers at 54–76 domestic banks (number varies by reporting period); survey conducted in January or April (*) of each year; Source: Federal Reserve Senior Loan Officer Opinion Survey

Credit Quality: District Severe Delinquencies Fell Below the National Average, Led by Smaller Banks

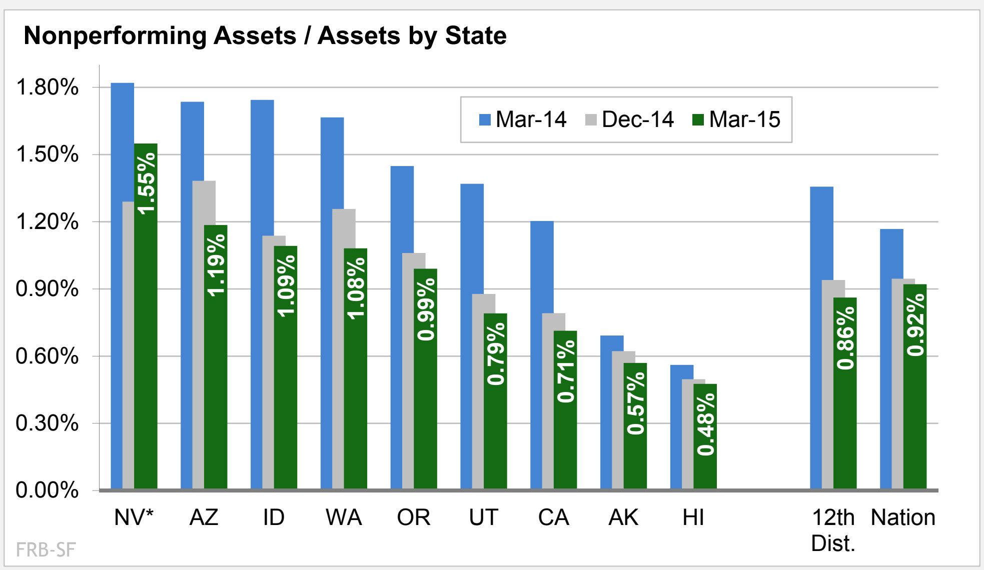


Lack of seasoning in fast-growing portfolios likely helped noncurrent loan ratio trends

Average Noncurrent Rate (%)		
Bank Size	Mar-2014	Mar-2015
District Small (<$10B)	1.36%	0.83%
District Mid-Sized ($10B-$50B)	1.28%	1.08%
Nation Large (>$50B)	1.44%	1.10%

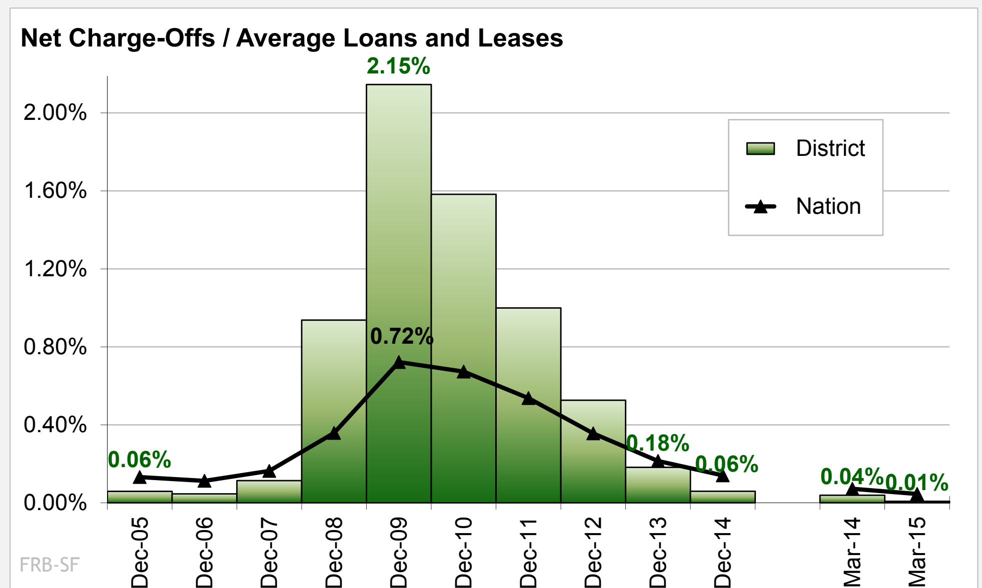
Based on commercial banks, excluding De Novos; trimmed means; preliminary 3/31/15 data; Noncurrent = 90+ days past due or on nonaccrual

Average Nonperforming Asset Ratios Declined Broadly Across Most 12th District States



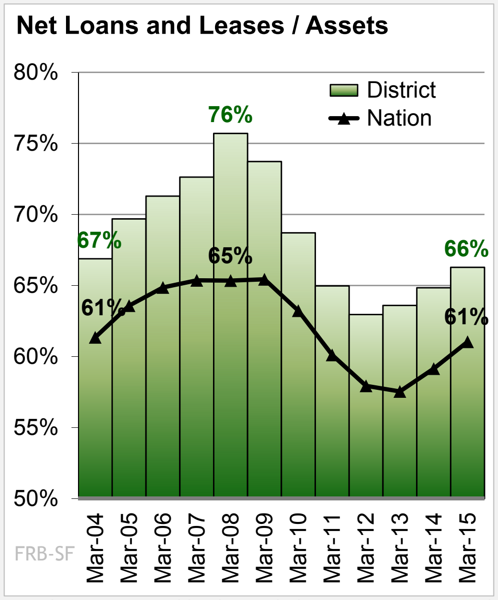
Based on commercial banks, excluding De Novos; trimmed means; preliminary 3/31/15 data; *NV: excludes credit card and zero-loan banks; nonperforming assets include noncurrent assets (90+ days past due or nonaccrual) plus foreclosed real estate.

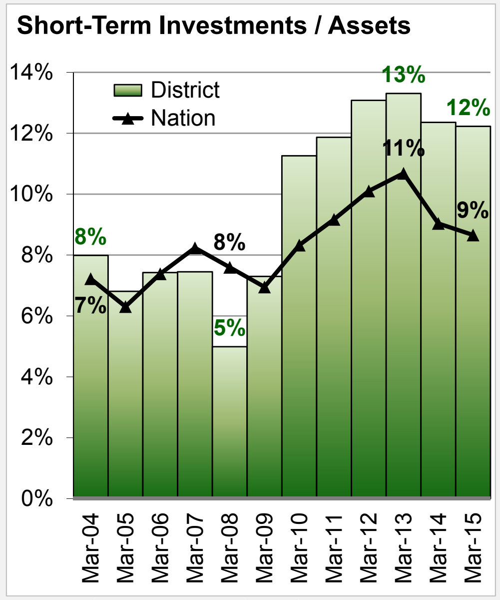
Average District Net Charge-off Rate Was Negligible in First Quarter 2015



Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 3/31/15 data

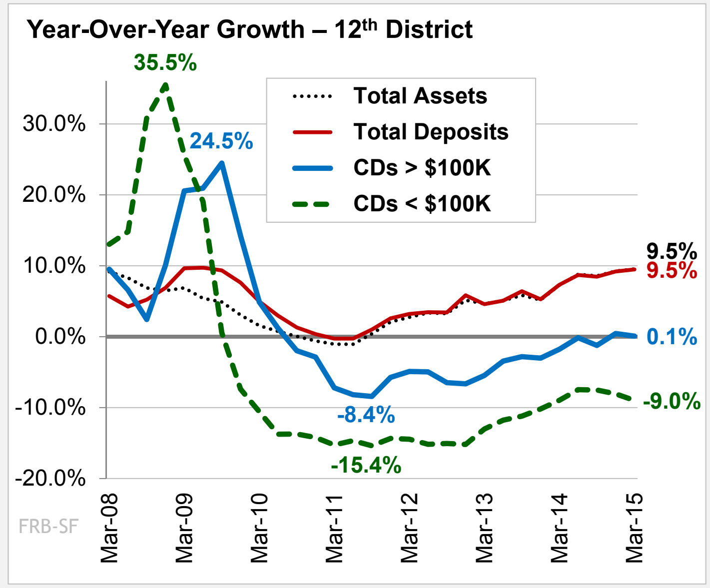
Liquidity: Loan Growth Outpaced Increases in Assets; Short Term Investment Levels Held Steady





Based on commercial banks, excluding De Novos; trimmed means; preliminary 3/31/15 data; Short-Term Investments: interest-bearing bank balances, Federal funds sold & securities purchased under agreements to resell, and <1-year debt securities

Non-Maturity Deposit Growth Supported Asset Increases

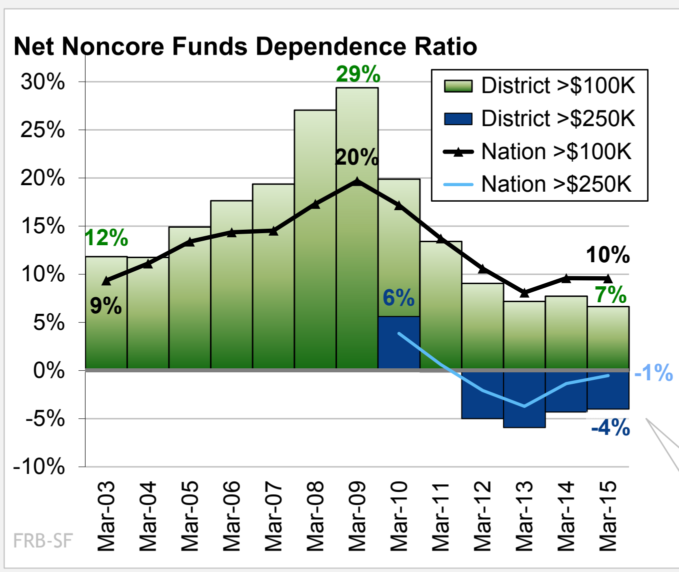


Deposit growth was fastest among mid-sized banks, in part because of mergers.

Average Annual Deposit Growth		
Bank Size	Mar-2014	Mar-2015
District Small (<$10B)	7.1%	9.3%
District Mid-Sized ($10B-$50B)	10.4%	13.0%
Nation Large (>$50B)	5.0%	7.2%

Based on commercial banks, excluding De Novos; trimmed means (not merger adjusted); preliminary 3/31/15 data

As a Result, Reliance on Noncore Funding Remained Moderate; Still Lowest Among Small Banks

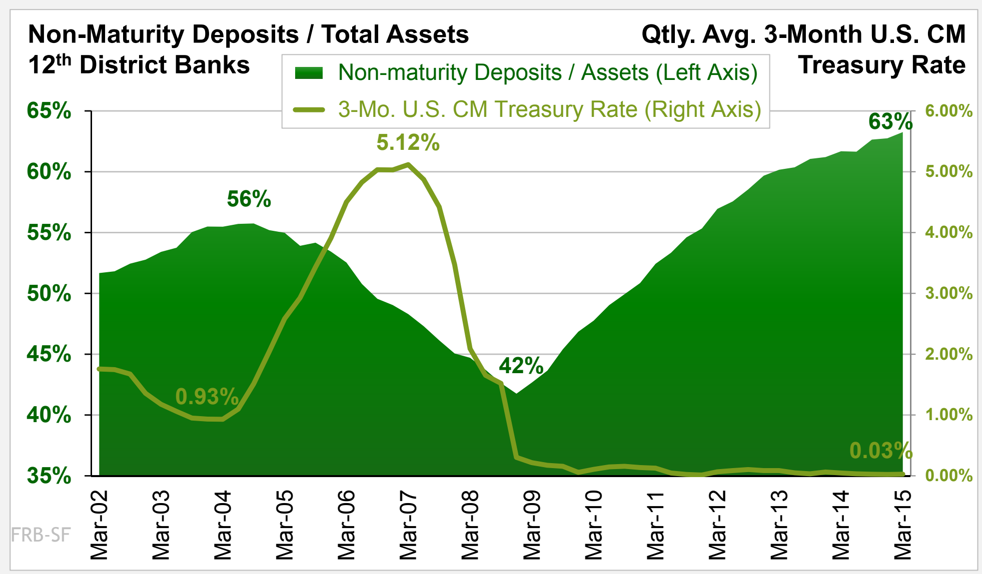


Average Net Noncore Funds Dependence by Bank Size *(Using CDs > $100K)*		
Bank Size	Mar-2014	Mar-2015
District Small (<$10B)	7.2%	6.0%
District Mid-Sized ($10B-$50B)	13.9%	15.2%
Nation Large (>$50B)	14.6%	16.5%

Net noncore funding ratio turns negative if CDs between $100K and $250K are excluded.

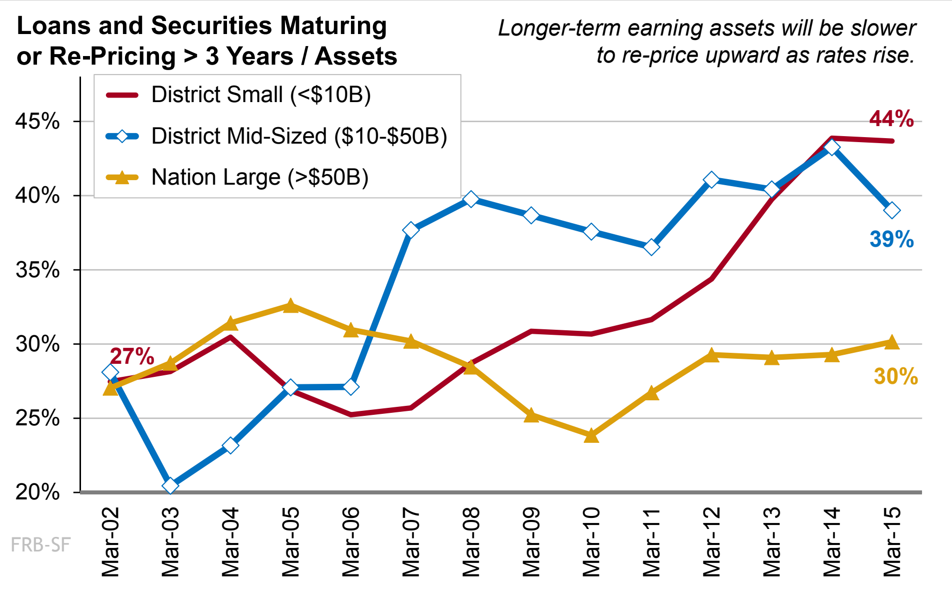
Based on commercial banks, excluding De Novos; trimmed means; preliminary 3/31/15 data; *Net noncore funding is sum of borrowed funds, foreign and brokered deposits, large CDs (previously defined as > $100K—green area, now defined as > $250K—blue bars) less short-term investments divided by long-term assets

HOT TOPIC Interest Rate Risk: Non-Maturity Deposits Could Prove Rate-Sensitive as Interest Rates Rise



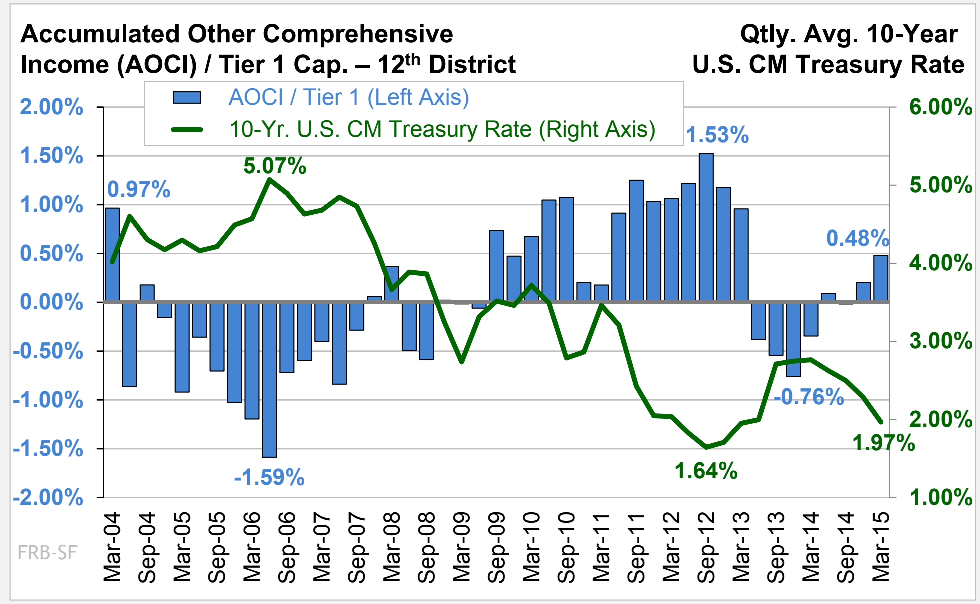
Based on commercial banks, excluding De Novos; trimmed means; preliminary 3/31/15 data; non-maturity includes demand, money market and savings; Constant Maturity (CM) Treasury Rate from Federal Reserve, Haver Analytics

Meanwhile, Long-Term Asset Exposures Remain Elevated at Small Banks; Dipped at Mid-Sized



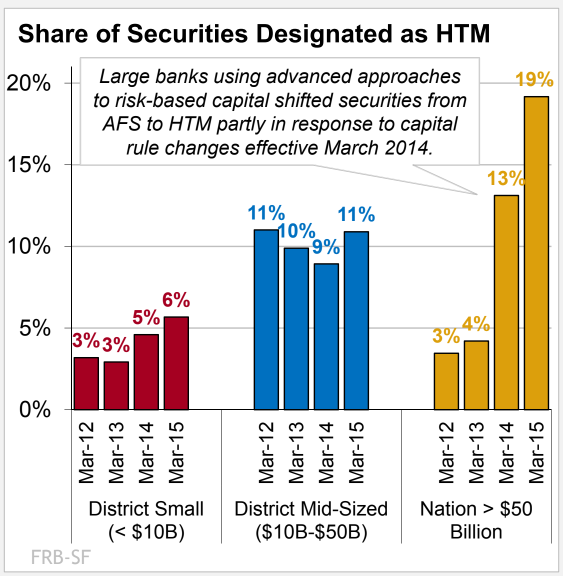
Based on commercial banks, excluding De Novos; trimmed means; preliminary 3/31/15 data

Interest Rates Declines Buoyed Securities Gains and Thus Other Comprehensive Income, For Now



Based on commercial banks, excluding De Novos; trimmed means; preliminary 3/31/15 data
Constant Maturity (CM) Treasury Rate from Federal Reserve, Haver Analytics

Capital: Large Banks Increasingly Designated Securities as HTM to Limit Effects of Price Swings on Risk-Based Capital

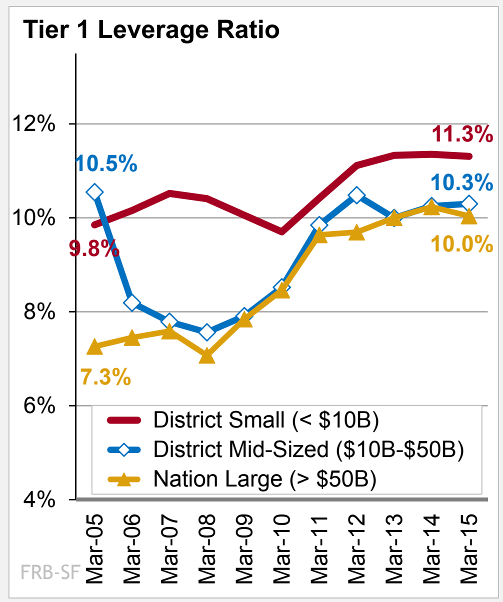


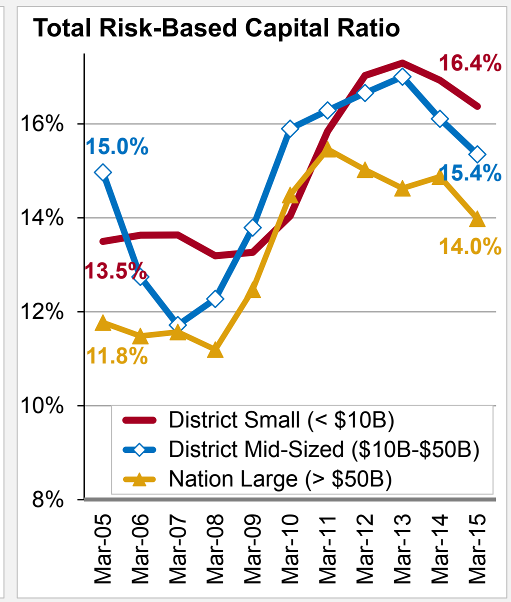
Beginning in March 2014, banks adopting advanced approaches to risk-based capital had to include AOCI in regulatory capital. Beginning in March 2015, all other banks had to make a permanent, one-time election if they wanted to opt out of including AOCI in regulatory capital (most opted out).

For most banks, AOCI is dominated by net unrealized gains or losses on investment securities designated as available-for-sale (AFS)—making it prone to volatility with changes in interest rates. Also included in AOCI: accumulated net gains or losses on cash flow hedges, cumulative foreign currency translation adjustments, and certain pension liability adjustments.

Based on commercial banks, excluding De Novos; trimmed means; preliminary 3/31/15 data; per generally accepted accounting principles (GAAP), securities designated as held-to-maturity (HTM) are carried at book value and any net unrealized gains/losses are not recognized in capital accounts. In contrast, those designated available-for-sale (AFS) are carried at market value with net unrealized gains/losses adjusted from GAAP capital via AOCI.

Risk-Based Ratios Moderated as Assets Shifted into Loans; Average Mid-Sized Bank Capital at Roughly 2005 Levels





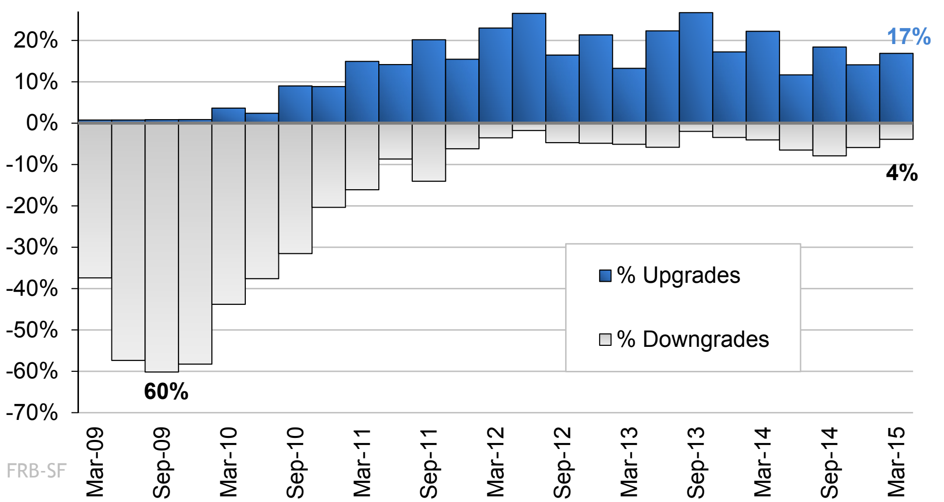
Based on commercial banks, excluding De Novos; trimmed means; preliminary 3/31/15 data; new risk-based capital reporting became effective March 2014 for advanced approach adopters and March 2015 for all others

Section 3 – Regulatory Ratings and Trends

Focusing on trends in examination (CAMELS) ratings assigned by regulatory agencies among commercial banks headquartered within the 12th Federal Reserve District.

Regulatory Ratings: Upgrades Continued to Outpace Downgrades

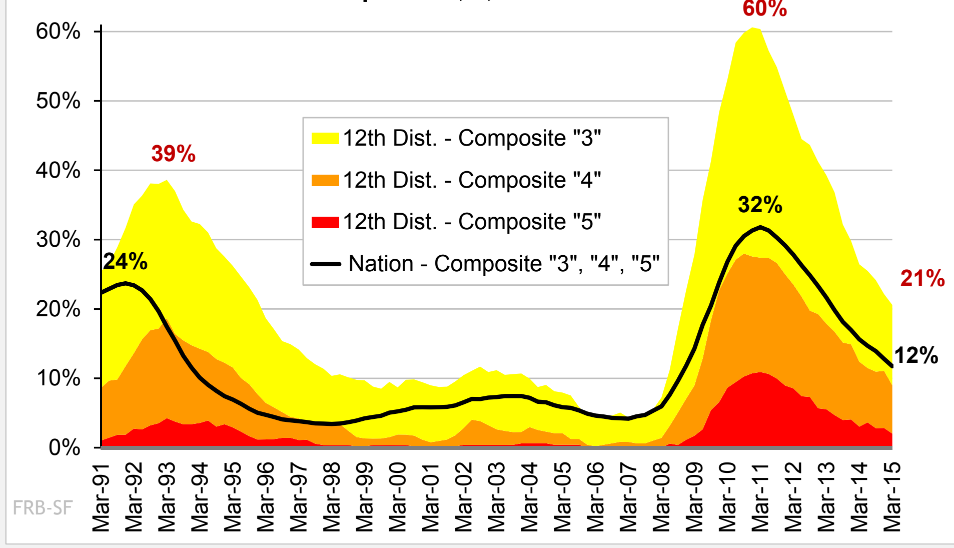
Percent of 12th District Exams that Resulted in CAMELS Composite Rating Upgrade or Downgrade (downgrades shown as negative percentages)



Includes any change in composite CAMELS rating for commercial banks; quarterly data based on examination completion dates (mail dates); recent data are preliminary; data updated through 05/15/15

The Share of District Banks with CAMELS Composite Ratings of 3, 4, or 5 Moderated Further

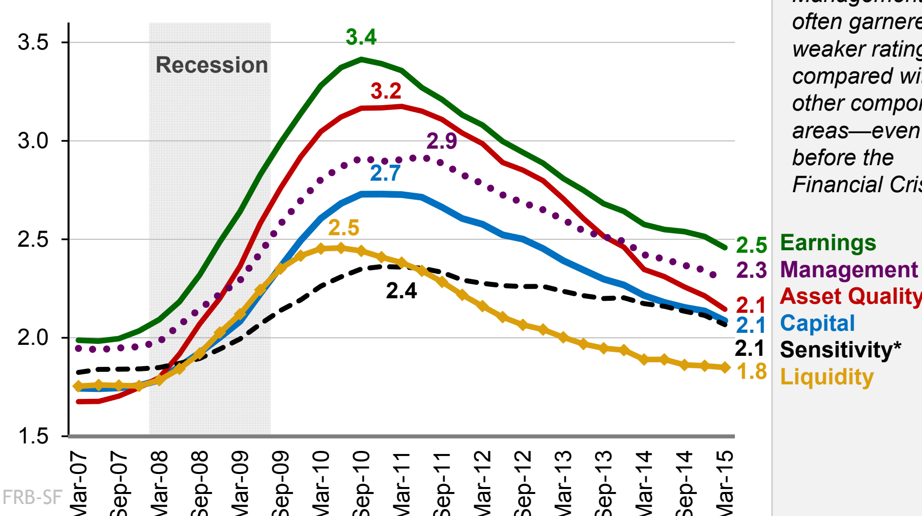
Share of Banks Rated Composite 3, 4, or 5



Trends for all commercial banks based on examination completion dates (mail dates); data updated through 05/15/15

Earnings and Management Remained Weakest Components

Average CAMELS Component Ratings for 12th District Banks
(1: strong; 2: satisfactory; 3-5: less-than-satisfactory)

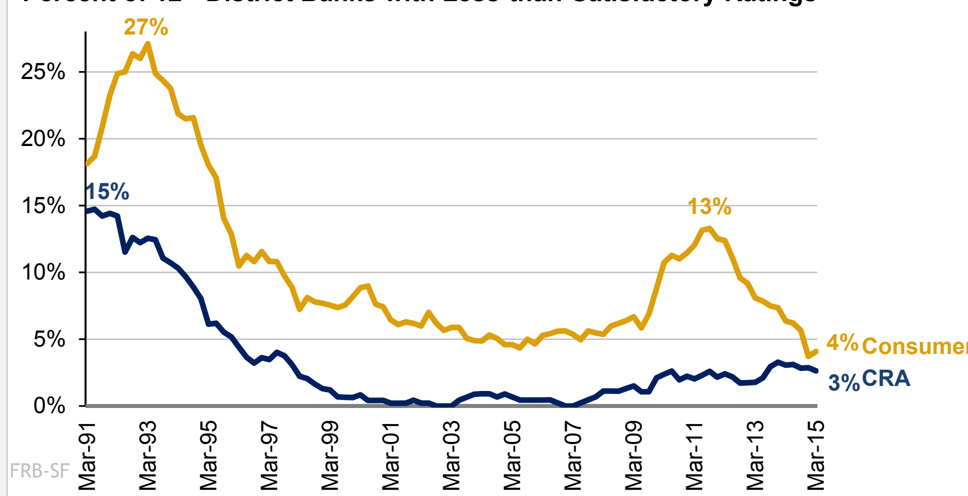


Earnings and Management often garnered weaker ratings compared with other component areas—even before the Financial Crisis

Trends for all commercial banks based on examination completion dates (mail dates); recent data are preliminary; data updated through 05/15/15; *Sensitivity to Market Risk

Consumer Compliance Ratings and CRA Ratings Were Generally Steady

Percent of 12th District Banks with Less-than-Satisfactory Ratings



Trends for all commercial banks based on examination completion dates (mail dates); CRA = Community Reinvestment Act; recent data are preliminary; updated 5/15/15

Appendices

1. Summary of Institutions
2. Technical Information
3. Regulatory Hot Topics

Appendix 1: Summary of Institutions

Area	Commercial Banks (De Novos)		Industrial Banks (De Novos)		Savings Institutions (De Novos)	
	Mar-14	*Mar-15*	*Mar-14*	*Mar-15*	*Mar-14*	*Mar-15*
AK	4 (0)	4 (0)	-	-	2 (0)	1 (0)
AZ	22 (0)	21 (0)	-	-	1 (0)	1 (0)
CA	198 (1)	190 (1)	6 (0)	4 (0)	16 (0)	12 (0)
GU	2 (0)	2 (0)	-	-	1 (0)	1 (0)
HI	6 (0)	6 (0)	1 (0)	1 (0)	2 (0)	2 (0)
ID	14 (0)	11 (0)	-	-	1 (0)	1 (0)
NV	12 (0)	12 (0)	4 (0)	4 (0)	2 (0)	2 (0)
OR	25 (0)	23 (0)	-	-	3 (0)	3 (0)
UT	31 (0)	31 (0)	18 (0)	18 (0)	4 (0)	4 (0)
WA	50 (1)	46 (0)	-	-	12 (0)	12 (0)
12L	364 (2)	346 (1)	29 (0)	27 (0)	44 (1)	39 (0)
US	5,742 (25)	5,502 (11)	31 (0)	29 (0)	954 (2)	885 (2)

Based on preliminary 3/31/15 data.

Appendix 2: Technical Information

This report focuses on the financial trends and performance of commercial banks headquartered within the 12th Federal Reserve District ("12L"). 12L includes 9 western states: AK, AZ, CA, HI, ID, NV, OR, UT, and WA, as well as Guam. Industrial banks and savings institutions, which have different operating characteristics, are excluded from graphics (other than the table to the left).

De Novos: Many of the charts exclude "De Novo" banks, or banks less than five years old.

Groups by Asset Size: "Small", and "Mid-Sized" bank groups are based on 12th District community banks (<$10B) and regional banks ($10B-$50B), respectively. The "Large" bank group is based on nationwide banks with assets >$50B because a larger statistical population was needed to construct trimmed means.

Trimmed Mean (also referred to as "average"): Many of the charts present trends in ratio averages, adjusted for outliers. The method used is to eliminate or "trim" out the highest 10% and the lowest 10% of ratio values and average the remaining values.

Aggregate: In some cases, the trimmed mean method is not appropriate (e.g., when many banks have zero values for a particular ratio or for some growth rates where there may be many highly positive and highly negative values). In these cases, District aggregates sometimes are computed (i.e., summing numerator values across all District banks and dividing by the sum of all denominator values), as opposed to averaging individual bank ratios. When an aggregate is used, it is indicated on the chart.

Appendix 3: Regulatory Hot Topics
Moderate-to-High Concern Areas to Watch

Evolving competitive, economic, regulatory, and technological challenges have heightened risks in many areas, especially BSA/AML, information technology, interest rate risk/liquidity, operations, and consumer compliance.

LEVEL OF CONCERN

High

- BSA/AML – *Internal Control Environment*

BSA/AML policies, processes, and procedures have not always kept pace with the District's vulnerability to trade-based money laundering, bulk cash smuggling, marijuana-related businesses, and virtual currencies.

Elevated

- Operational – *Information / Cyber Security*
- Market – *Lengthening Asset Maturities*
- Credit – *Quality of Loan Growth*

Moderate

- Liquidity – *Non-Maturity Deposit Sensitivity (a/k/a "Surge Deposits")*
- *BSA/AML – Board and Management Oversight*
- Credit – *Real Estate Lending Concentrations*
- Operational – *Business Continuity Planning*
- Operational – *Service Provider Risk Management*
- Operational – *Internal Audit Oversight & Program*
- Compliance – *New/Complex Products & Services*
- Compliance – *Keeping Pace with Regulatory Change*

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High - Represents a current or future (next 1-2 years) problem area that if realized would likely lead District institutions to unprofitability, downgrade, or failure (Note: High concern cannot have an Increasing outlook because High is already the highest concern level).

Elevated - Represents a lower likelihood than High of becoming a problem area and/or the problem area has a somewhat lower impact on District institutions' profitability, supervisory ratings, or ongoing concern.

Moderate - Represents a concern that is notable, but has low likelihood of realization or low impact to District institutions. Typically, these issues are of an emerging nature.