First Glance 12L (2Q15)

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

District Conditions Were Solid Prior to August Market Rout

August 27, 2015

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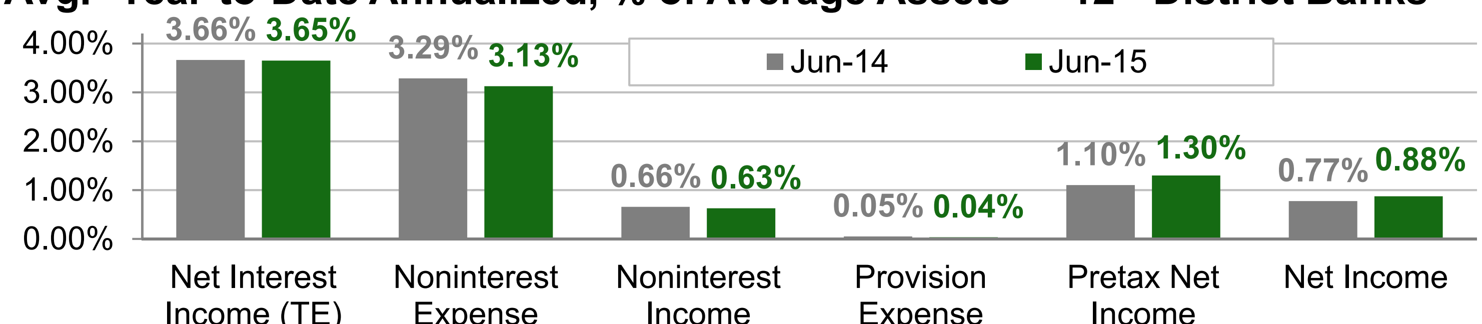
12th District Overview
"District Conditions Were Solid Prior to August Market Rout"

In the second quarter, the District's aggregate one-year job growth rate of nearly 3.0% continued to outpace the national rate of 2.1%. Job gains reduced the aggregate unemployment rate to 5.9% by June 2015, down from a year-earlier figure of 7.0%, and nearing the nationwide rate of 5.3%. State-level jobless rates remained better than the national average in Utah (3.5%), Idaho (4.0%), and Hawaii (4.0%). Leading index data from the Philadelphia Federal Reserve suggested growth would continue in most District states. However, the leading index remained negative in Alaska and languished in Oregon. Recent increases in Oregon's unemployment rate and initial unemployment claims seemed to weigh on the index despite strong job growth.

Real estate markets continued to hum. District home values generally gained in the mid-single digits year-over-year (YoY), and commercial real estate (CRE) vacancies and rents were stable-to-improving. Of note, apartment property prices have recovered more strongly than other sectors, owing to solid rent growth and low and declining capitalization rates fueled by robust investor demand and ample credit availability. Growth among age cohorts that tend to rent rather than own and lower homeownership rates across age groups spurred multifamily housing demand. Still, a strong construction pipeline could weaken vacancies and/or rents in some apartment markets.

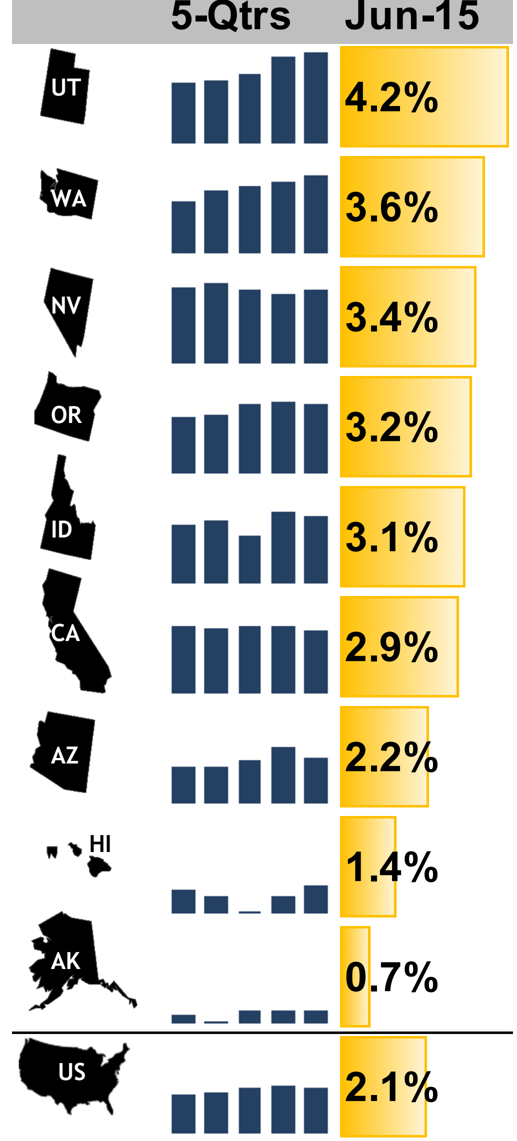
Economic slowing abroad, China's currency devaluation, and a global stock market rout grabbed headlines following the end of the second quarter. Continued dollar strength has made imports cheaper and exports less competitive, widening the trade gap and increasing cross-border credit and liquidity risks. The U.S. yield curve flattened in late August as a "flight to safety" reduced long-term bond yields. Meanwhile, stock market swings could damp performance on margin loans, which have been a source of loan growth among larger banks in recent periods.

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



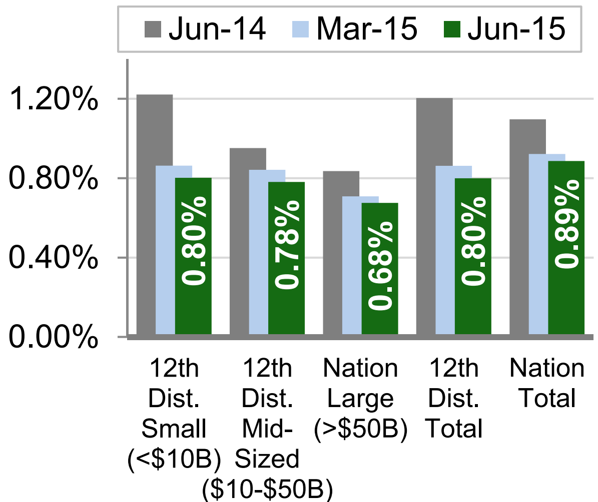
*Trimmed Means

Year-Over-Year Change in Nonfarm Jobs



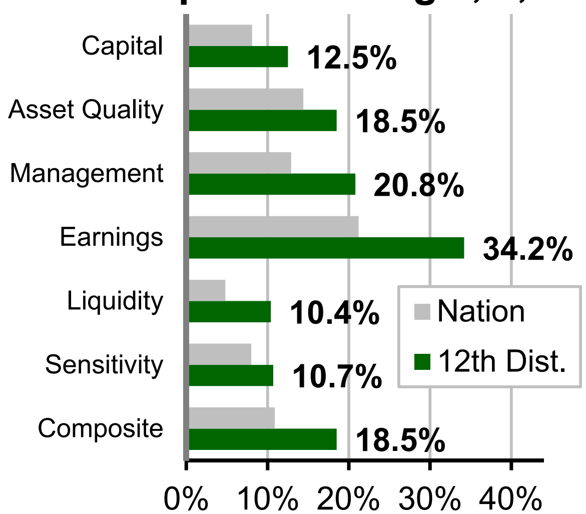
12th District Overview, Continued

Average* Nonperforming Assets / Assets (%)



*Trimmed Means

% of Banks with Component or Composite Rating 3, 4, 5



Ahead of those stresses, bank financial performance improved modestly. Earnings edged higher in second quarter, led by continued declines in overhead ratios and historically low provision expenses. On a quarterly basis, net interest margins expanded, following a typical seasonal pattern. The average YoY net loan growth rate topped 11% districtwide, with each of the District's states exceeding a national average growth rate of 7%. As with prior quarters, construction and land development (C&LD), multifamily, and specialty loans were the fastest-growing credit segments, but larger loan categories accounted for most loan growth in dollar terms.

Loosened underwriting standards likely fueled some of the growth. Per the Federal Reserve's July 2015 Senior Loan Officer Survey, recent underwriting standards for some loan categories were easier in general than the "mid-point" over the past 10 years. Standouts in this regard were syndicated credits, C&I loans, and multifamily mortgages. Although loan-to-value and debt service coverage ratio requirements are reportedly unchanged, rising interest rates and/or tighter credit availability could alter these metrics.

Asset quality continued to improve. The District's average nonperforming assets ratio (noncurrent loans and foreclosed real estate to assets) declined to 0.80%, the lowest mid-year reading since 2007 and slightly better than the national average (0.89%). The average District net chargeoff rate was zero, with some states recording net recoveries. Growth in allowances for loan losses lagged expanding loan portfolios, especially at mid-sized and large banks, where coverage of total and noncurrent loans both slipped in recent quarters.

We continue to monitor risks associated with rising short-term interest rates, especially if they are accompanied by a flattening yield curve (a/k/a "bear flattener scenario"). During the last bear flattener scenario (mid-2004 to mid-2006), 12th District net interest margins expanded. In comparison, banks presently face higher exposures to longer-dated loans and securities, potentially delaying asset repricing. Funding costs are currently low because of ample non-maturity deposits, but depositor preferences may shift as rates increase, compounding funding cost pressures.

Consumer compliance and safety and soundness examination ratings were stable-to-improving. At mid-year, approximately 82% of District banks earned satisfactory or strong composite safety and soundness examination ratings.

Section 1 - Economic Conditions

Fundamentals:

Job Growth

State Leading Index

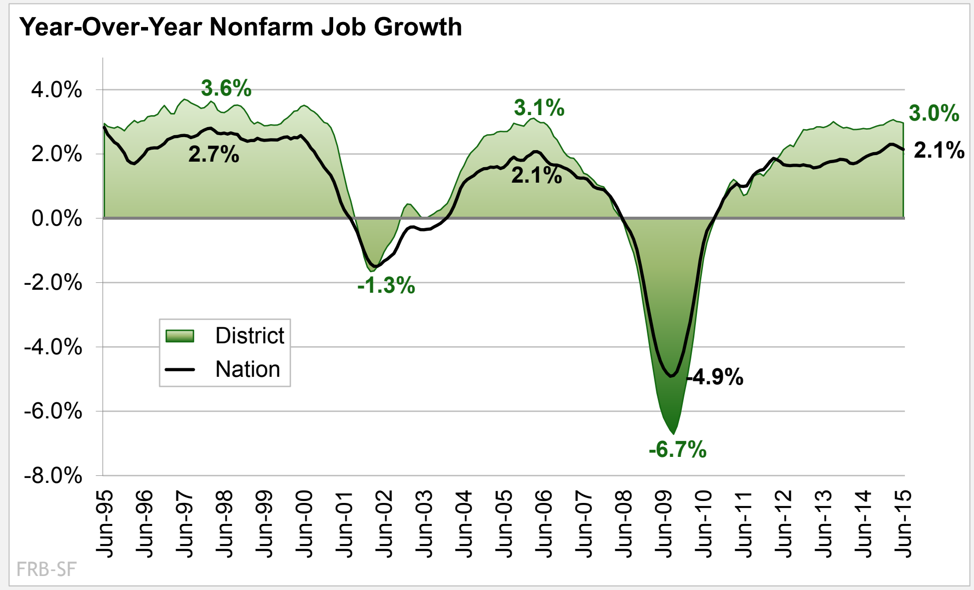
Housing Market Metrics

Commercial Real Estate Market Conditions

Drought Conditions

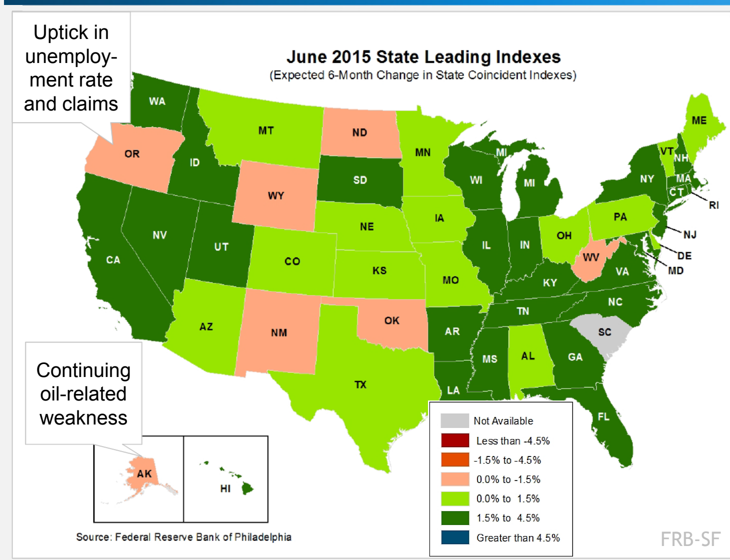
Global Stock Markets & Currencies

District Job Growth Remained Strong



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

The Leading Economic Index Moderated for Several District States, Sank for Oregon, and Remained Weak for Alaska

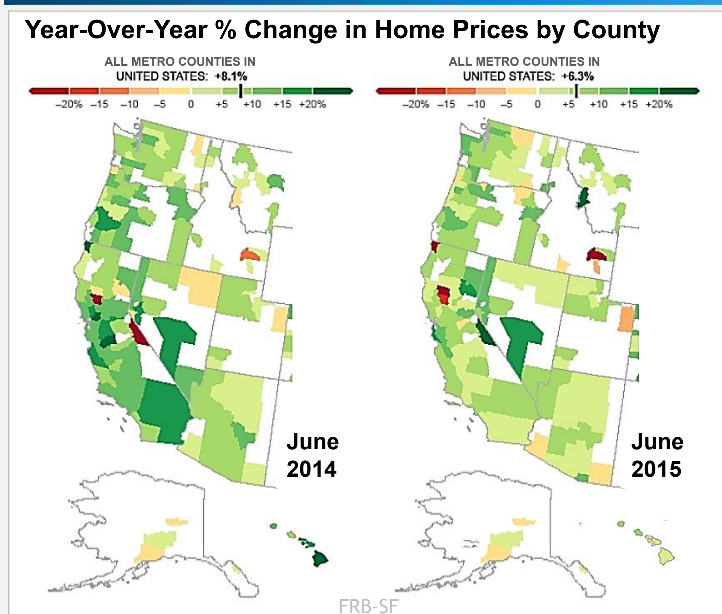


State Leading Index

State	12 Mo.	Jun-15
AK		-1.2%
AZ		1.3%
CA		2.2%
HI		1.8%
ID		2.2%
NV		2.8%
OR		-0.1%
UT		2.4%
WA		1.6%
US		1.5%

The Leading Index predicts the 6-month growth rate of state's coincident economic index. Inputs include state-level nonfarm payroll jobs, average hours worked in manufacturing, unemployment rate, wages and salaries, 1-4 family permits, initial unemployment claims, gross state product, 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 (see https://www.philadelphiafed.org/research-and-data/regional-economy/indexes/leading/)

Home Price Appreciation Continued, but At a Slower Pace in Most Markets; Washington Bucked the Trend

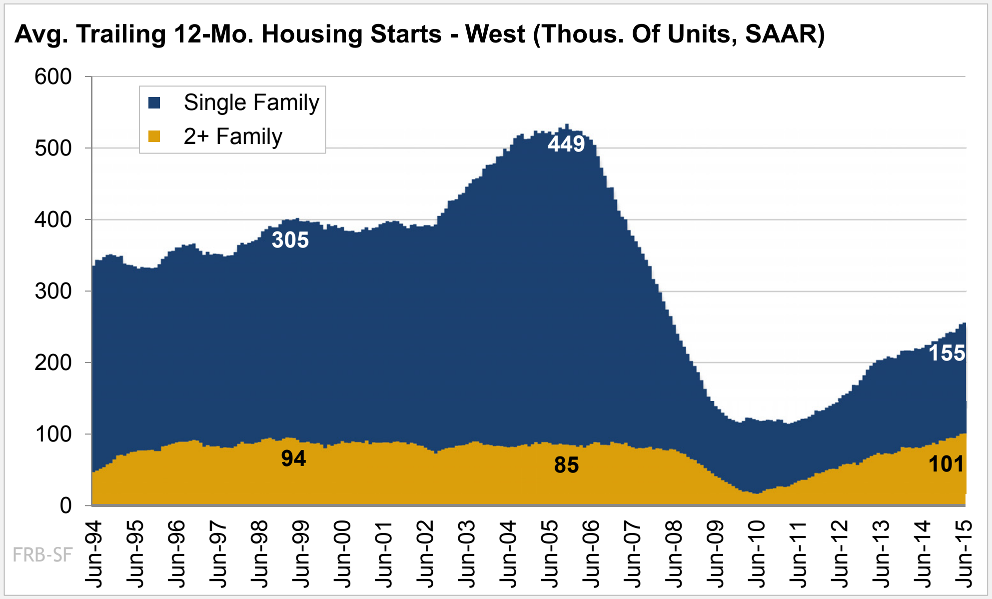


Year-Over-Year % Change in Home Prices by State

State	Jun-14	Jun-15
AK	3.5%	3.5%
AZ	6.6%	5.1%
CA	11.3%	6.3%
HI	10.8%	6.1%
ID	6.0%	4.2%
NV	11.1%	8.0%
OR	9.5%	7.9%
UT	5.9%	5.7%
WA	8.6%	8.9%
US	8.1%	6.3%

Source: Core Logic and Federal Reserve Bank of New York (http://www.newyorkfed.org/home-price-index/)

Single-Family Starts Inched Higher From Crisis-Era Trough; Multi-Unit Housing Starts at Highest Level in Over 20 Years



SAAR=seasonally adjusted annual rate; West=12th District plus CO, MT, NM and WY; Source: Census Bureau via Haver Analytics

Growth in Younger Age Cohorts and Declines in Homeownership Rates Have Fueled Apartment Construction

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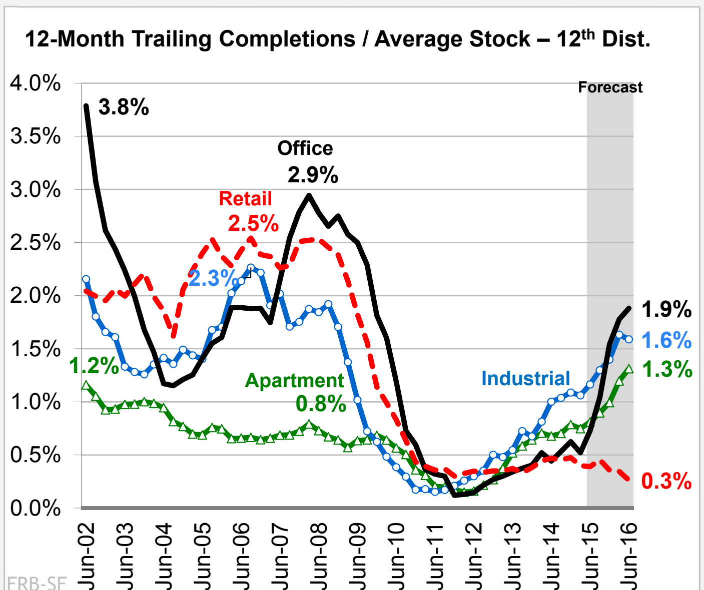
Population & Homeownership Rates: *West Census Region*

Age Cohort		Population: Trend 2006-2014	Population: % Change 2006-14	Population: % of Pop. > 18	Homeownership Rate: Trend 2006-2014	Homeownership Rate: 2014 Rate	Homeownership Rate: Pct. Pt. Change 2006-14
Potential Renters / 1st Time Buyers (Millennials)	18 - 24		7.6%	13.2%		20%	(1.40)
	25 - 29		10.1%	9.6%		28%	(7.90)
	30 - 34		14.8%	9.4%		40%	(11.00)
Potential Move-Up Buyers (Gen X)	35 - 44		-1.6%	17.1%		54%	(10.60)
	45 - 54		2.0%	17.2%		66%	(7.50)
Established Households (Boomers+)	55 - 64		28.7%	15.7%		73%	(6.10)
	65+		32.3%	17.7%		76%	(2.70)

Baby Boomers generally born 1946–1964 (age 50–68 as of 2014); Gen X generally born 1965–1981 (age 33–49 as of 2014); Millennials generally born 1982–2000 (age 14–32 as of 2014); West=12th District plus CO, MT, NM, and WY; Source: Census Bureau

Commercial Construction in the District May Expand Significantly in 2016 According to Third-Party Forecasters



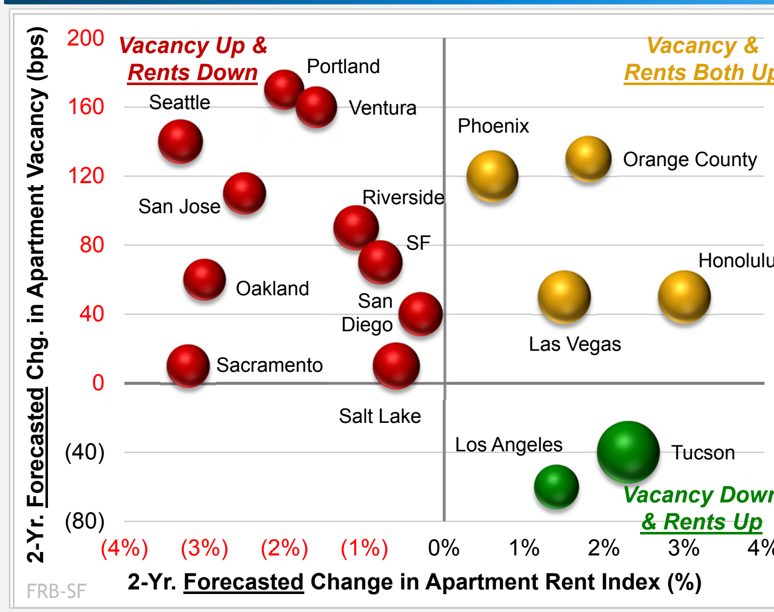
Apartment was the only sector forecast to have construction top pre-financial crisis highs

Trailing 12-Mo. Completions to Stock vs. Long-Term Trend - 12th District -

Property Type	2001-2016 Avg.	12-Months Ending Jun-16
Apartment	0.7%	1.3%
Retail	1.4%	0.3%
Office	1.6%	1.9%
Industrial	1.2%	1.6%

Based on aggregates across 15–16 large metropolitan areas; apartment data based upon number of units; other property types based upon square footage; Source: CBRE–Econometric Advisors

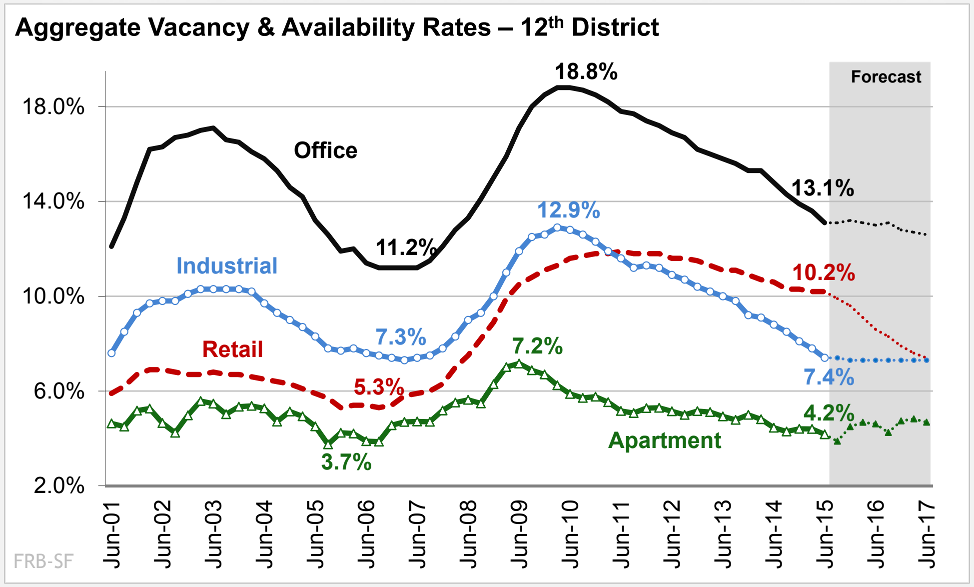
Apartment Construction Could Put Pressure on Vacancies (Currently Very Low) and/or Rents in Several District Markets



Per CBRE-Econometric Advisors, multifamily vacancies could rise and rents could slip in 10 of the District's 16 major markets. In another 4 metros, rents may improve, but at the expense of higher vacancies. In Tucson and Los Angeles, both rents and vacancies are forecast to improve. Vacancy rates would generally remain below 6% in all but Tucson, however.

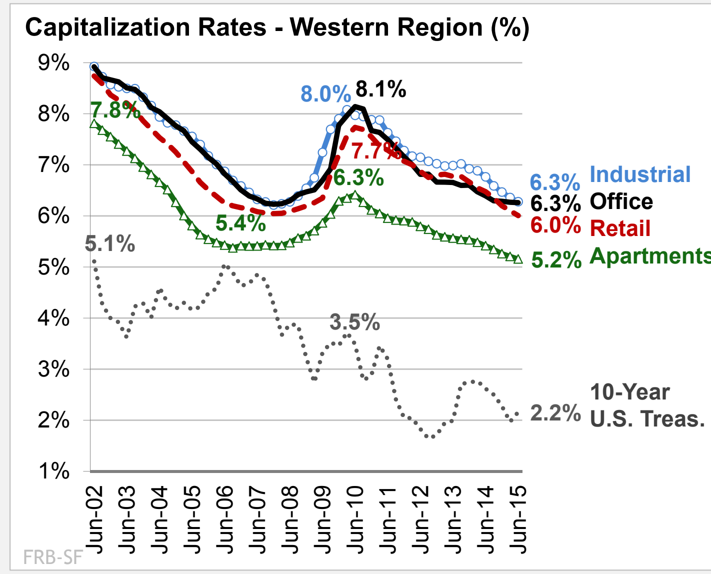
Size of bubble denotes current vacancy rate (ranges from a low of 3.2% in Portland to a high of 7.7% in Tucson); data limited to apartment markets; Source: CBRE–Econometric Advisors

Meanwhile, in Other Sectors, Third-Party Forecasters Expected District Vacancies to be Flat-to-Declining



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

Cap Rates Were Very Low, Especially for Apartments, But Spread Above Treasury Rate Was Wider Than Pre-Crisis Period

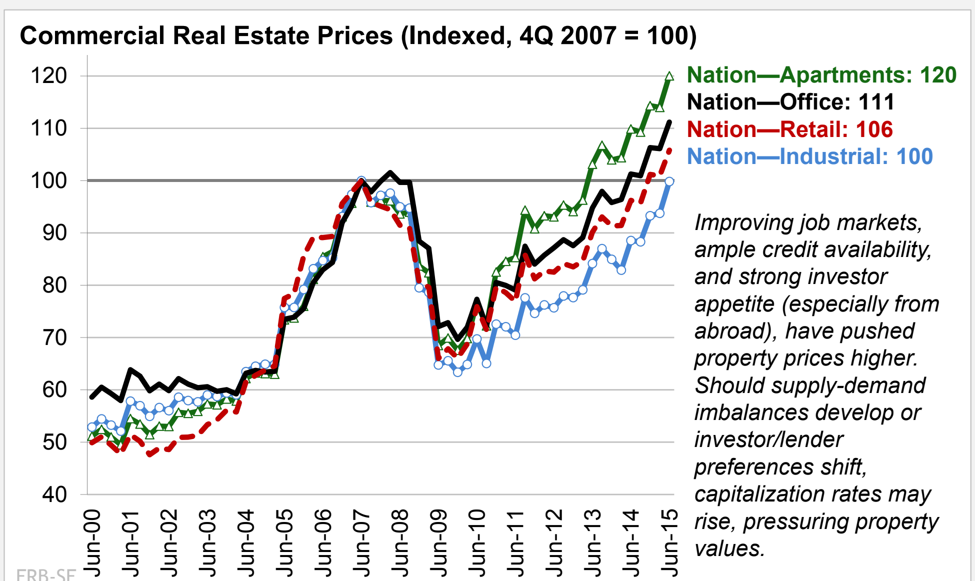


Capitalization Rates Spread to 10-Year U.S. Treasury Rate (bps) - West -

Property Type	Jun-07	Jun-15
Industrial	147	412
Office	148	410
Retail	123	385
Apartment	56	300

Western Region includes Central CA, East Bay, Hawaii, Inland Empire, Las Vegas, Los Angeles, Monterey, North Bay, Orange Co, Portland, Reno, Sacramento, Salt Lake City, San Diego, San Francisco, San Jose, and Seattle; Source: Real Capital Analytics

Commercial Real Estate Prices Fully Recovered to Pre-Crisis Peaks; Apartment Resurgence Especially Strong

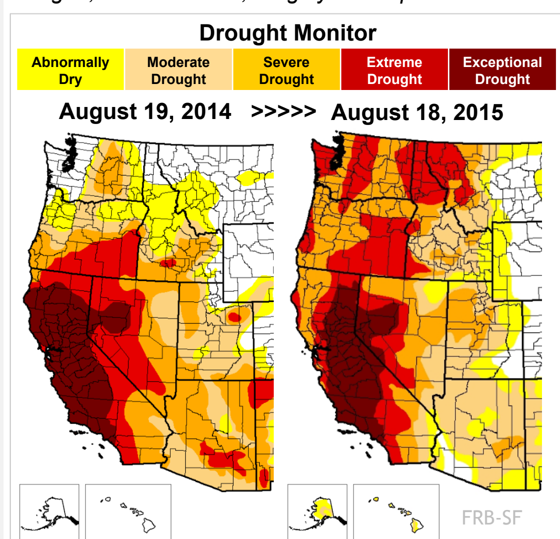


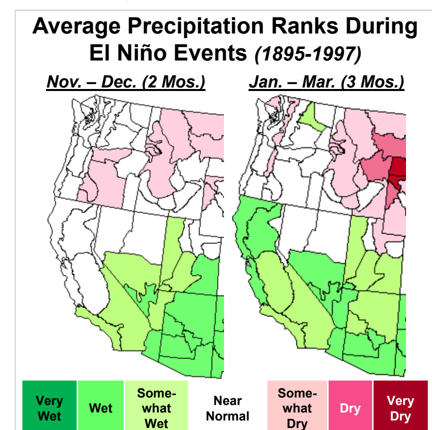
Improving job markets, ample credit availability, and strong investor appetite (especially from abroad), have pushed property prices higher. Should supply-demand imbalances develop or investor/lender preferences shift, capitalization rates may rise, pressuring property values.

Underlying properties are institutionally held, mainly investment-grade; Source: NCREIF CRE Transaction-Based Price Indices

Drought Now Severe or Worse Across More Western States; An El Niño Pattern Would Mostly Relieve Southern Portions

By mid-August, severe or worse drought conditions enveloped substantially all of Washington, Oregon, and California, roughly three quarters of Nevada, and nearly half of Idaho.



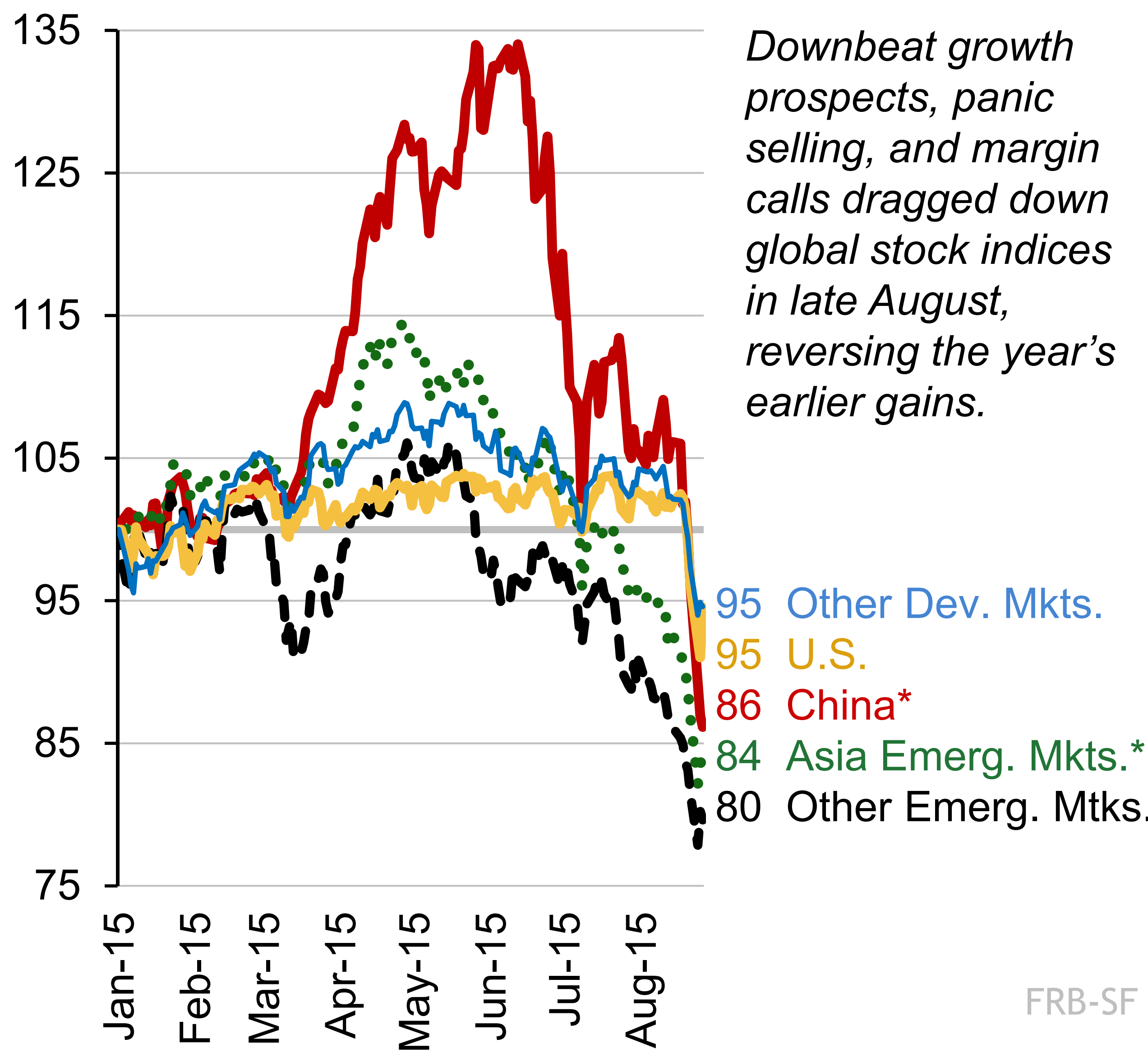


An El Niño event, should it occur, might be most beneficial to Arizona and the southern portions of California, Nevada, and Utah.

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-NOAA); Climate Prediction Center/NOAA

Global Stock Markets Swooned in the Third Quarter; The Dollar Remained Strong vis-à-vis Other Currencies

MSCI Stock Market Indices (12/31/2014 = 100)



Foreign Currency Unit Per $1

	% Chg. Since 6/30/14	Import Weight **	Export Weight **
Major Curr.	**20%**	**43%**	**49%**
Euro Area	21%	16%	15%
Canada	23%	13%	22%
Japan	21%	8%	5%
UK	9%	3%	3%
Switzerland	7%	2%	1%
Australia	28%	1%	2%
Sweden	25%	1%	0%
OITP	**16%**	**57%**	**51%**
China	3%	25%	9%
Mexico	30%	14%	17%
Korea	18%	3%	3%
Taiwan	9%	2%	2%
Hong Kong	0%	0%	2%
Malaysia	30%	2%	1%
Singapore	13%	1%	2%
Brazil	59%	1%	3%
India	10%	2%	1%

Other Important Trading Partners (OITP) also includes Thailand,Philippines, Israel, Indonesia, Russia, Saudi Arabia, Chile, Argentina, Columbia, and Venezuela.

*Asia Emerging Markets includes China; **based on weights used in Federal Reserve methodology on trade weighting; Sources: MSCI Inc. (through 8/26/2015) and Federal Reserve (through 8/21/2015)

Section 2
Commercial Bank Performance

Earnings

Provisions and Loan Loss Reserves

Loan Growth and Underwriting

Credit Quality

Liquidity and Interest Rate Risk

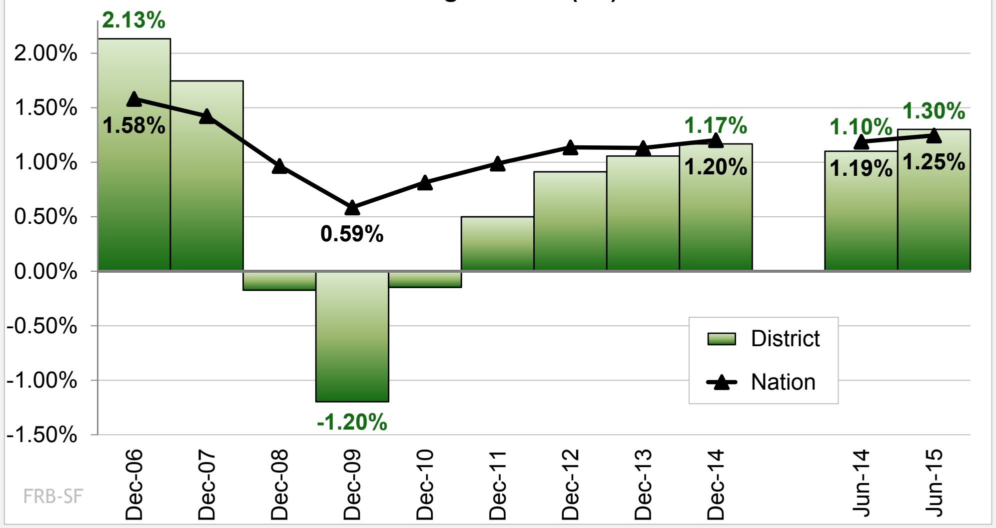
Capital

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/publications/banks-at-a-glance/

Earnings: Average District Pretax ROAA Edged Higher and Eclipsed the Nation; Best First Half Performance Since 2007

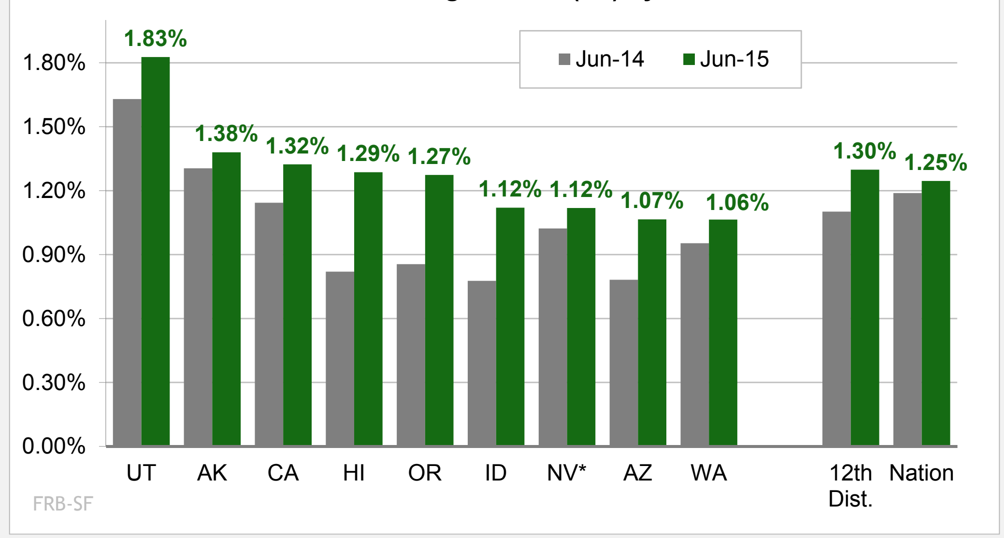
Annualized Pretax Return on Average Assets (TE)



Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 6/30/15 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

Widespread Earnings Improvement Across the District

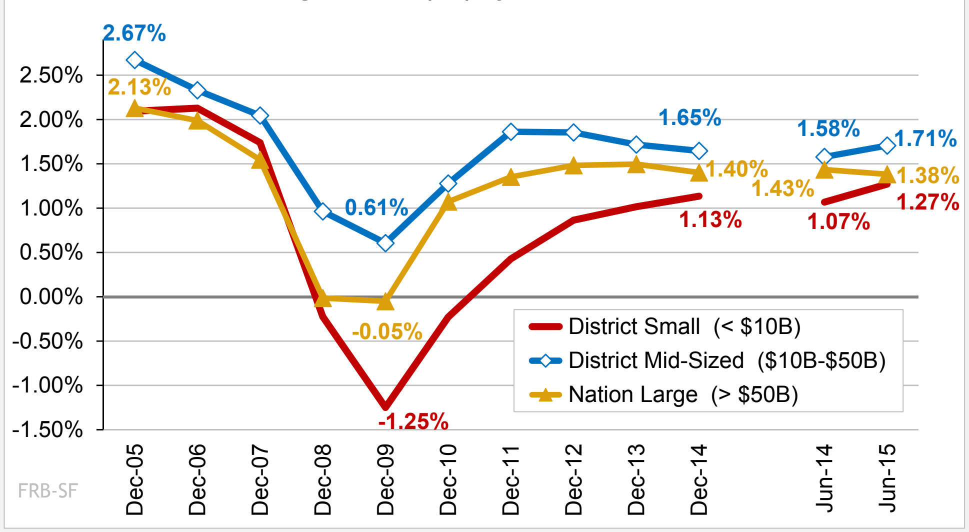
Annualized Pretax Return on Average Assets (TE) by State



Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 6/30/15 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

Small and Mid-Sized Banks Were More Likely to Report Improvement than Large Banks

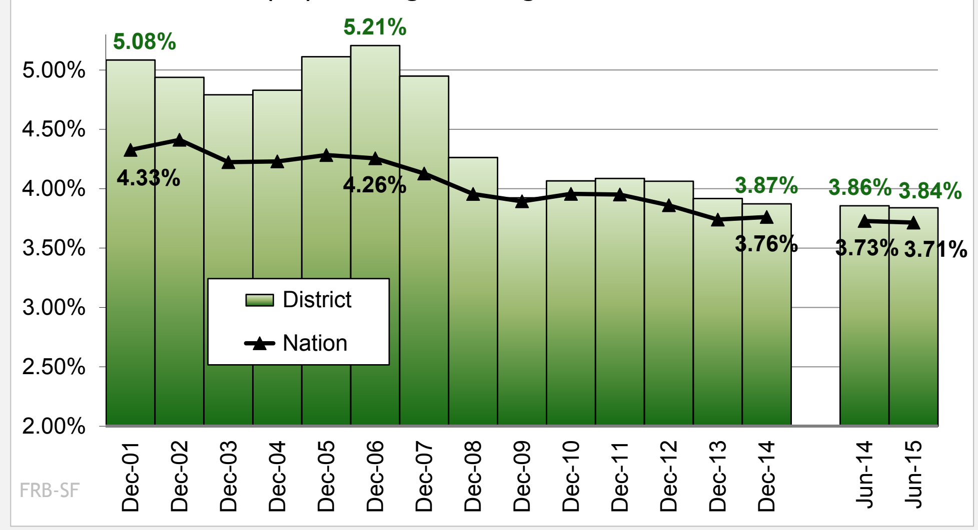
Pretax Return on Average Assets (TE) by Bank Size



Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 6/30/15 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

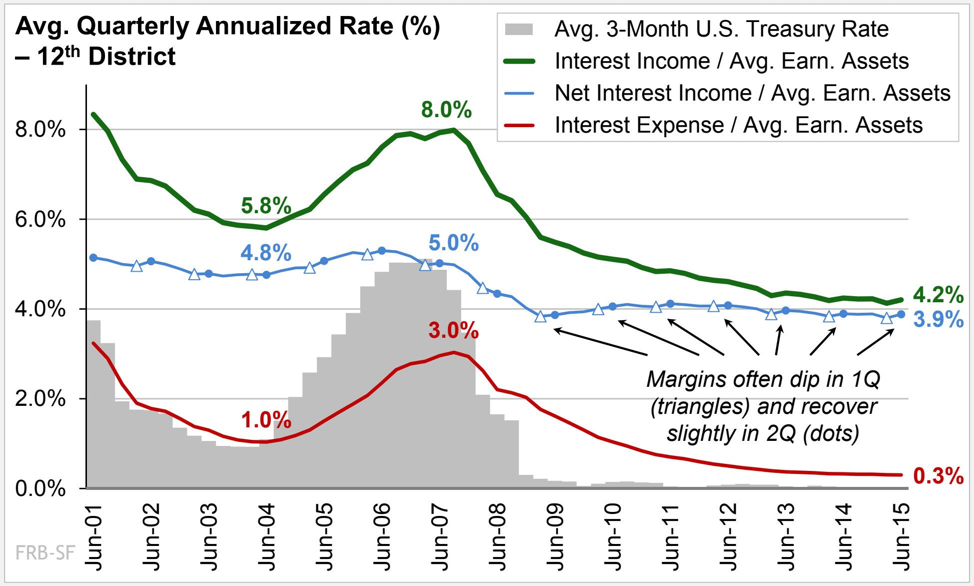
Year-to-Date Margins Were Relatively Stable Compared With the First Half of 2014

Net Interest Income (TE) / Average Earning Assets



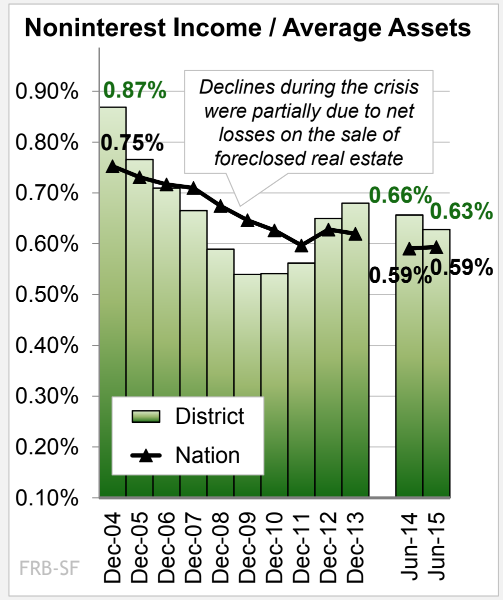
Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 6/30/15 data; for comparability, net interest income is adjusted on a tax-equivalent (TE) basis to assume taxes are paid on income from tax-free municipal loans and securities

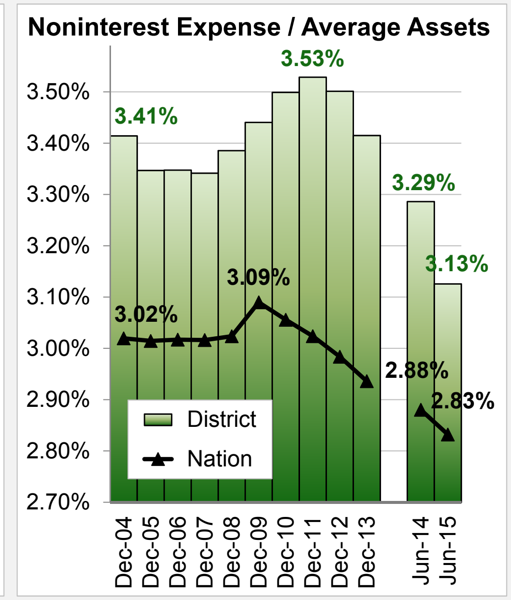
On a Quarterly Basis, Asset Yields and Margins Edged Higher, Probably Led by Seasonal Factors



Based on 12th District commercial banks, excluding De Novos; trimmed means; preliminary 6/30/15 data; data are presented on a tax-equivalent (TE) basis; average 3-month constant maturity U.S. Treasury Rate from Federal Reserve, Haver Analytics

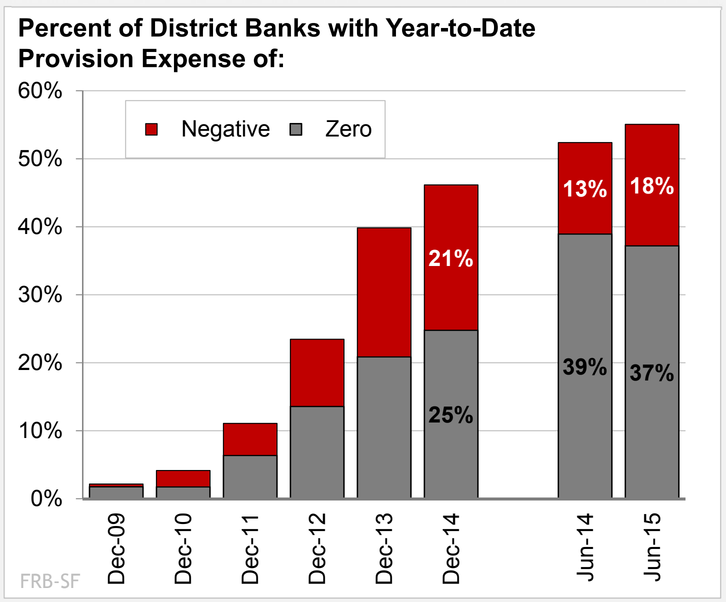
Lower Overhead Ratios Continued to Drive Earnings Improvement





Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 6/30/15 data

Loan Loss Reserves: Most District Banks Did Not Make Provisions to Loan Loss Reserves in the First Half of 2015

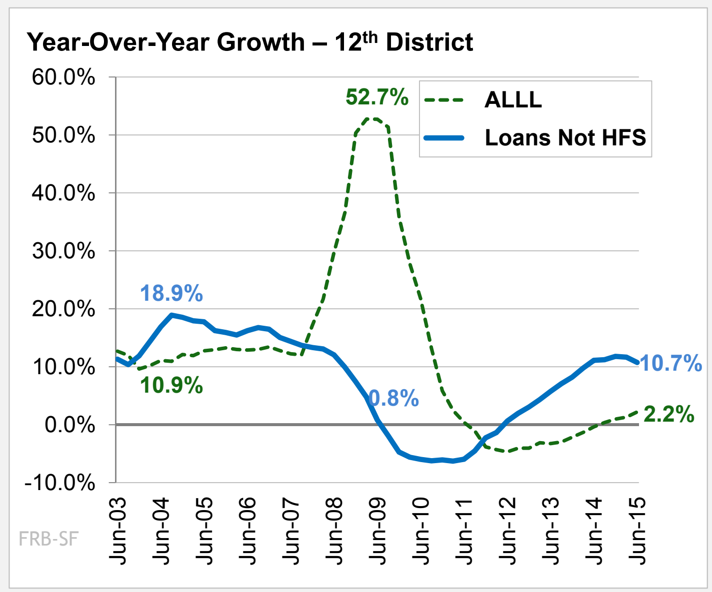


% of Banks with YTD Zero or Negative Provision Expenses

State	Jun-14	Jun-15
AK	50%	25%
AZ	45%	47%
CA	55%	58%
HI	67%	80%
ID	46%	82%
NV*	50%	80%
OR	60%	55%
UT	48%	35%
WA	48%	53%
US	37%	36%

Based on commercial banks, excluding De Novos; year-to-date; preliminary 6/30/15 data; *Nevada excludes credit card and zero-loan banks

ALLL Did Not Keep Pace with Loan Growth; Coverage of Noncurrent Slipped at Mid-Sized and Large Banks



Although ALLL growth has accelerated, it remained very low in relation to loan growth and historical trend.

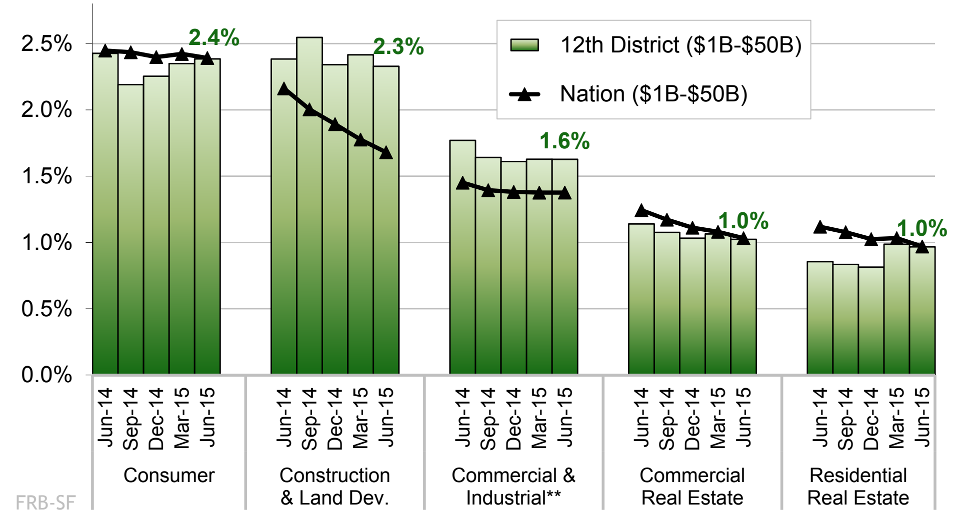
Average ALLL/ Noncurrent Loan Ratio by Bank Size (X)

Bank Size	Jun-2014	Jun-2015
District Small (<$10B)	2.5 X	3.1 X
District Mid-Sized ($10B-$50B)	1.8 X	1.7 X
Nation Large (>$50B)	1.3 X	1.2 X

Based on commercial banks, excluding De Novos; trimmed means (not merger adjusted); ALLL = allowance for loan and lease losses; HFS = held for sale

District Reserve Coverage of C&LD Loans Edged Down, Now Below Consumer Loans

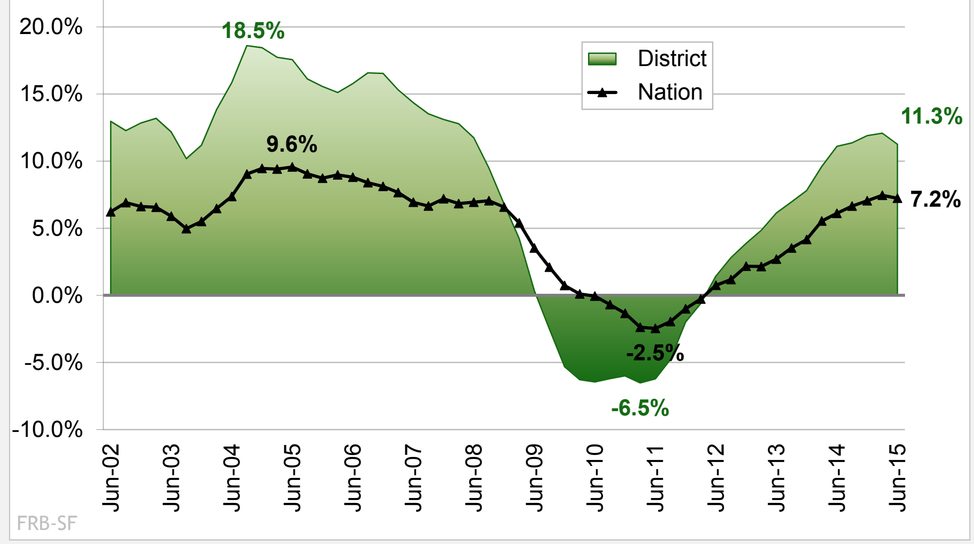
Allowance for Loan and Lease Losses / Total Evaluated* Loans and Leases



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 6/30/15 data; *"evaluated" excludes loans accounted for at fair value or held for sale; **C&I also includes "all other" loan types not specified elsewhere

Loan Growth: District Loan Portfolios Continued to Expand; Time Will Tell if Growth Has Plateaued

Year-Over-Year Average Net Loan Growth

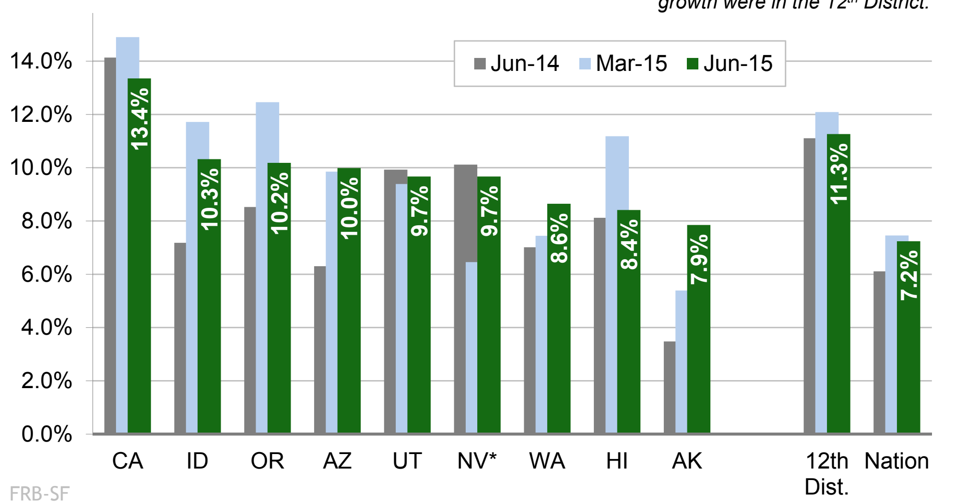


Based on average nonfarm payrolls over trailing three months; Source: Bureau of Labor Statistics via Haver Analytics.

Average Net Loan Growth Topped the National Average in All District States

Year-Over-Year Average Net Loan Growth by State

4 of the top 10 states for net loan growth were in the 12th District.



Based on commercial banks, excluding De Novos; trimmed means (not merger adjusted); preliminary 6/30/15 data; *NV: excludes credit card and zero-loan banks

Multifamily, C&LD, and Specialty Segment Growth Rates Were High but Did Not Necessarily Drive Overall Growth

Composition of Domestic Aggregate Loan Growth - 12th District Banks

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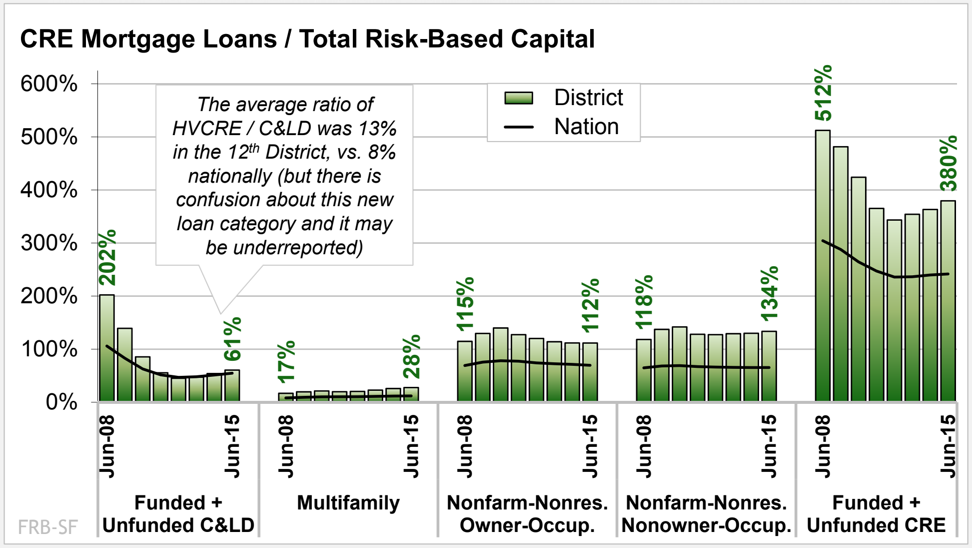
Loan Segment	Bank < $10 Billion			Banks $10 - $200 Billion		
	Segment Level YoY Growth Rate (Jun-2015)	% Point Contrib. to YoY Total Loan Growth (Jun-2015)	% Total Loans (Jun-2015)	Segment Level YoY Growth Rate (Jun-2015)	% Point Contrib. to YoY Total Loan Growth (Jun-2015)	% Total Loans (Jun-2015)
Multifamily	26%	2%	7%	1%	0%	5%
Construction & Land Dev.	22%	1%	5%	22%	1%	3%
Other Loans*	17%	0%	3%	15%	1%	8%
Commercial & Industrial	16%	3%	17%	11%	3%	24%
Consumer Loans	13%	0%	3%	10%	1%	6%
Closed-End 1-4 First Liens	12%	1%	12%	4%	1%	24%
Agricultural and Farmland	12%	0%	4%	10%	0%	3%
Nonfarm Nonresidential	12%	5%	45%	2%	1%	21%
HELOC + Closed-End 1-4 Jr. Liens	7%	0%	4%	6%	0%	5%
Total Loans	13.7%			7.1%		

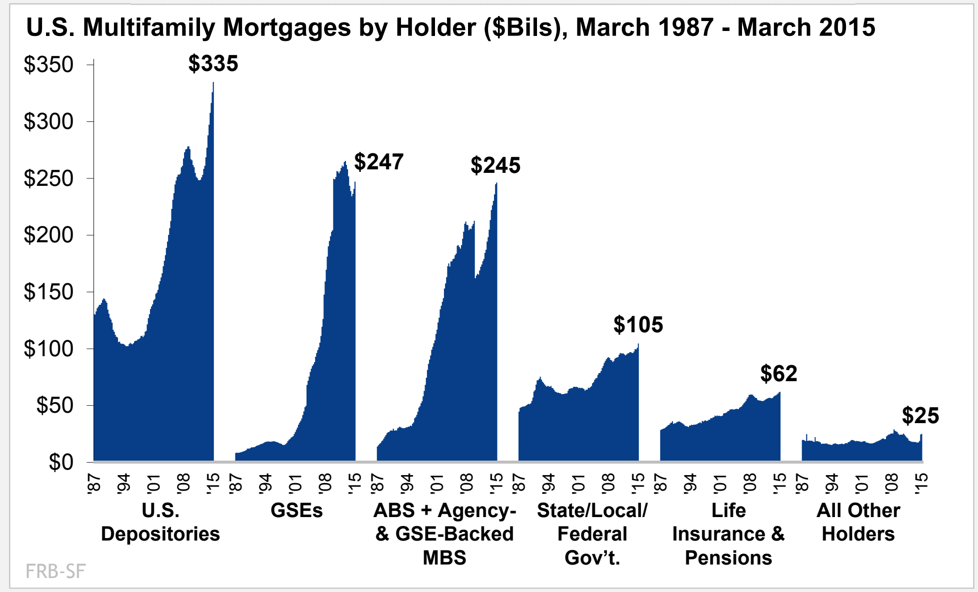
Based on a panel of commercial banks, excluding De Novos and banks with extreme growth (likely merger-related); preliminary 6/30/15 data; *includes leases as well as loans collateralized by securities (margin loans), loans extended to governments and to depository and non-depository institutions, and all other

Growth in Construction and Multifamily Helped Push Commercial Mortgage Concentrations Higher



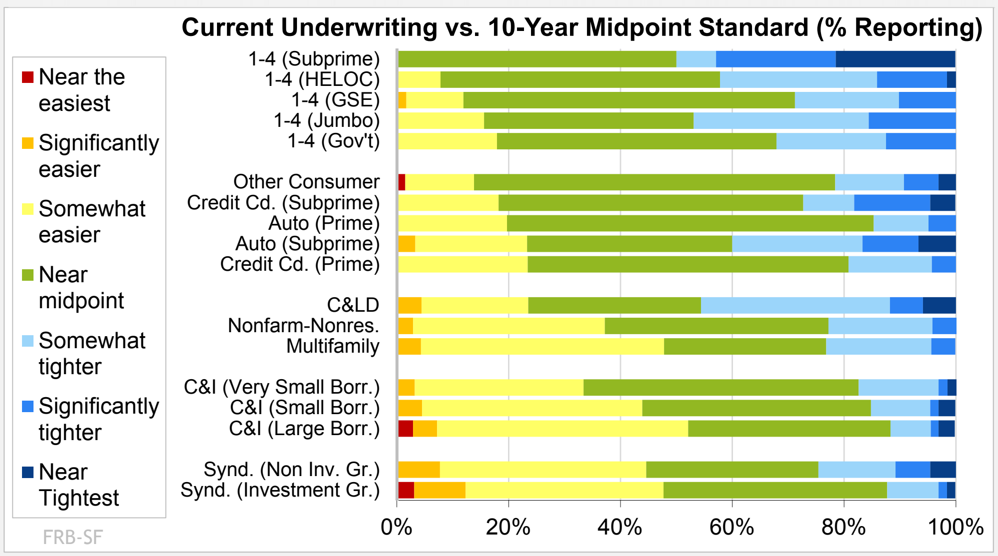
Based on commercial banks, excluding De Novos; trimmed means; preliminary 6/30/15 data; unfunded construction and land development (C&LD) includes all unfunded commercial real estate (CRE) commitments, which are typically C&LD-related; high volatility commercial real estate (HVCRE) generally excludes C&LD loans used for 1-4 family development or agricultural purposes, OR with loan-to-value ratios ("as completed" basis) within supervisory guidelines AND with borrower cash-funded equity of at least 15% prior to loan disbursement

U.S. Banks Have Led a Surge in Multifamily Mortgage Debt Nationally



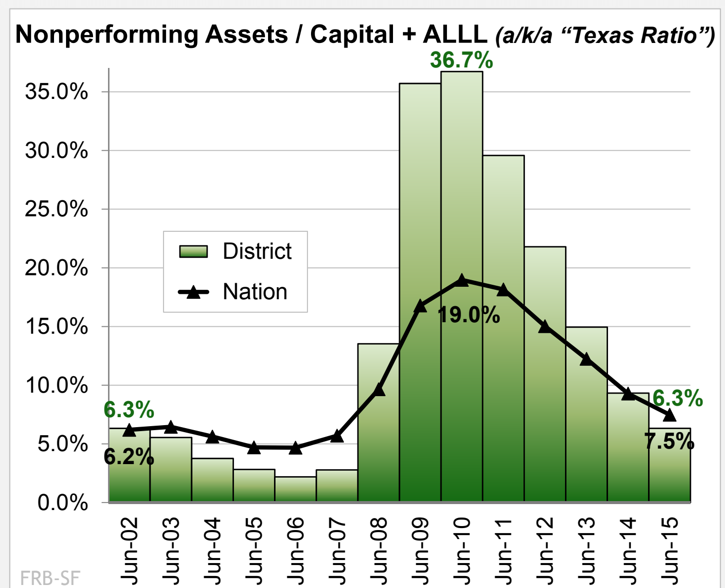
GSEs = government sponsored entities (e.g., Fannie Mae and Freddie Mac); ABS = asset-backed securities; MBS = mortgage-backed securities; Source: Federal Reserve Flow of Funds

Standards on Syndicated, C&I, and Multifamily Looser Than 10-Year Avg.; Subprime, Jumbo 1-4, and C&LD Tighter



Special survey question posed to a sample of loan officers at 71 domestic banks (respondent count varied by loan type); Large/Small/Very Small Borrower = annual sales > $50 million / <$50 million / < $5 million; HELOC = home equity line of credit; GSE = government-sponsored entity; C&LD = construction & land development; C&I = commercial and industrial (excl. syndicated loans); Source: Federal Reserve Sr. Loan Officer Opinion Survey, July 2015 (http://www.federalreserve.gov/BoardDocs/snloansurvey/201508/default.htm)

Credit Quality: Nonperforming Assets Continued to Decline in Relation to Capital and Reserves; Now at 2002 Levels

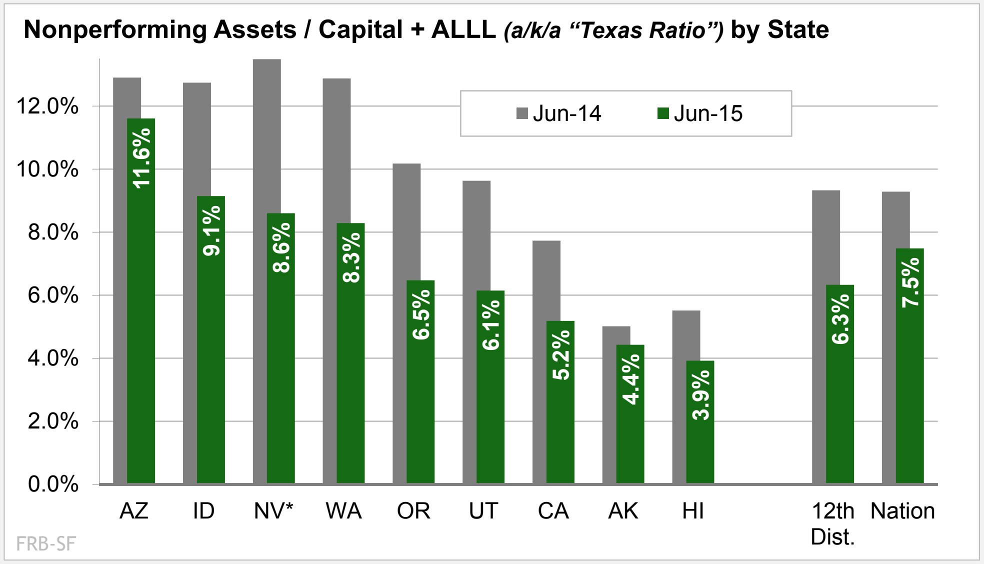


Texas ratios swelled during the crisis, especially among smaller banks, but have continued to recede.

Average Texas Ratio (%)		
Bank Size	Jun-2010	Jun-2015
District Small (<$10B)	37.9%	6.4%
District Mid-Sized ($10B-$50B)	24.0%	5.7%
Nation Large (>$50B)	17.0%	5.1%

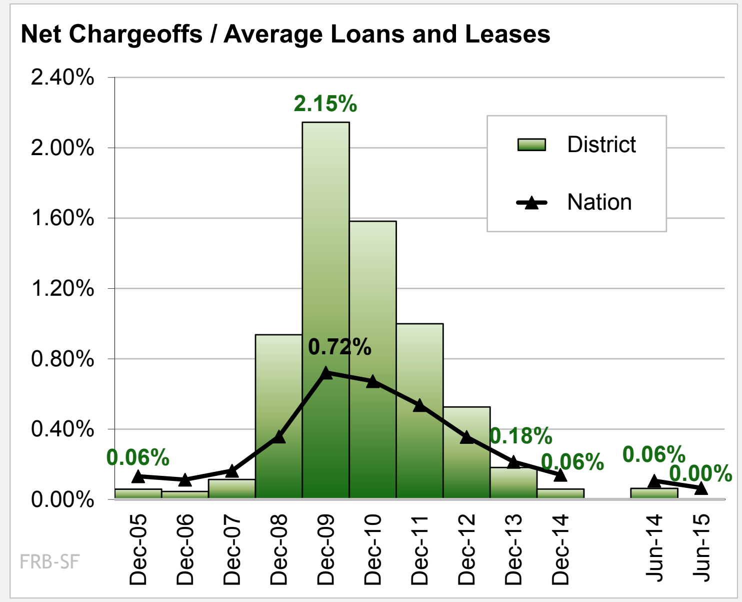
Based on commercial banks, excluding De Novos; trimmed means; preliminary 6/30/15 data; nonperforming assets = loans 90+ days past due or on nonaccrual plus other real estate owned

Although Lower Year-over-Year, Average Texas Ratios Remained Elevated in Arizona, Idaho, Nevada, and Washington



Based on commercial banks, excluding De Novos; trimmed means; preliminary 6/30/15 data; *NV: excludes credit card and zero-loan banks; nonperforming assets = loans 90+ days past due or on nonaccrual plus other real estate owned

Average District Net Chargeoff Rate Was Zero; States Like California, Arizona, and Idaho Reported Net Recoveries

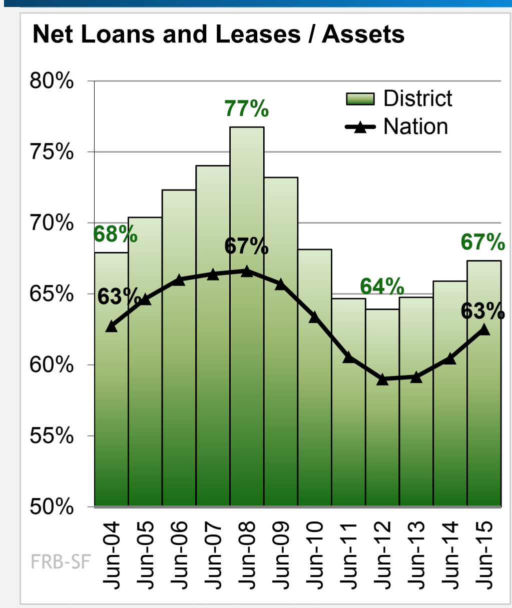


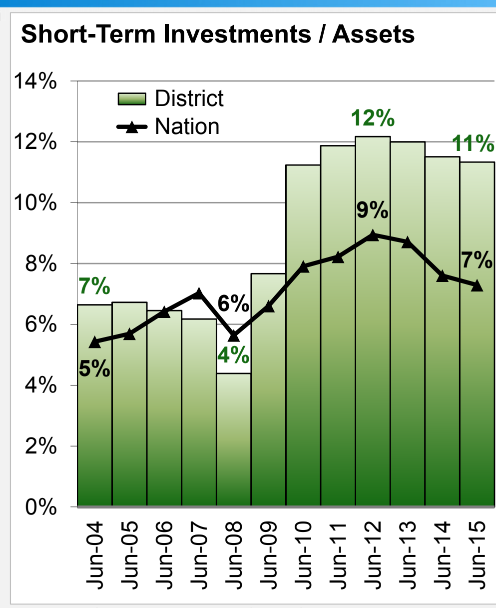
Average Net Chargeoff Rate by State

State	Jun-14	Jun-15
AK	-0.02%	0.02%
AZ	0.46%	-0.02%
CA	0.02%	-0.02%
HI	0.01%	0.05%
ID	0.13%	-0.01%
NV*	0.01%	0.11%
OR	0.08%	0.01%
UT	0.13%	0.14%
WA	0.08%	0.02%
US	0.11%	0.07%

Based on commercial banks, excluding De Novos; year-to-date annualized trimmed means; preliminary 6/30/15 data; *Nevada excludes credit card and zero-loan banks

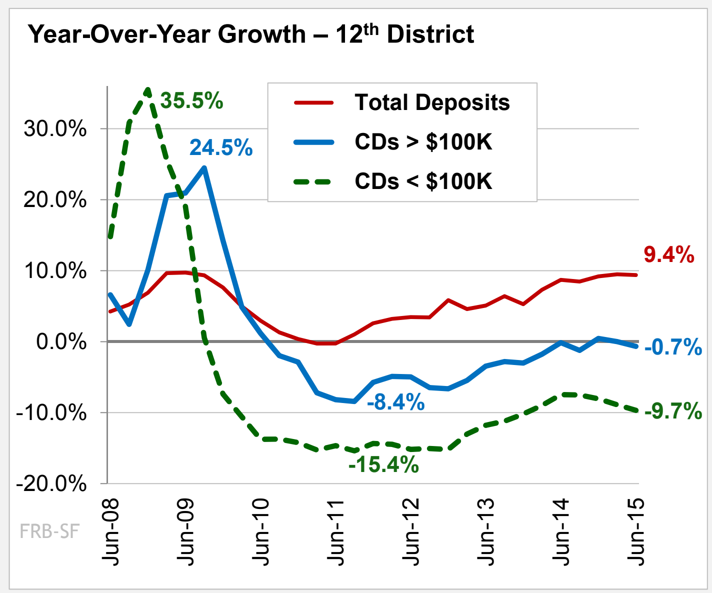
Liquidity: Short-Term Investments Waned Further as Banks Funded Loan Growth but Still Better Than 2008 Trough





Based on commercial banks, excluding De Novos; trimmed means; preliminary 6/30/15 data; Short-Term Investments: interest-bearing bank balances, Federal funds sold & securities purchased under agreements to resell, and <1-year debt securities

Growth in Certificates of Deposit Continued to Lag Other Deposit Categories (i.e. Non-Maturity Deposits)



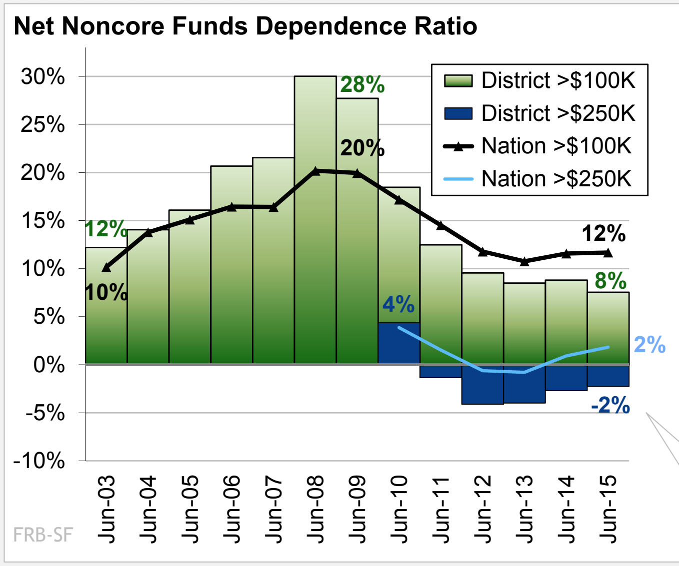
Deposit growth at mid-sized banks moderated as merger activity decreased.

Average Annual Deposit Growth

Bank Size	Jun-2014	Jun-2015
District Small (<$10B)	8.6%	9.5%
District Mid-Sized ($10B-$50B)	13.7%	8.3%
Nation Large (>$50B)	6.3%	6.7%

Based on commercial banks, excluding De Novos; trimmed means (not merger adjusted); preliminary 6/30/15 data

Given Mix of Deposit Growth, Reliance on Noncore Funding Remained Moderate, Especially Among Small Banks



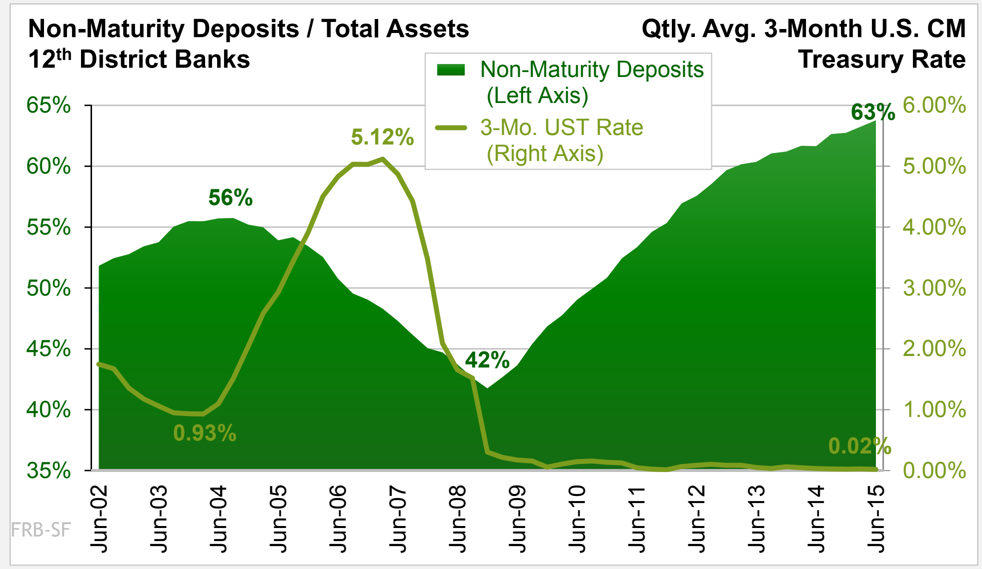
Average Net Noncore Funds Dependence by Bank Size
(Using CDs > $100K)

Bank Size	Jun-2014	Jun-2015
District Small (<$10B)	8.3%	7.0%
District Mid-Sized ($10B-$50B)	14.8%	13.8%
Nation Large (>$50B)	15.5%	17.5%

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

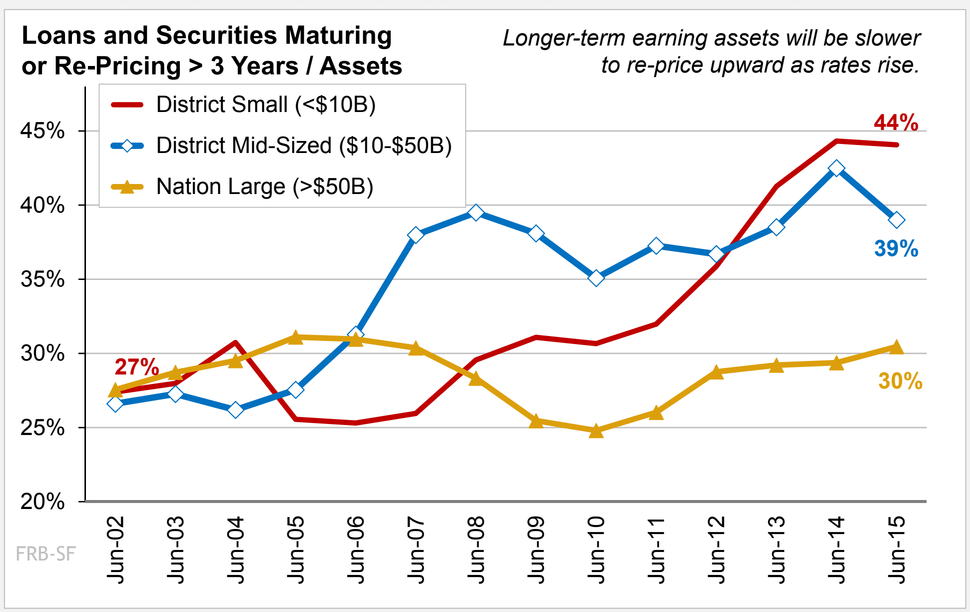
Based on commercial banks, excluding De Novos; trimmed means; preliminary 6/30/15 data; *Net noncore funding is sum of borrowed funds, foreign and brokered deposits, large CDs (previously defined as > $100K—green bars, now defined as > $250K—blue bars) less short-term investments divided by long-term assets

Interest Rate Risk: Non-Maturity Deposits Could Ebb as Rates Rise (as in 2004-2006)



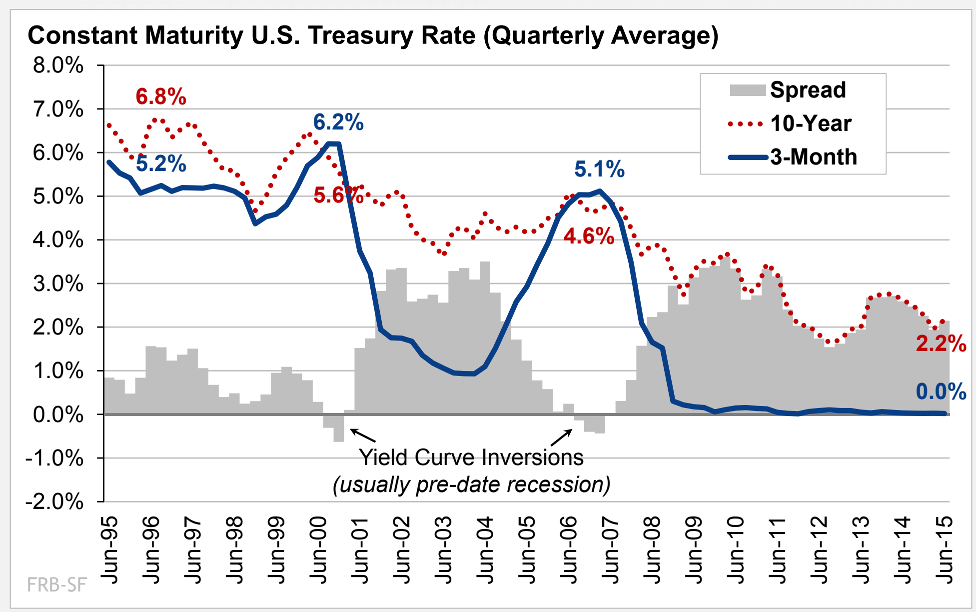
Based on commercial banks, excluding De Novos; trimmed means; preliminary 6/30/15 data; non-maturity includes demand, money market, and savings; Constant Maturity (CM) Treasury Rate from Federal Reserve, Haver Analytics

Meanwhile, Longer-Term Asset Exposures Still Elevated at Small Banks; Dipped at Mid-Sized



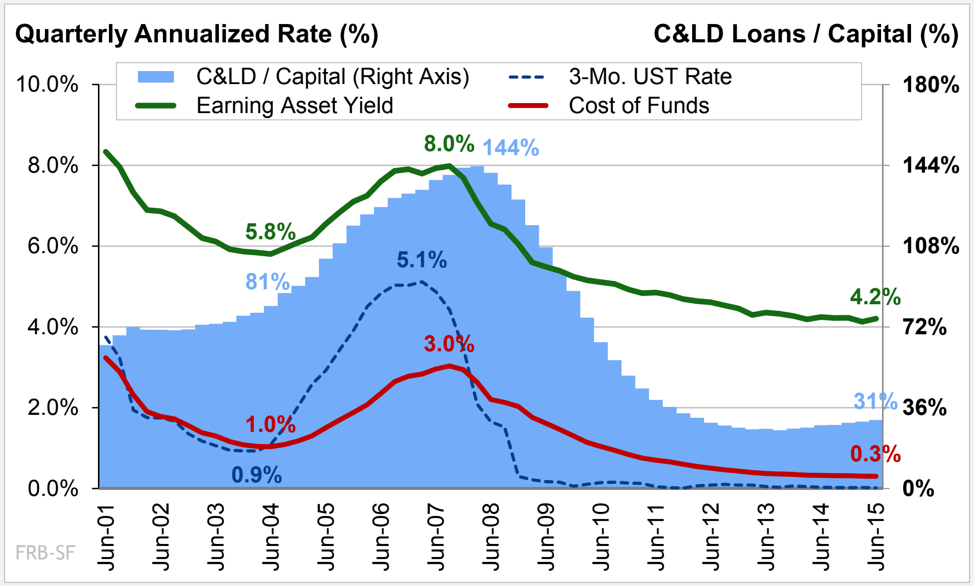
Based on commercial banks, excluding De Novos; trimmed means; preliminary 6/30/15 data

Future Net Interest Margins May Depend on Shape of the Yield Curve; Will it Flatten as in 2004-2006?



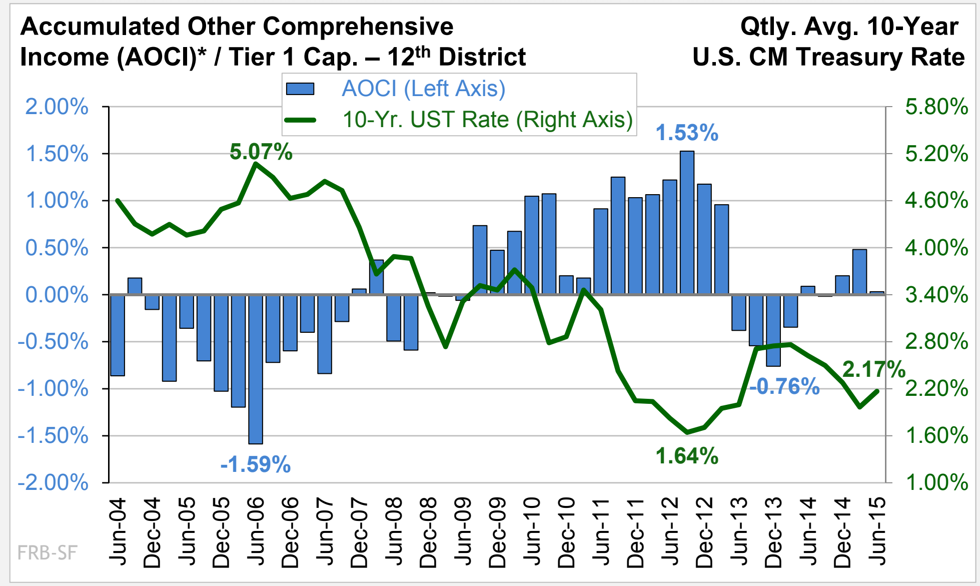
Constant Maturity (CM) Treasury Rate from Federal Reserve, Haver Analytics

During 2004-2006 Rate Cycle, Asset Yields Were Helped in Part by Asset Shift Towards C&LD Loans



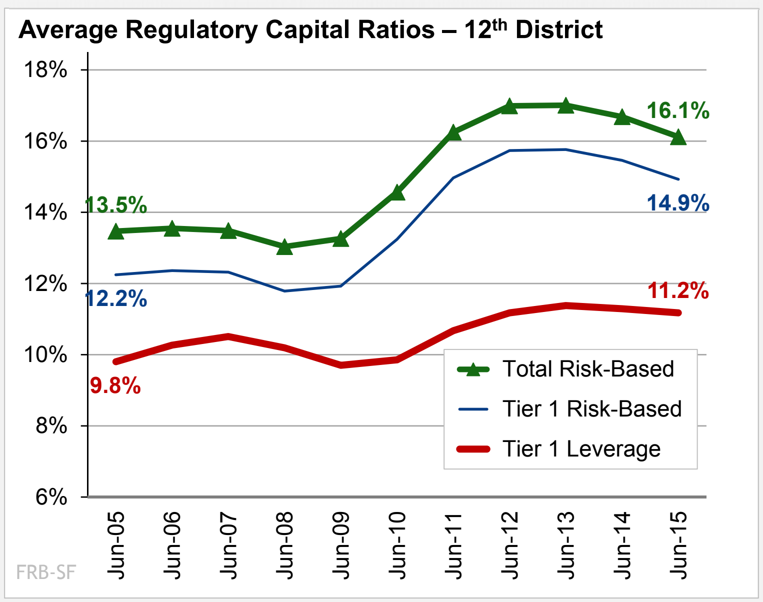
Based on 12th District commercial banks, excluding De Novos; trimmed means; preliminary 6/30/15 data; C&LD = construction and land development; Constant Maturity (CM) Treasury Rate from Federal Reserve via Haver Analytics (average rate during each quarter)

An Uptick in Long-Term Interest Rates Weighed on Investment Portfolio Values



Based on commercial banks, excluding De Novos; trimmed means; preliminary 6/30/15 data; accumulated other comprehensive income* is comprised mainly of net unrealized gains and losses on available-for-sale securities; Constant Maturity (CM) Treasury Rate from Federal Reserve, Haver Analytics

Risk-Based Capital Trends Reflected Shifts in Asset Mix And Implementation of Basel III Higher Risk-Weight Buckets

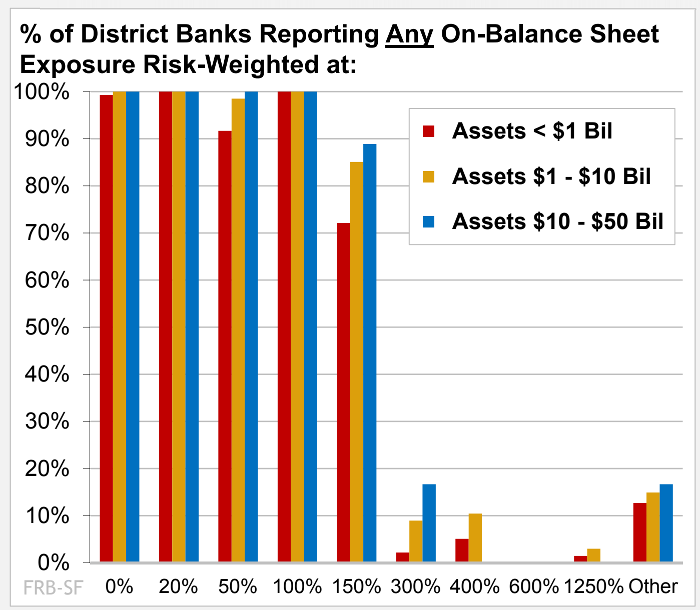


Average Total Risk-Based Capital Ratios by Bank Size

Bank Size	Jun-2014	Jun-2015
District Small (<$10B)	16.7%	16.2%
District Mid-Sized ($10B-$50B)	16.1%	15.5%
Nation Large (>$50B)	14.7%	14.0%

Based on commercial banks, excluding De Novos; trimmed means; preliminary 6/30/15 data; new risk-based capital reporting became effective March 2014 for advanced approach adopters and March 2015 for all others

Among New Risk-Weight Buckets for On-Balance Sheet Exposures, 150% Was Most Frequently Used



Basel III capital standards introduced several new risk-weight buckets into the calculation of risk-based capital.

A large proportion of filers used the new 150% risk bucket (often for "high volatility commercial real estate" and/or noncurrent assets). Although, the proportion of assets slotted there tended to be less than 1% of all on-balance sheet exposures.

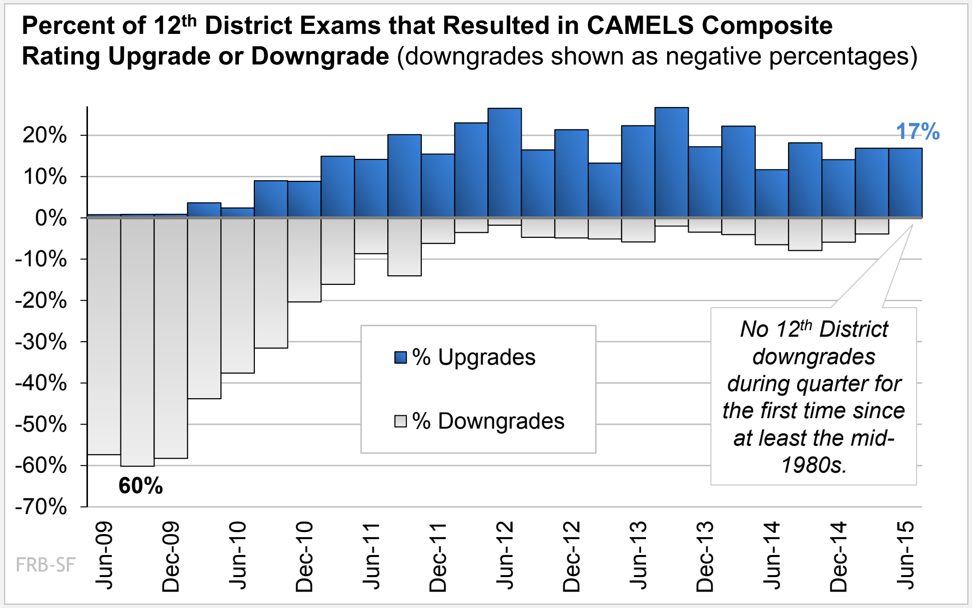
Few Call Report filers reported on-balance sheet exposures at risk weights above 150%.

Based on commercial banks in the 12th District; preliminary data as of 6/30/15

Section 3 – Regulatory Ratings and Trends

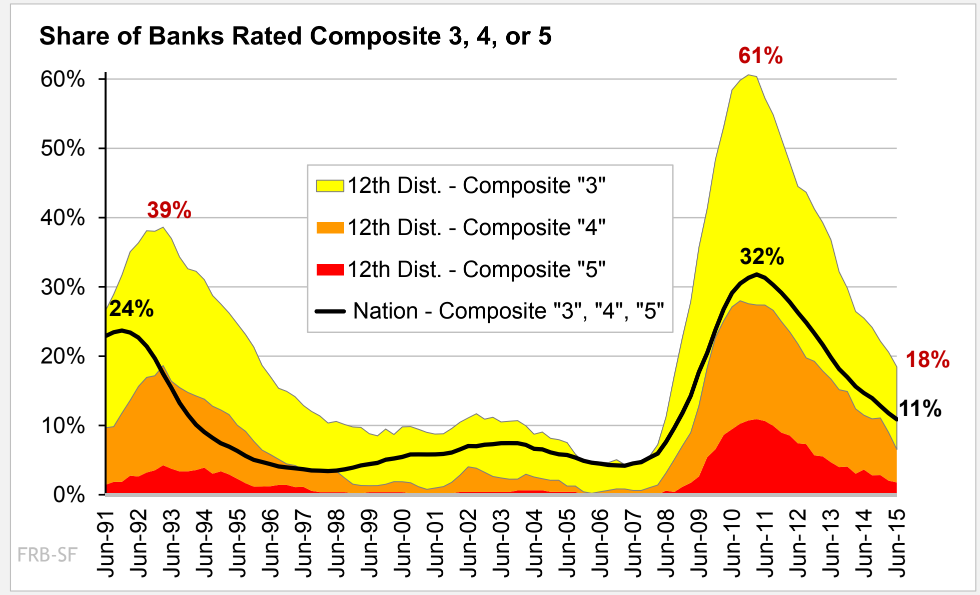
Focusing on trends in examination (CAMELS) ratings assigned by regulatory agencies among commercial banks headquartered within the 12th Federal Reserve District.

Regulatory Ratings: Upgrades Outpaced Downgrades



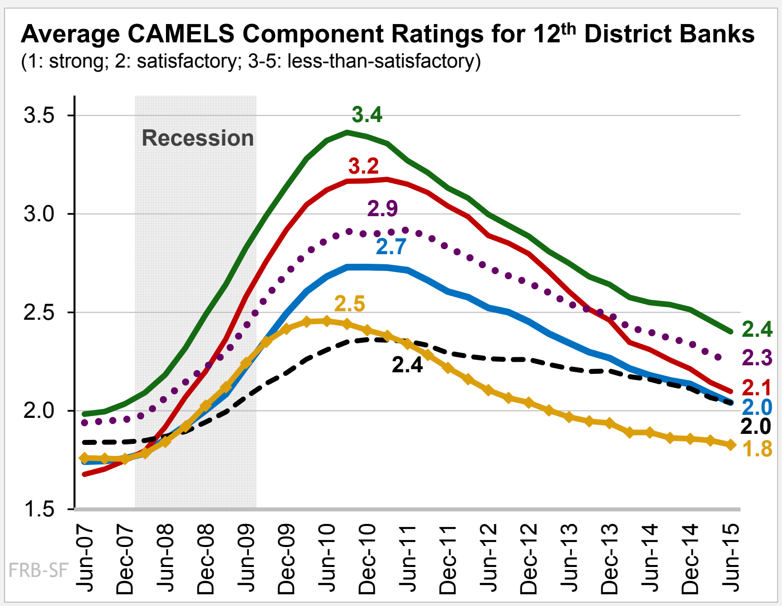
Includes any change in composite CAMELS rating for commercial banks; quarterly data based on examination completion dates (mail dates); preliminary second quarter 2015 data updated through 08/14/15

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



Trends for all commercial banks based on examination completion dates (mail dates); preliminary second quarter 2015 data updated through 08/14/15

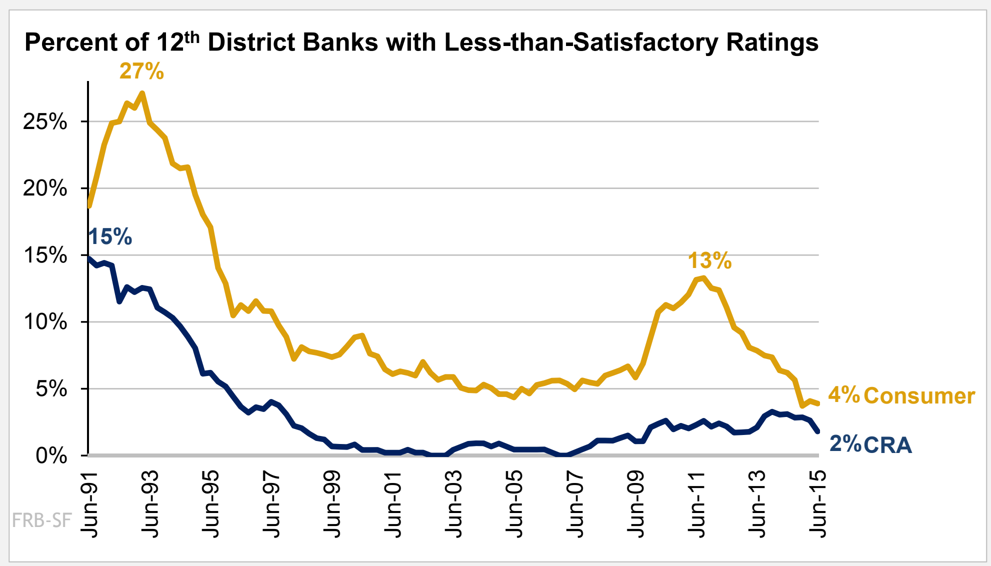
Earnings and Management Remained Weakest Components



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); preliminary second quarter 2015 data updated through 08/14/15; *Sensitivity to Market Risk

Consumer Compliance Ratings Were Generally Steady While CRA Ratings Improved



Trends for all commercial banks based on examination completion dates (mail dates); CRA = Community Reinvestment Act; preliminary second quarter 2015 data updated through 08/14/15

Appendices

1. Summary of Institutions
2. Technical Information

Appendix 1: Summary of Institutions

Area	Commercial Banks (De Novos)		Industrial Banks (De Novos)		Savings Institutions (De Novos)	
	Jun-14	*Jun-15*	*Jun-14*	*Jun-15*	*Jun-14*	*Jun-15*
AK	4 (0)	4 (0)	-	-	1 (0)	1 (0)
AZ	22 (0)	19 (0)	-	-	1 (0)	1 (0)
CA	195 (1)	186 (1)	5 (0)	4 (0)	15 (0)	12 (0)
GU	2 (0)	2 (0)	-	-	1 (0)	1 (0)
HI	6 (0)	5 (0)	1 (0)	1 (0)	2 (0)	2 (0)
ID	13 (0)	11 (0)	-	-	1 (0)	1 (0)
NV	12 (0)	12 (0)	4 (0)	4 (0)	2 (0)	2 (0)
OR	25 (0)	22 (0)	-	-	3 (0)	3 (0)
UT	31 (0)	31 (0)	18 (0)	18 (0)	4 (0)	4 (0)
WA	48 (0)	45 (0)	-	-	12 (0)	12 (0)
12L	358 (1)	337 (1)	28 (0)	27 (0)	42 (0)	39 (0)
US	5,693 (17)	5,441 (10)	30 (0)	29 (0)	932 (2)	874 (2)

Based on preliminary 6/30/15 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.