Banks at a Glance:

Economic and Banking Highlights by State
4Q 2018

These semi-annual reports highlight key indicators of economic and banking conditions within each of the nine states comprising the 12th Federal Reserve District.

This report is based on data as of 12/31/2018 and has been prepared primarily for bank supervisors and bankers. 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.

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Banks at a Glance: https://www.frbsf.org/banking/publications/banks-at-a-glance/

Banks at a Glance: Alaska

Financial Institution Supervision and Credit
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FEDERAL RESERVE BANK OF SAN FRANCISCO

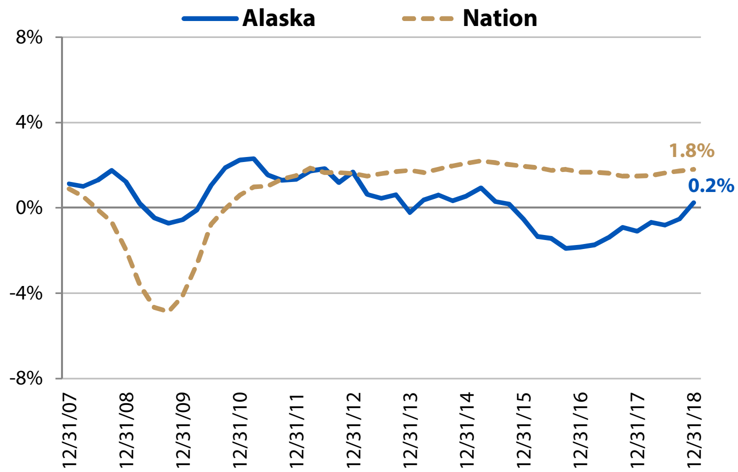
Economic and Banking Highlights

Data as of 12/31/2018

- Alaska's economy stabilized in recent months but remained among the weakest in the nation. Payrolls increased for the first time since late 2015 as the mining sector returned to growth. The pace of workers exiting the labor force slowed in the fourth quarter of 2018, stabilizing the unemployment rate following several quarters of declines. Nevertheless, the population continued to decline—by 0.3% year-over-year in the second half of 2018, the third-largest decline in the nation—contributing to lackluster home-price growth and permitting activity. Looking ahead, the sharp decline in oil prices in late 2018, if it persists, may negatively affect the state's economic recovery.
- A decline in average loan growth and risk-weighted asset growth allowed Alaska-based banks' average capital ratios to edge up and remain above the national average. Wider margins, lower tax expenses, and lower provisions from a year ago also supported the sector's stability, although a moderate increase in noncurrent loan ratios across most loan categories may lead to higher provision expenses in 2019. The average commercial real estate (CRE) concentration rose further due to continued growth in nonowner-occupied CRE lending, but hovered near the national average. Balance sheet liquidity remained among the highest in the nation due to large average securities holdings.

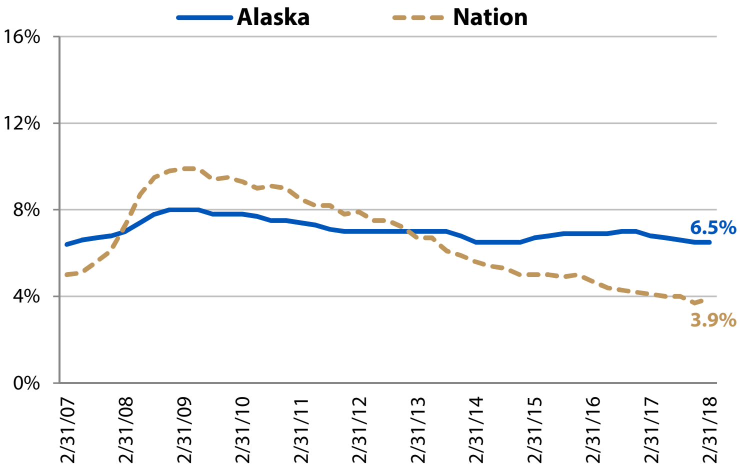
Key Economic Metrics (ranking #1 = highest in the nation)

Year-over-Year Job Growth: 0.2%
State Rank: #49



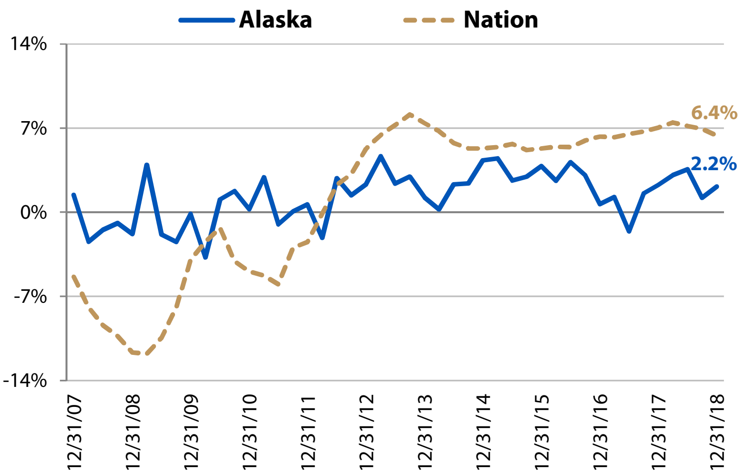
Establishment Survey, nonfarm payrolls, quarterly average, seasonally adjusted
Source: Bureau of Labor Statistics

Unemployment: 6.5%
State Rank: #1



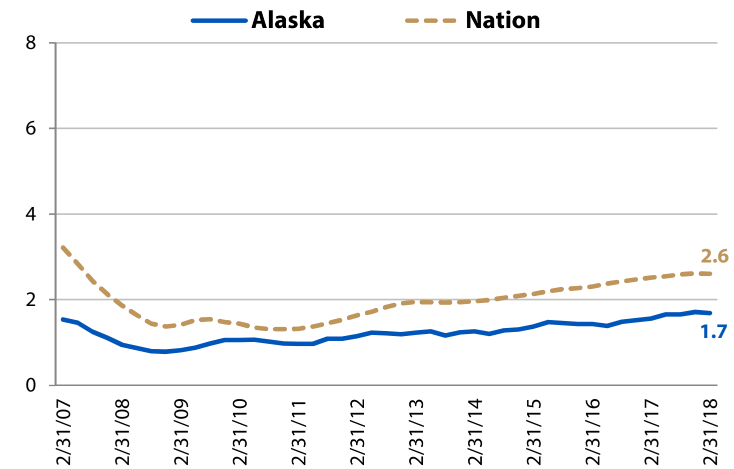
Household Employment Survey, end of period, seasonally adjusted
Source: Bureau of Labor Statistics

Year-over-Year Home Price Growth: 2.2%
State Rank: #49



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

Single Family Permits / 1,000 Residents: 1.7
State Rank: #39



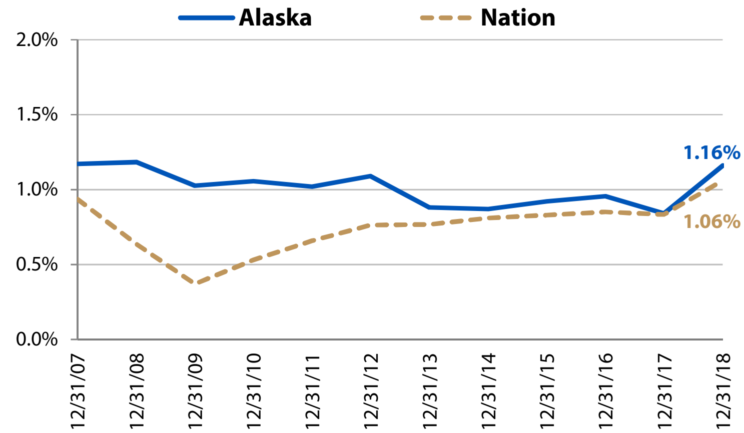
Trailing twelve month single family permits / average twelve month population in thousands, by state. Source: Census Bureau

Banks at a Glance: Alaska

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

Year to Date Return on Average Assets: 1.16%

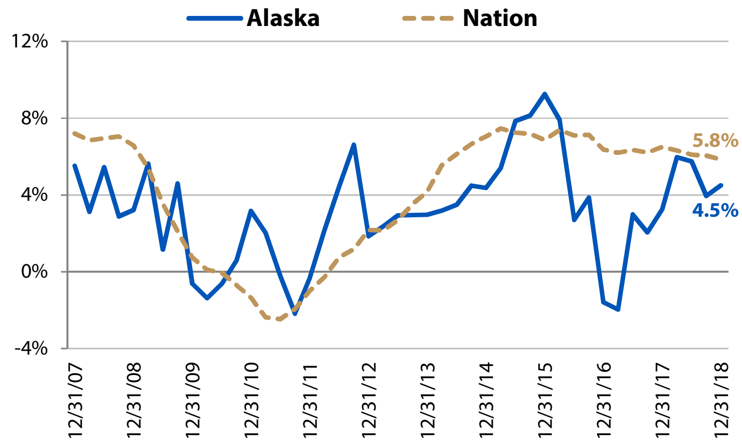
State Rank: #10



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

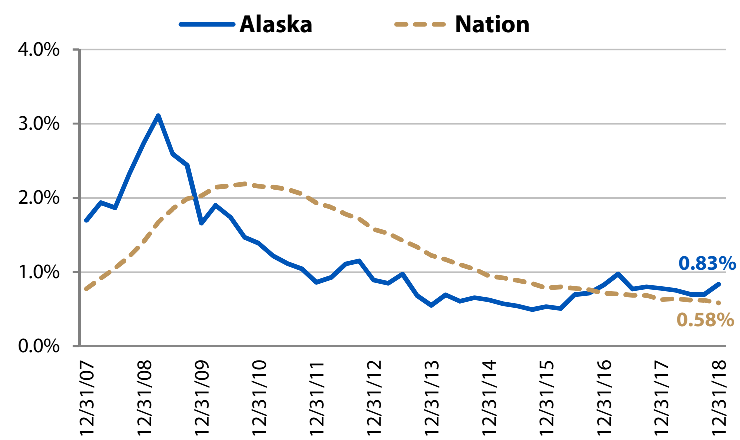
Year-over-Year Net Loan Growth: 4.5%

State Rank: #43



Nonperforming Assets / Total Assets: 0.83%

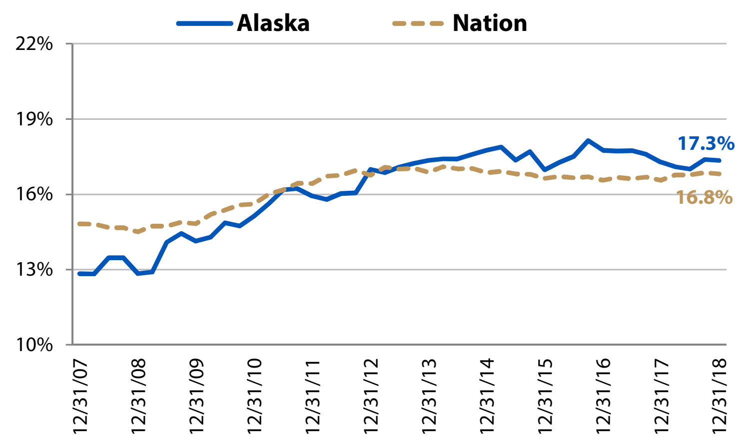
State Rank: #6



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

Total Risk-Based Capital: 17.3%

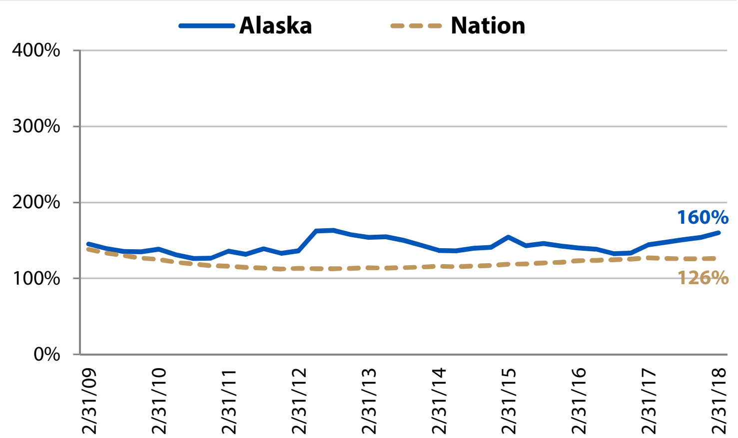
State Rank: #13



Total capital / risk-weighted assets

CRE Concentration: 160%

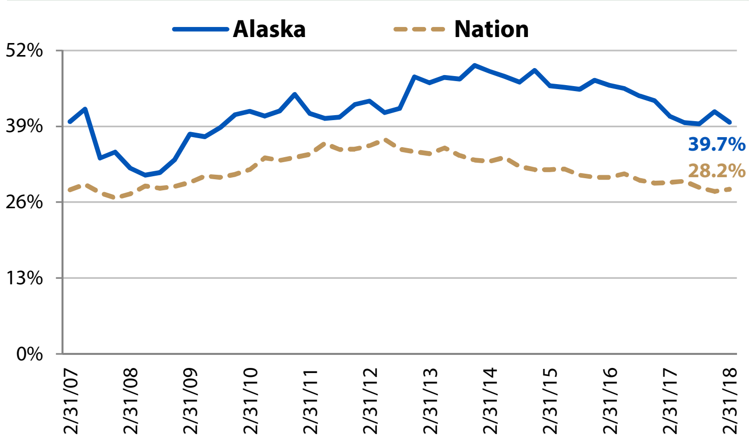
State Rank: #21



Total nonowner-occupied commercial real estate / total capital

Securities and Liquid Invest. / Total Assets: 39.7%

State Rank: #2



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 4 for the state and 4,677 for the nation.

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Banks at a Glance: Arizona

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FEDERAL RESERVE BANK OF SAN FRANCISCO

Economic and Banking Highlights

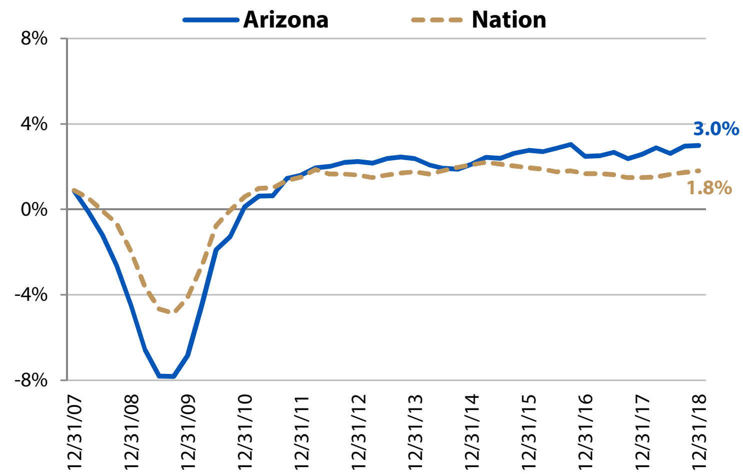
Data as of 12/31/2018

- Arizona's economy expanded robustly in the second half of 2018. Payrolls grew at the second-highest rate in the nation, as faster professional and business services hiring offset a slowdown in financial-sector job growth. The unemployment rate ticked up, but this was due to job seekers entering the labor force. Furthermore, sustained in-migration supported home-price growth and more permitting activity, in contrast to stagnating housing indicators at the national level.
- Arizona-based banks' average loan growth moderated in the fourth quarter, led by slower single-family and nonfarm-nonresidential real estate lending. The latter contributed to a decline in the average commercial real estate concentration. Capital accretion, albeit slowing, outpaced decelerating loan and risk-weighted asset growth, allowing average capital ratios to increase. High overhead expense ratios, partly due to Arizona banks' relatively small sizes and limited economies of scale, kept average profitability among the lowest in the nation. Nevertheless, average returns rose from a year ago due to lower tax expenses and wider margins. Asset quality continued to improve across most loan categories, and balance sheet liquidity, stable since 2012, edged above national levels in recent quarters.

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

Year-over-Year Job Growth: 3.0%

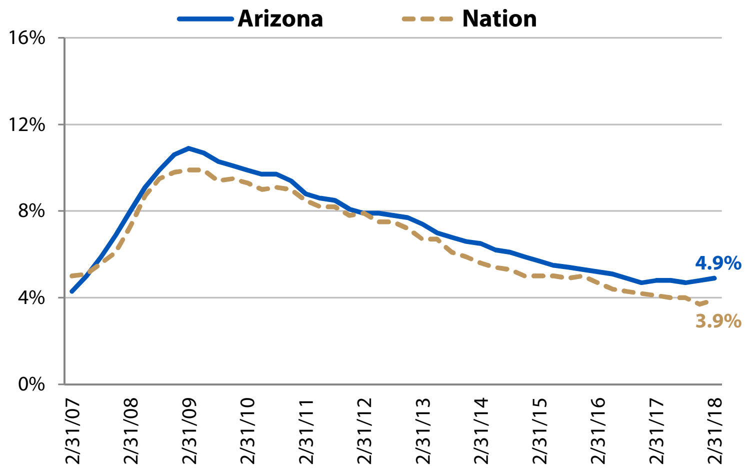
State Rank: #3



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

Unemployment: 4.9%

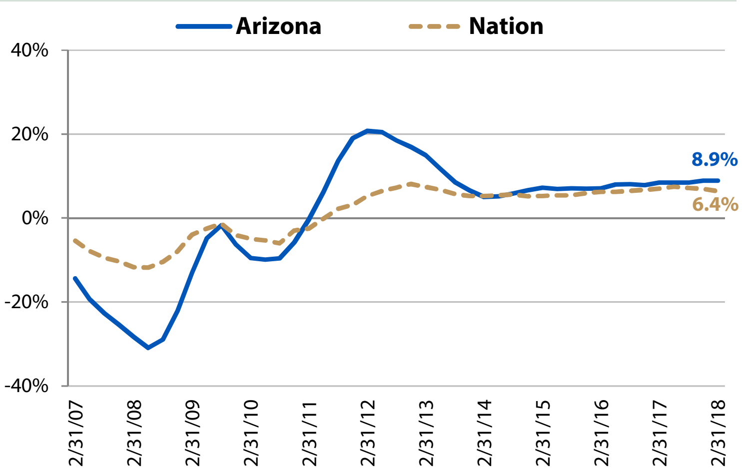
State Rank: #4



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

Year-over-Year Home Price Growth: 8.9%

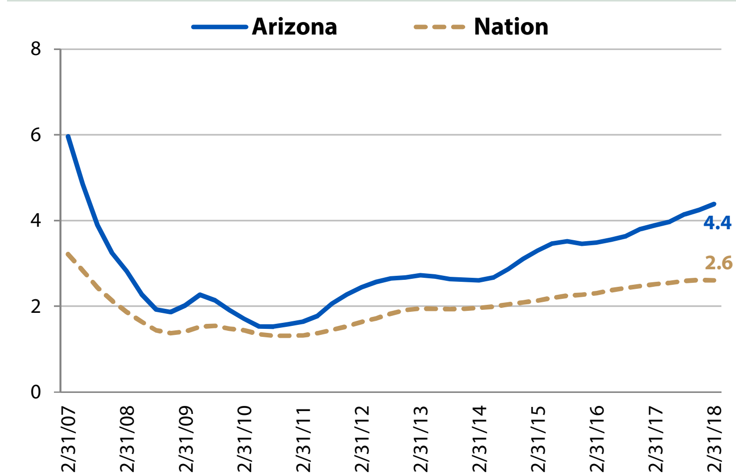
State Rank: #4



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

Single Family Permits / 1,000 Residents: 4.4

State Rank: #8

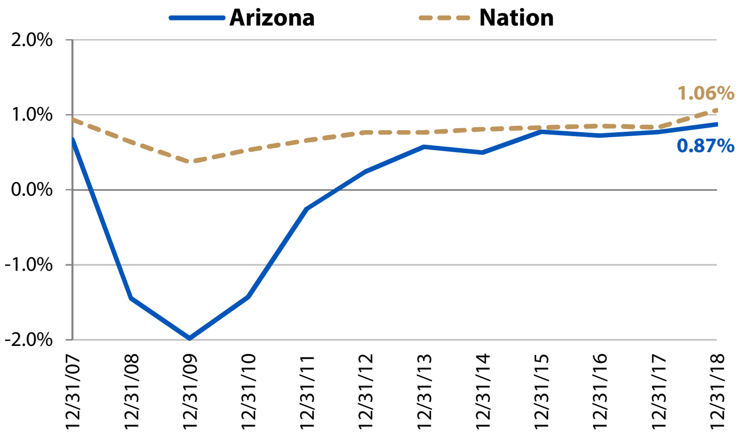


Trailing twelve month single family permits / average twelve month population in thousands, by state. Source: Census Bureau

Banks at a Glance: Arizona

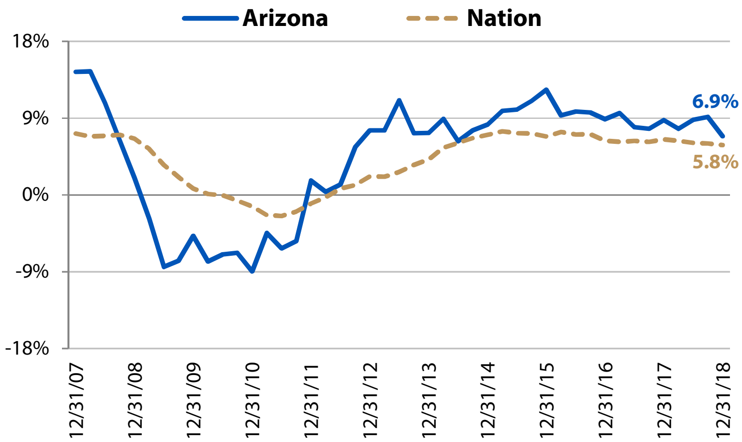
Key Banking Metrics (averages across banks; ranking #1 = highest in the nation)

Year to Date Return on Average Assets: 0.87%
State Rank: #48

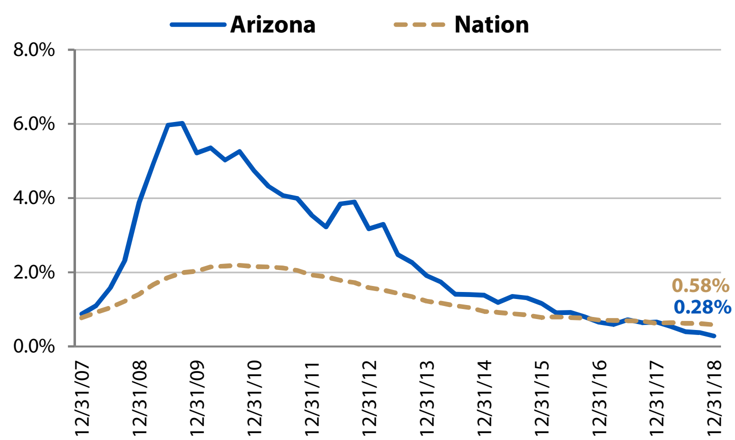


Net income / average assets, adjusted for S-Corps, annualized

Year-over-Year Net Loan Growth: 6.9%
State Rank: #21

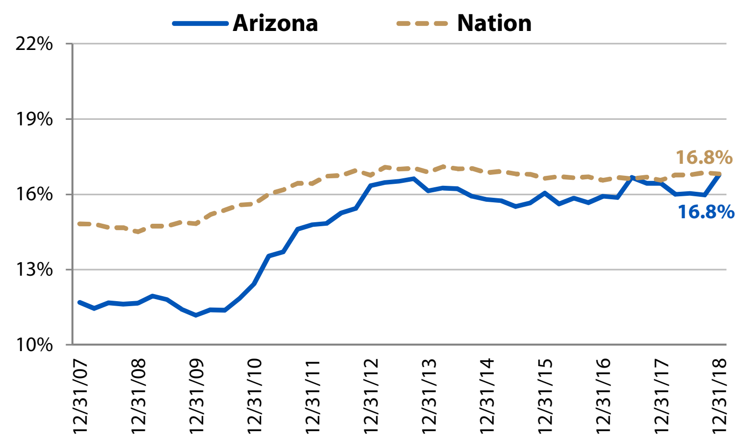


Nonperforming Assets / Total Assets: 0.28%
State Rank: #46



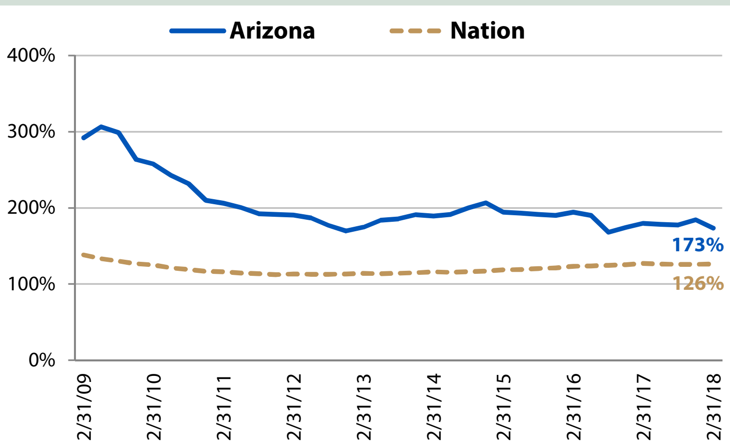
90+ days past due + nonaccruals + other real estate owned / total assets

Total Risk-Based Capital: 16.8%
State Rank: #21



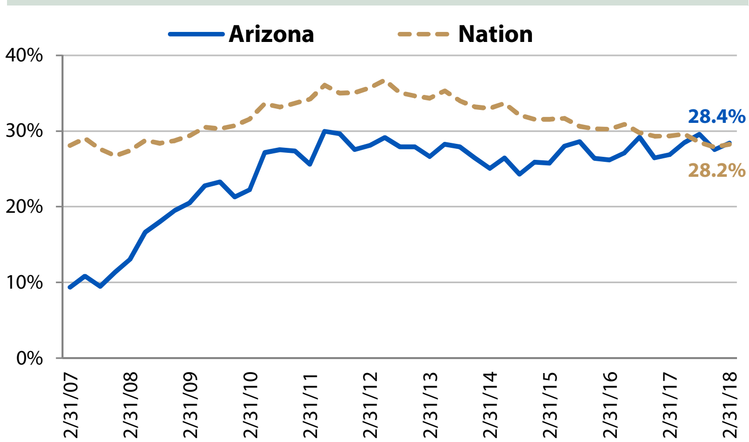
Total capital / risk-weighted assets

CRE Concentration: 173%
State Rank: #16



Total nonowner-occupied commercial real estate / total capital

Securities and Liquid Invest. / Total Assets: 28.4%
State Rank: #19



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

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Banks at a Glance: California

Economic and Banking Highlights

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FEDERAL RESERVE BANK OF SAN FRANCISCO

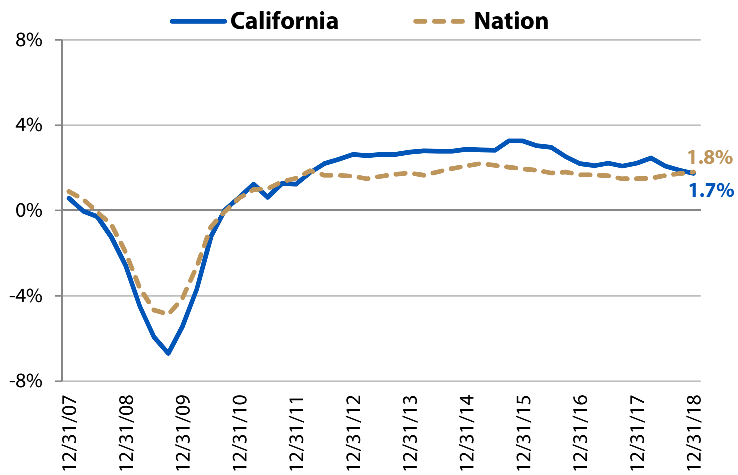
Data as of 12/31/2018

- 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%

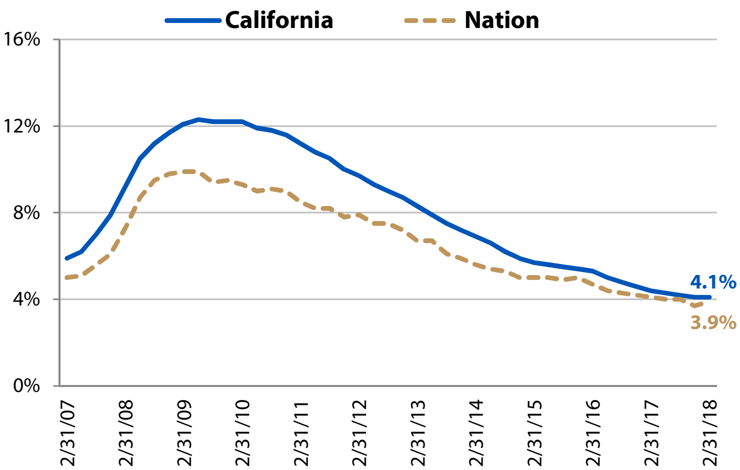
State Rank: #14



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

Unemployment: 4.1%

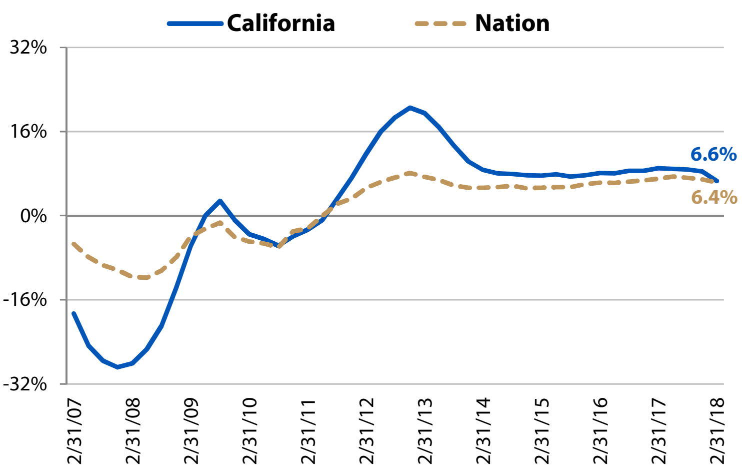
State Rank: #14



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

Year-over-Year Home Price Growth: 6.6%

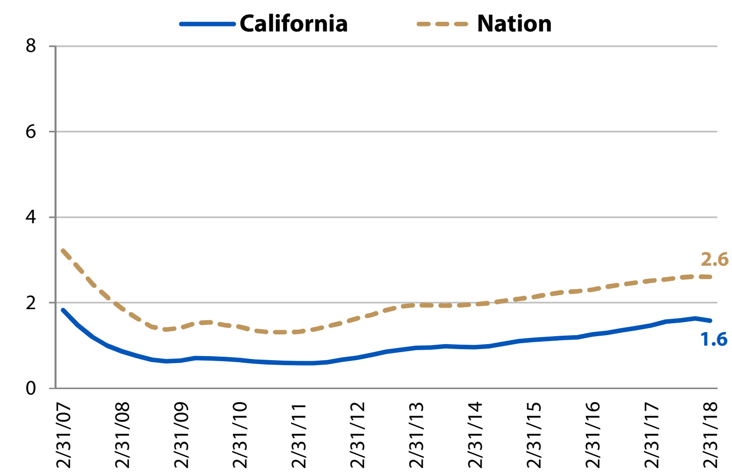
State Rank: #19



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



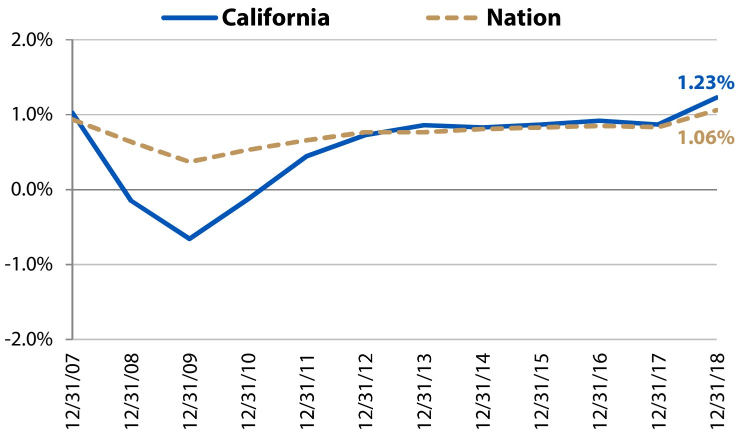
Trailing twelve month single family permits / average twelve month population in thousands, by state. Source: Census Bureau

Banks at a Glance: California

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

Year to Date Return on Average Assets: 1.23%

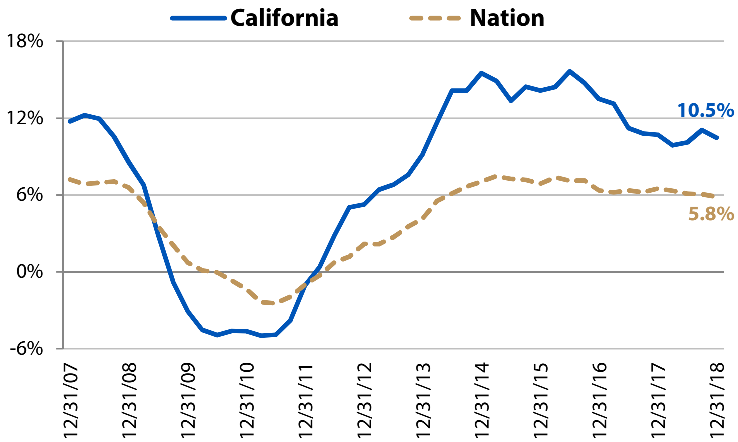
State Rank: #5



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

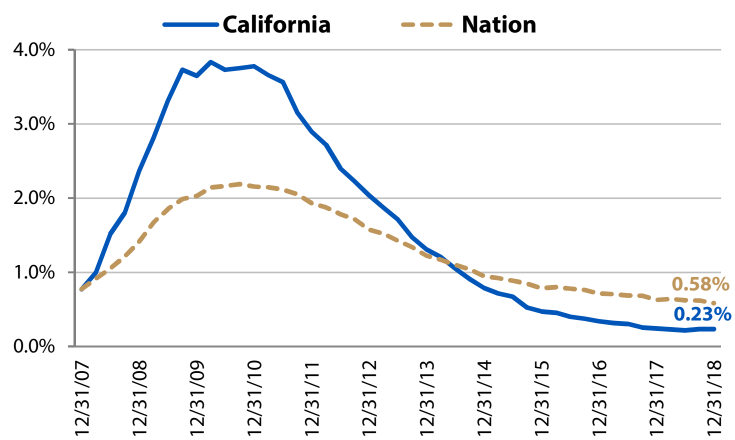
Year-over-Year Net Loan Growth: 10.5%

State Rank: #1



Nonperforming Assets / Total Assets: 0.23%

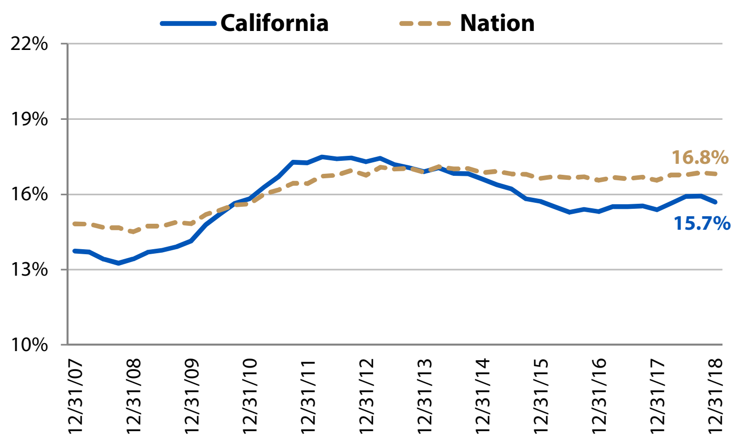
State Rank: #49



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

Total Risk-Based Capital: 15.7%

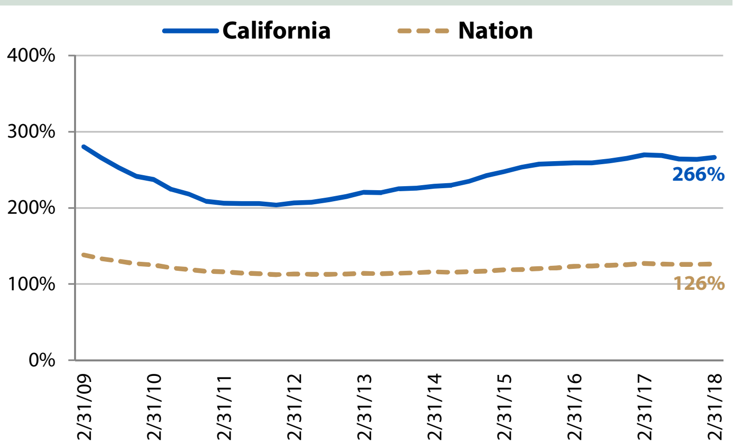
State Rank: #36



Total capital / risk-weighted assets

CRE Concentration: 266%

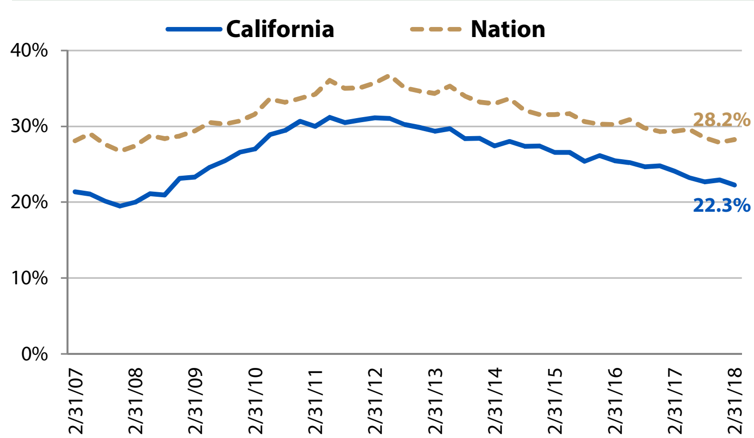
State Rank: #3



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.

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Banks at a Glance: *Hawaii*

Economic and Banking Highlights

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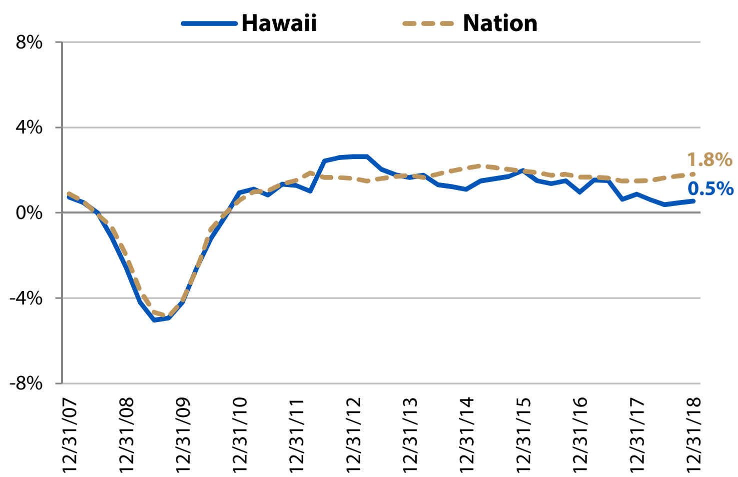
FEDERAL RESERVE BANK OF SAN FRANCISCO

Data as of 12/31/2018

- Hawaii's economy plateaued in the second half of 2018 as visitor spending growth slowed, possibly due to volcanic and hurricane events in the middle of the year. Job growth accelerated slightly as more government hiring offset slower retail, education/health, and leisure/hospitality hiring, but it remained low amid a very tight labor market. Net out-migration continued to drag on home-price growth, and, while single-family permitting ticked up, overall residential permitting declined in the second half due to the multifamily segment.
- Hawaii-based banks' profits increased year-over-year and edged above the national average. Earnings were lifted by lower tax expenses and slightly wider margins. Loan growth accelerated slightly in the fourth quarter as stronger commercial loan growth more than offset slowing real estate lending growth. Favorably, nonperforming asset ratios remained the lowest in the nation. Above-average dividend payout ratios, which spiked at year-end, kept quarterly capital growth low relative to risk-weighted asset growth. The average risk-based capital ratio remained among the lowest in the nation, reflecting the large average size of banks in the state. Balance sheet liquidity improved slightly in the fourth quarter after several quarters of decline, but still ended at levels akin to year-end 2008.

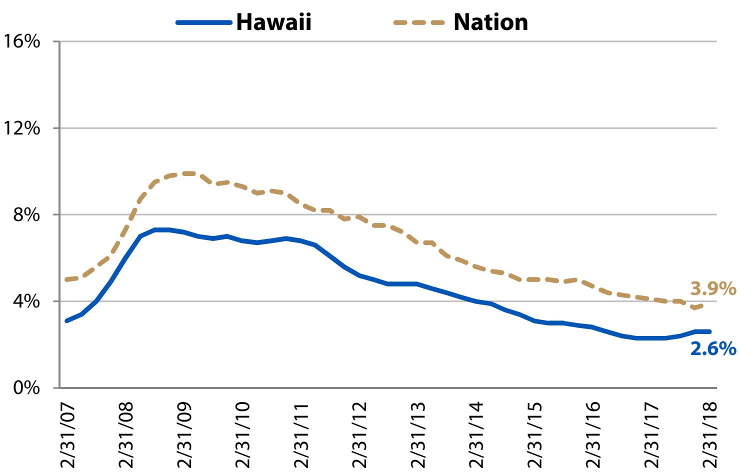
Key Economic Metrics (ranking #1 = highest in the nation)

Year-over-Year Job Growth: 0.5%
State Rank: #44



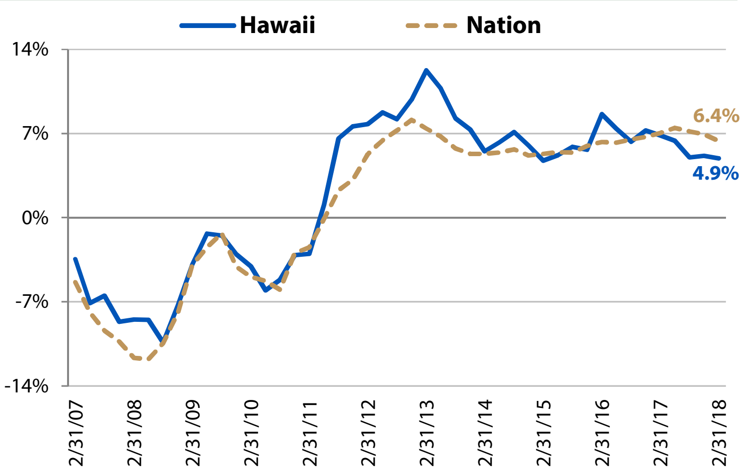
Establishment Survey, nonfarm payrolls, quarterly average, seasonally adjusted
Source: Bureau of Labor Statistics

Unemployment: 2.6%
State Rank: #46



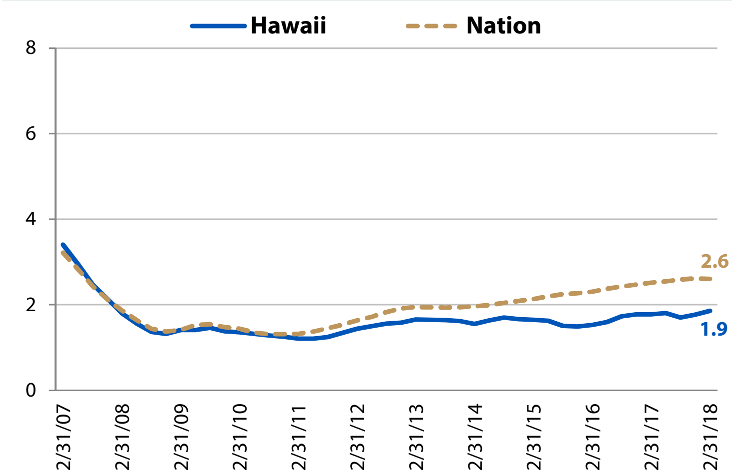
Household Employment Survey, end of period, seasonally adjusted
Source: Bureau of Labor Statistics

Year-over-Year Home Price Growth: 4.9%
State Rank: #33



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

Single Family Permits / 1,000 Residents: 1.9
State Rank: #34



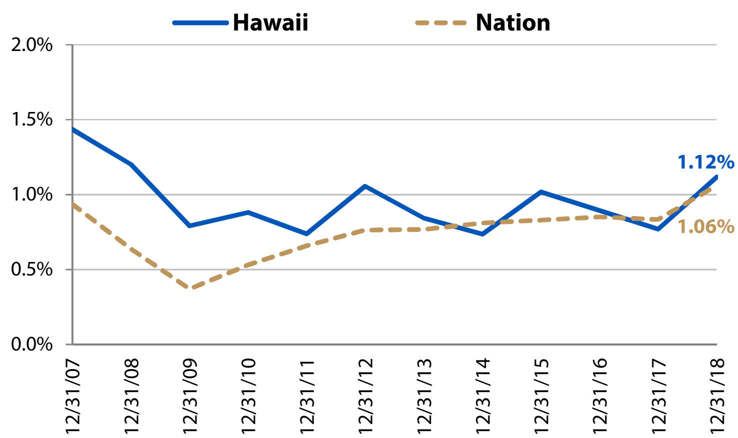
Trailing twelve month single family permits / average twelve month population in thousands, by state. Source: Census Bureau

Banks at a Glance: Hawaii

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

Year to Date Return on Average Assets: 1.12%

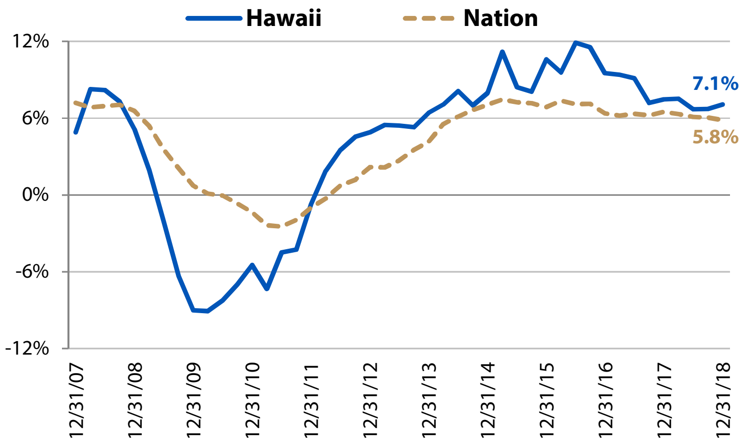
State Rank: #17



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

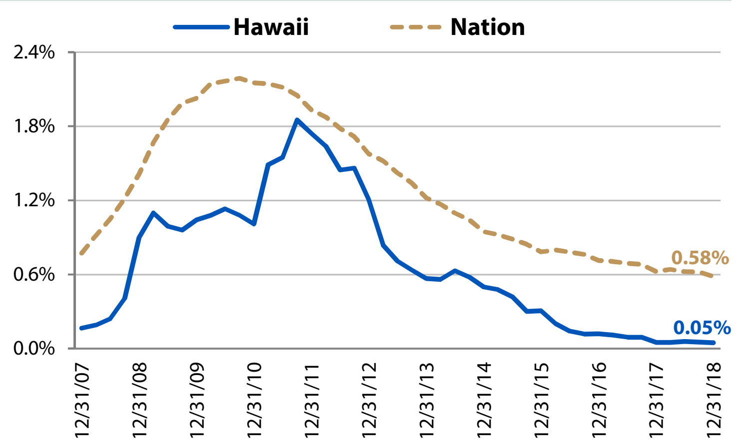
Year-over-Year Net Loan Growth: 7.1%

State Rank: #17



Nonperforming Assets / Total Assets: 0.05%

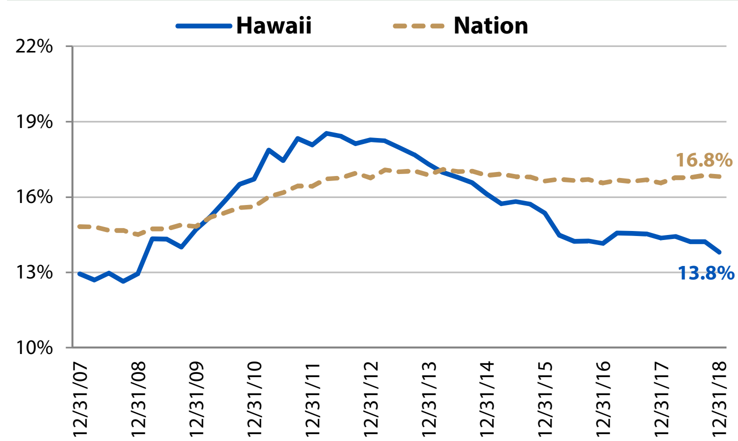
State Rank: #50



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

Total Risk-Based Capital: 13.8%

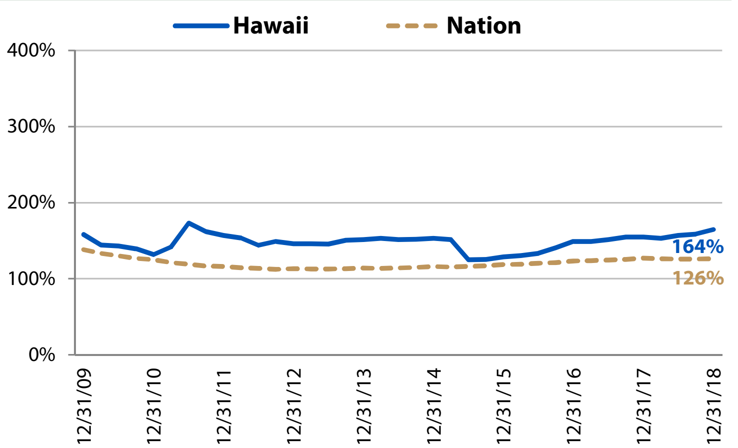
State Rank: #48



Total capital / risk-weighted assets

CRE Concentration: 164%

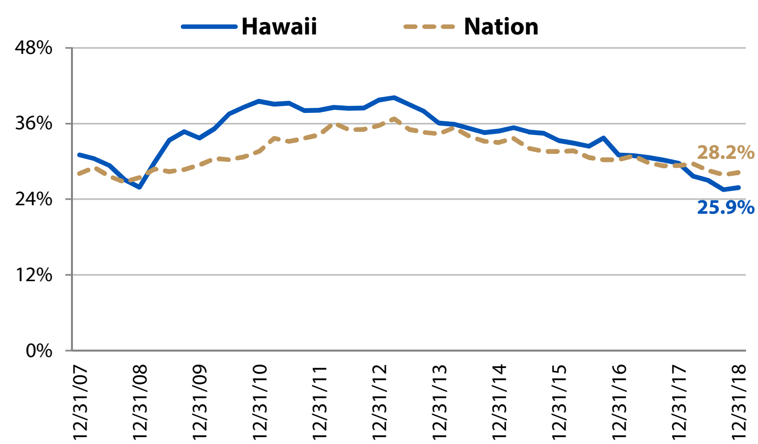
State Rank: #20



Total nonowner-occupied commercial real estate / total capital

Securities and Liquid Invest. / Total Assets: 25.9%

State Rank: #31



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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 5 for the state and 4,677 for the nation.

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Banks at a Glance: *Idaho*

Financial Institution Supervision and Credit
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FEDERAL RESERVE BANK OF SAN FRANCISCO

Economic and Banking Highlights

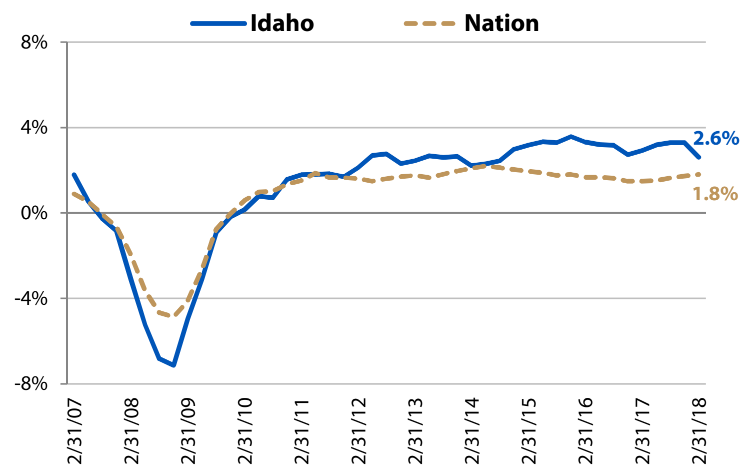
Data as of 12/31/2018

- Idaho's economy cooled slightly in the second half of 2018, with the manufacturing sector dragging down overall job growth and the unemployment rate ticking up despite slower labor force growth. This slowdown largely reflected an extremely tight labor market, as population growth remained strong but tilted towards retirees. The population inflow sustained top-ranked home price growth and single-family permitting.
- Wider margins and lower effective tax rates drove increased average profitability for Idaho's banks, offsetting slightly higher provisions from a year ago. Loan growth continued to ease from a recent peak in the first quarter of 2018, led by slowdowns in single-family and nonfarm-nonresidential real estate lending. More subdued loan growth translated into smaller increases in risk-weighted assets, while lower dividend payout ratios allowed average capital ratios to increase and commercial real estate concentrations-to-capital to moderate. Loan-to-asset ratios dipped year-over-year and banks increased the share of assets held in securities and liquid investments. Overall problem asset ratios eased further, although agricultural loan performance softened somewhat compared to late 2017.

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

Year-over-Year Job Growth: 2.6%

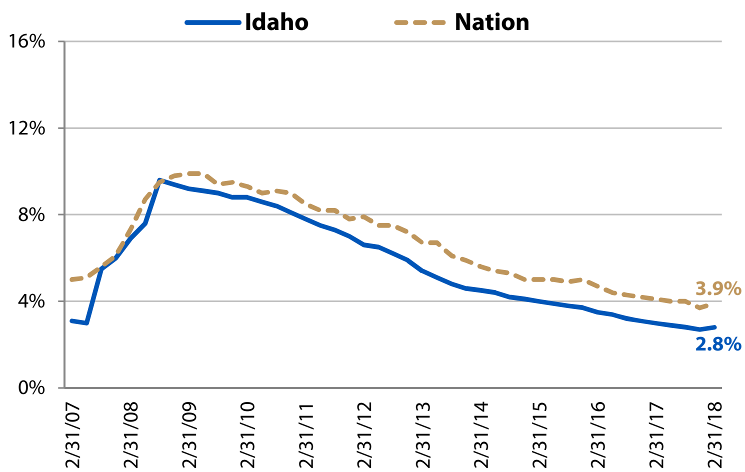
State Rank: #4



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

Unemployment: 2.8%

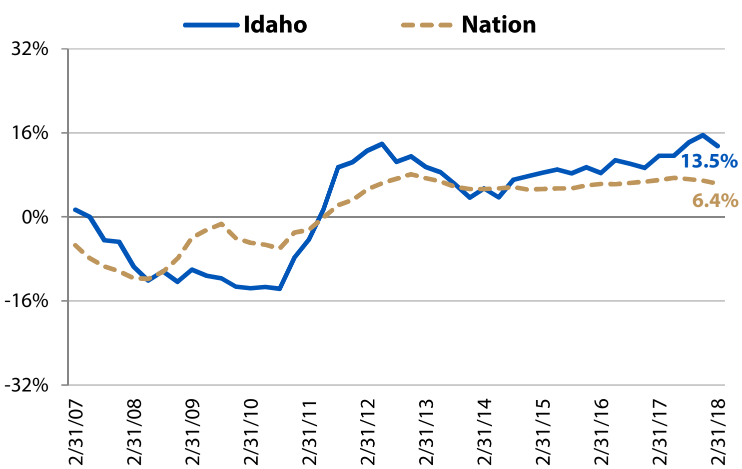
State Rank: #43



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

Year-over-Year Home Price Growth: 13.5%

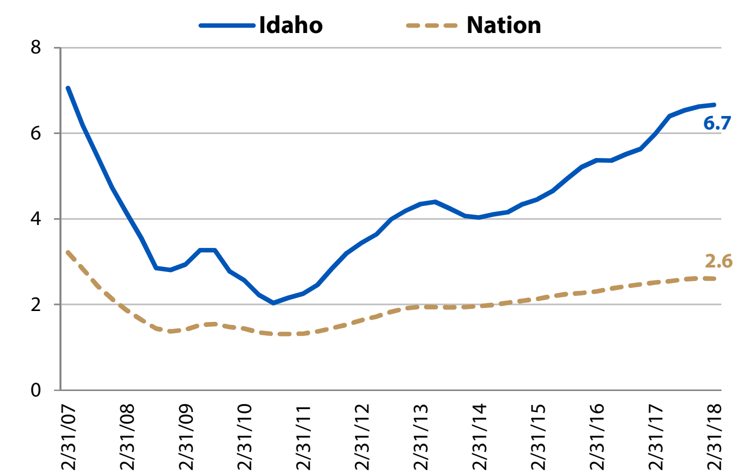
State Rank: #1



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

Single Family Permits / 1,000 Residents: 6.7

State Rank: #1



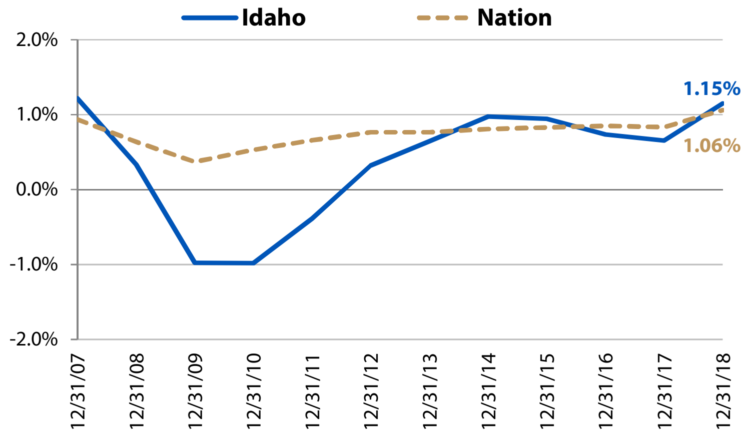
Trailing twelve month single family permits / average twelve month population in thousands, by state. Source: Census Bureau

Banks at a Glance: Idaho

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

Year to Date Return on Average Assets: 1.15%

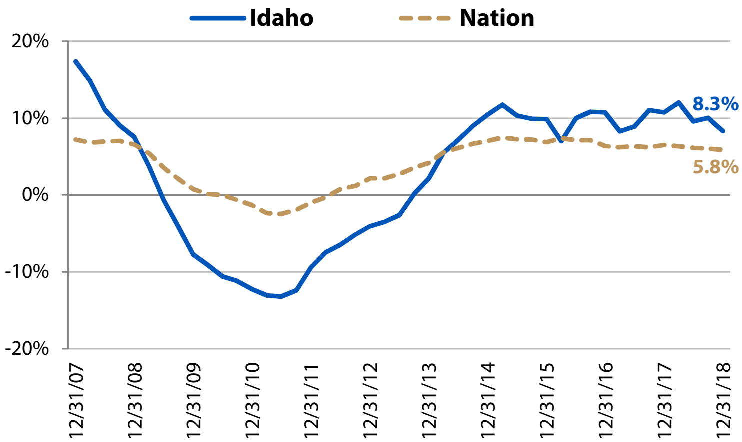
State Rank: #13



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

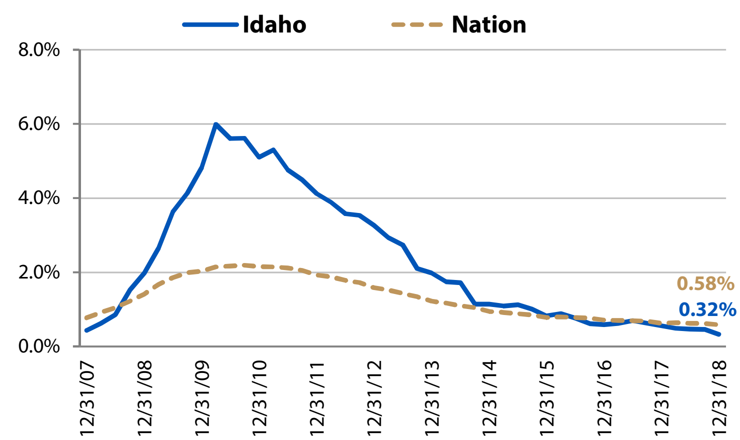
Year-over-Year Net Loan Growth: 8.3%

State Rank: #10



Nonperforming Assets / Total Assets: 0.32%

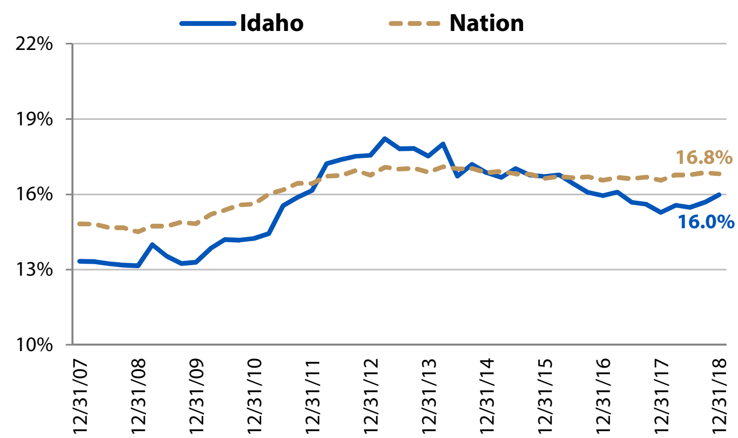
State Rank: #42



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

Total Risk-Based Capital: 16.0%

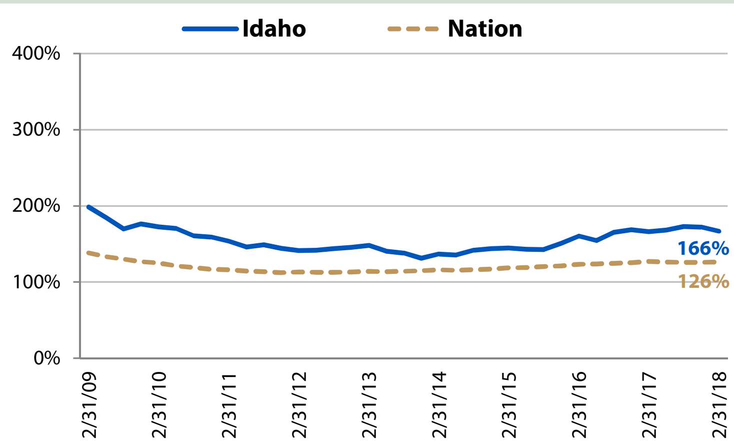
State Rank: #31



Total capital / risk-weighted assets

CRE Concentration: 166%

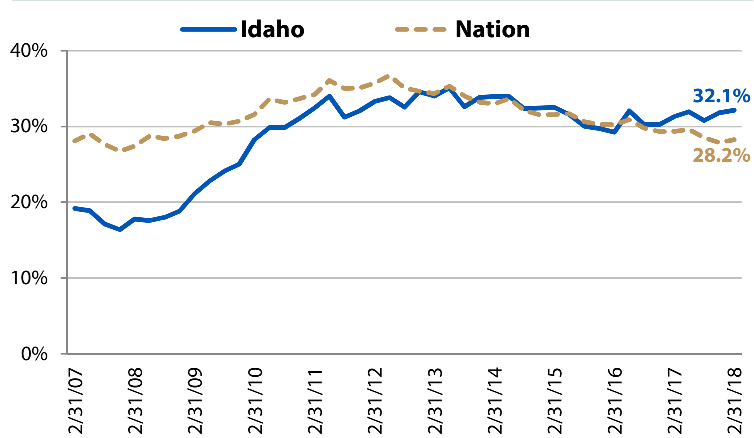
State Rank: #19



Total nonowner-occupied commercial real estate / total capital

Securities and Liquid Invest. / Total Assets: 32.1%

State Rank: #7



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 12 for the state and 4,677 for the nation.

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Banks at a Glance: *Nevada*

Economic and Banking Highlights

Financial Institution Supervision and Credit
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FEDERAL RESERVE BANK OF SAN FRANCISCO

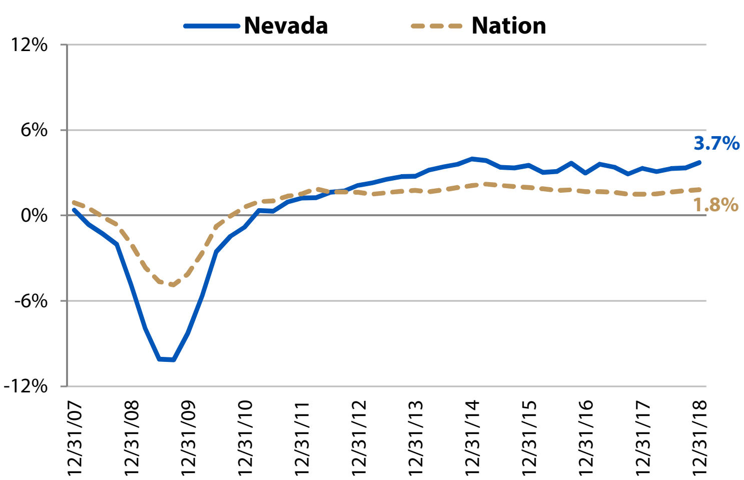
Data as of 12/31/2018

- Nevada's economy accelerated through the end of 2018, adding jobs at the fastest rate in the nation due to strong professional/business services and construction hiring. The unemployment rate also declined despite robust labor force growth. Population growth supported home-price increases and single-family permitting at nearly double the national rates, although recent slowing may be due to declining affordability.
- Lower tax expenses, lower noninterest expenses, and negative provisions allowed Nevada's banks to post the highest average profitability in the nation in 2018, despite narrower net interest margins and a drop in noninterest income ratios from 2017. High profitability helped banks maintain the second-highest average risk-based capital ratio in the nation and stable commercial real estate concentrations, despite a real estate-led jump in loan growth in the fourth quarter. Noncurrent loan ratios declined year-over-year across most loan categories, although the share of nonfarm-nonresidential real estate loans that was severely delinquent increased. Liquidity ratios continued to decline following a late-2017 jump as banks reduced their securities portfolios.

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

Year-over-Year Job Growth: 3.7%

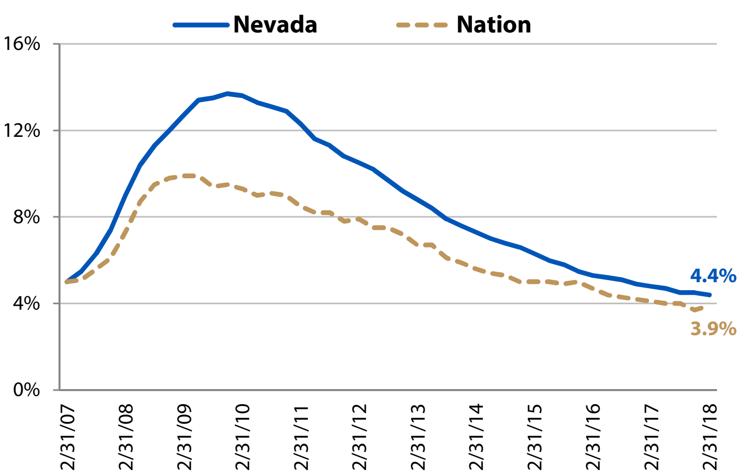
State Rank: #1



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

Unemployment: 4.4%

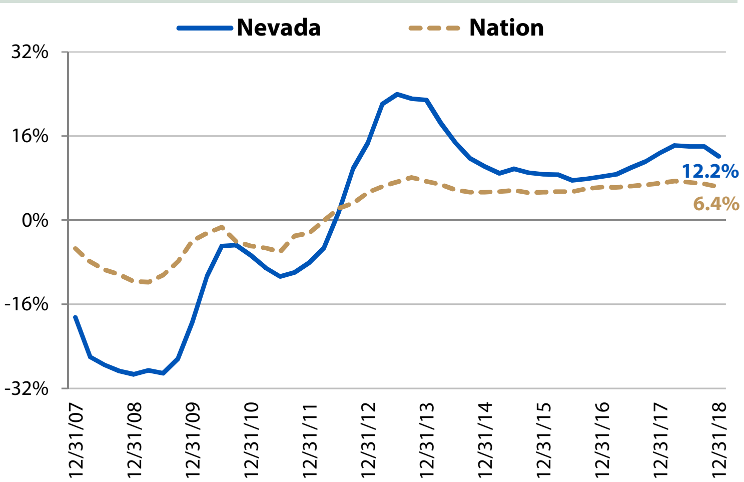
State Rank: #9



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

Year-over-Year Home Price Growth: 12.2%

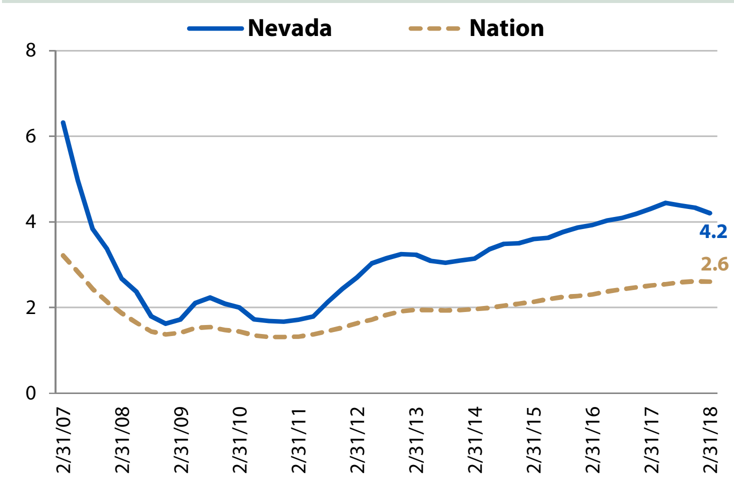
State Rank: #2



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

Single Family Permits / 1,000 Residents: 4.2

State Rank: #11



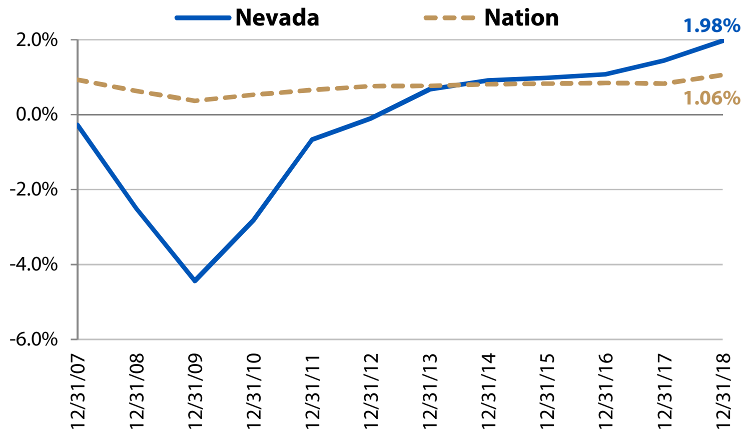
Trailing twelve month single family permits / average twelve month population in thousands, by state. Source: Census Bureau

Banks at a Glance: Nevada

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

Year to Date Return on Average Assets: 1.98%

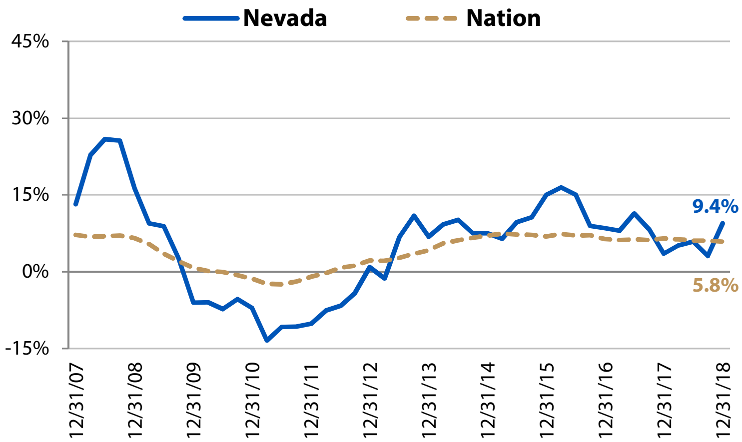
State Rank: #1



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

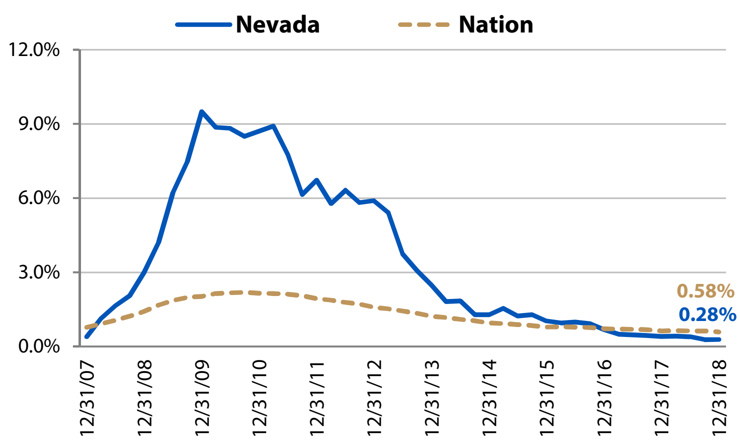
Year-over-Year Net Loan Growth: 9.4%

State Rank: #5



Nonperforming Assets / Total Assets: 0.28%

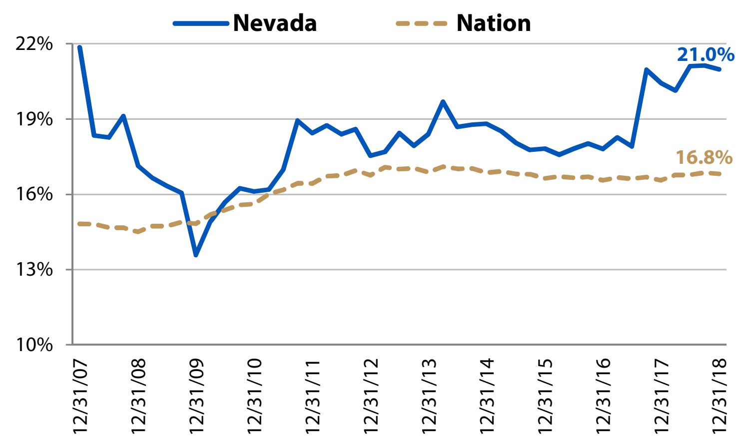
State Rank: #47



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

Total Risk-Based Capital: 21.0%

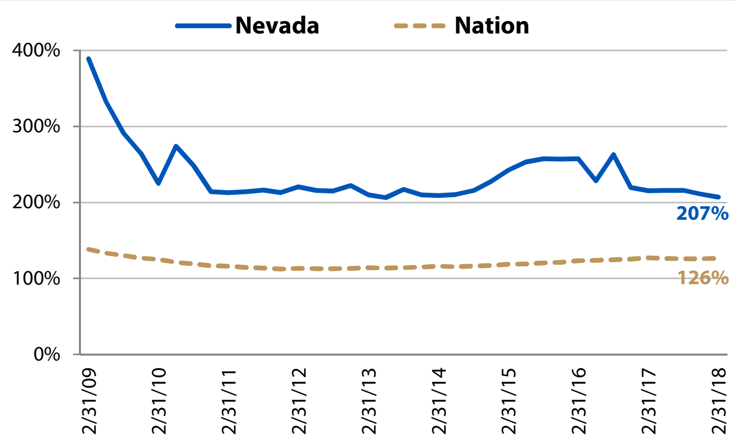
State Rank: #2



Total capital / risk-weighted assets

CRE Concentration: 207%

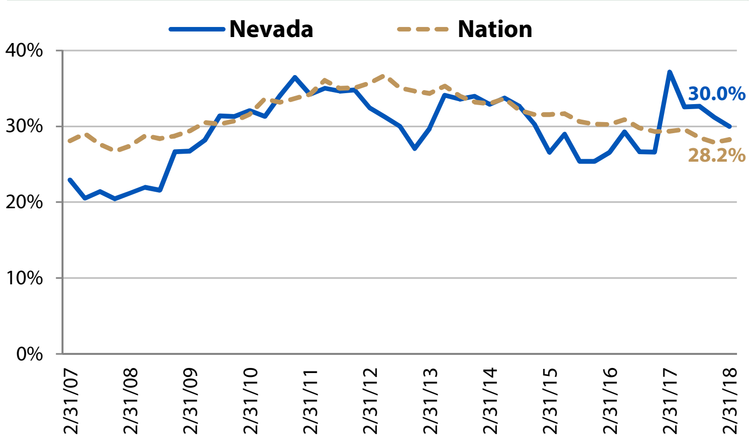
State Rank: #8



Total nonowner-occupied commercial real estate / total capital

Securities and Liquid Invest. / Total Assets: 30.0%

State Rank: #11



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 10 for the state and 4,677 for the nation.Graphics and data exclude "De Novo" banks (banks less than five years old), credit card banks, and zero loan banks.

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Banks at a Glance: Oregon

Economic and Banking Highlights

Financial Institution Supervision and Credit
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FEDERAL RESERVE BANK OF SAN FRANCISCO

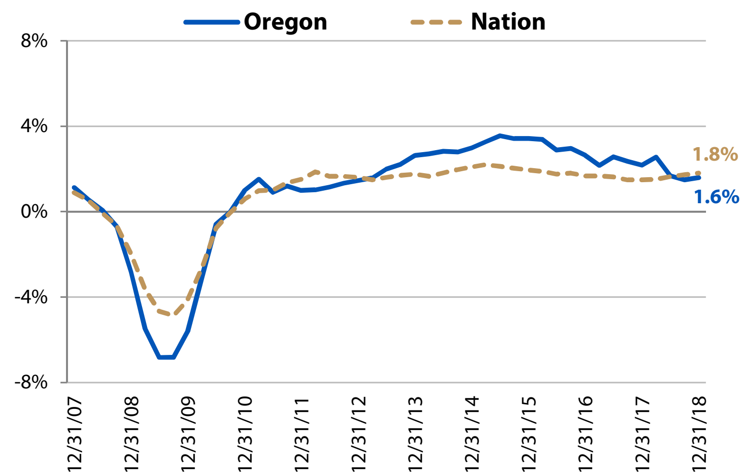
Data as of 12/31/2018

- Oregon's economy cooled further in late 2018 following years of above-average expansion in employment and home-prices. Job growth fell below the national rate as construction and leisure/hospitality hiring slowed while government job losses continued. The unemployment rate also ticked up, partly due to accelerating labor force growth, but remained at historical lows. Rising interest rates and affordability constraints pressured home-price growth, while single-family permitting grew slowly and multifamily permitting declined in 2018.
- Oregon banks' profitability improved from a year ago, primarily due to lower tax expenses; slightly wider net interest margins also helped offset higher noninterest expenses and provisions. This allowed total capital to continue to grow robustly since the second quarter of 2018, outpacing increases in loans and risk-weighted assets as single-family and commercial real estate lending flattened. Securities holdings increased in the second half of 2018, leading to higher liquidity measures. The average nonperforming asset ratio ticked higher in the fourth quarter, led by increases in noncurrent commercial and industrial and nonfarm-nonresidential loans.

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

Year-over-Year Job Growth: 1.6%

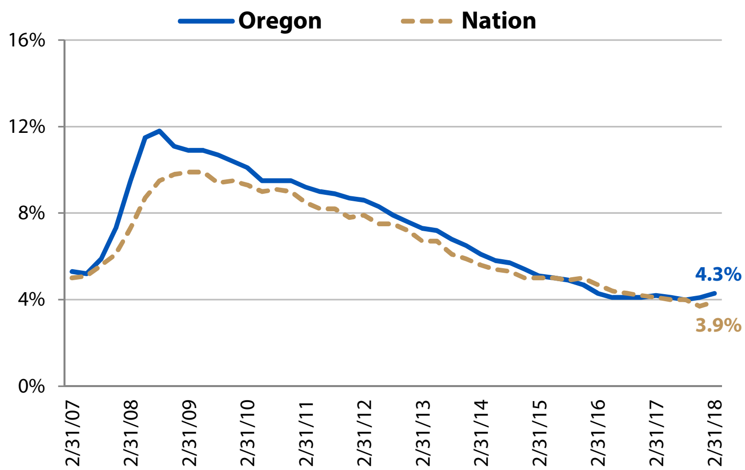
State Rank: #16



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

Unemployment: 4.3%

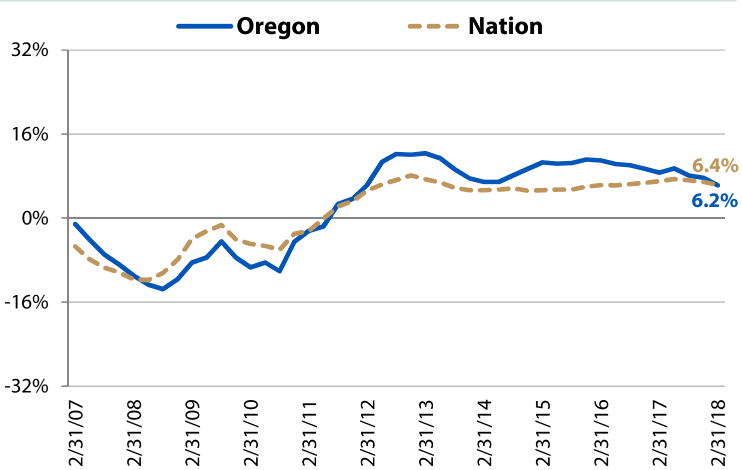
State Rank: #10



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

Year-over-Year Home Price Growth: 6.2%

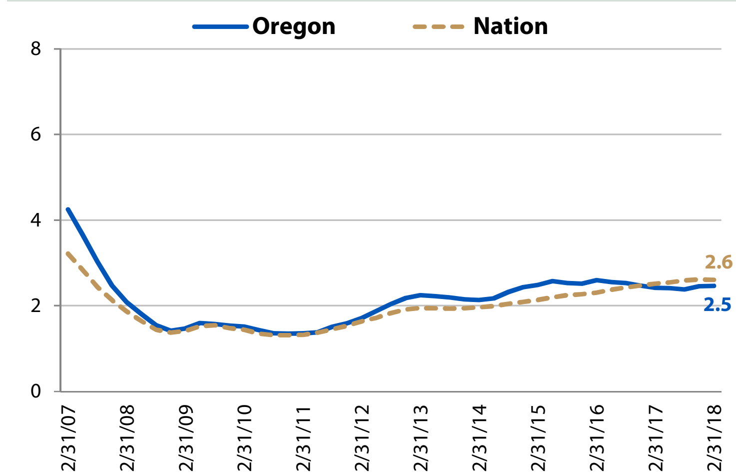
State Rank: #27



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

Single Family Permits / 1,000 Residents: 2.5

State Rank: #25



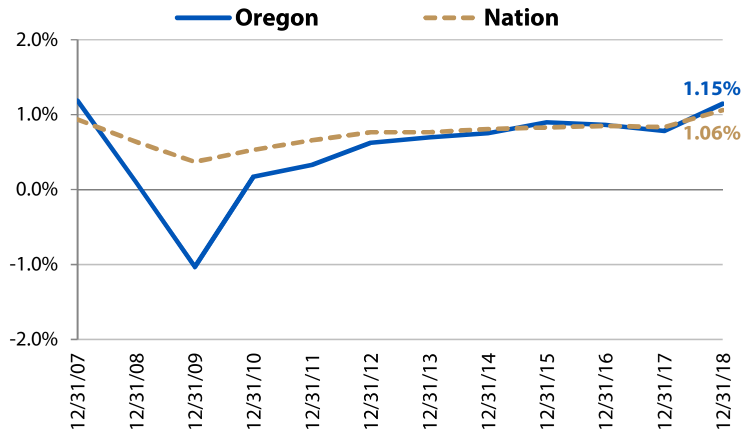
Trailing twelve month single family permits / average twelve month population in thousands, by state. Source: Census Bureau

Banks at a Glance: Oregon

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

Year to Date Return on Average Assets: 1.15%

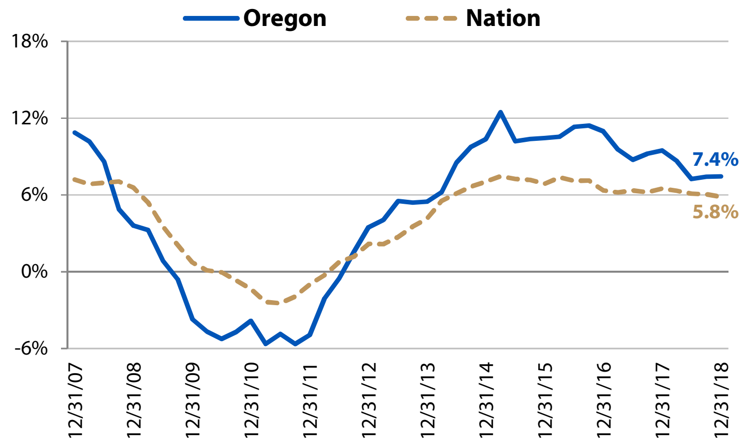
State Rank: #14



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

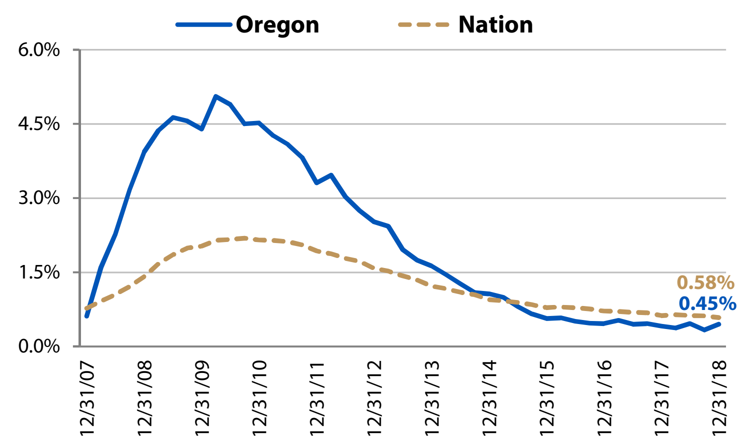
Year-over-Year Net Loan Growth: 7.4%

State Rank: #14



Nonperforming Assets / Total Assets: 0.45%

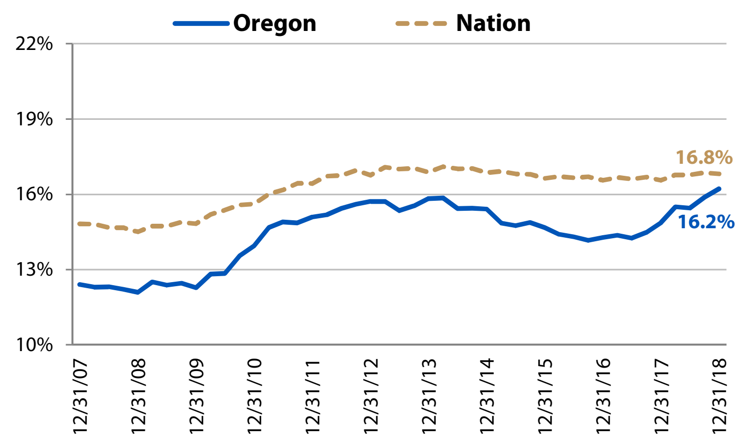
State Rank: #36



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

Total Risk-Based Capital: 16.2%

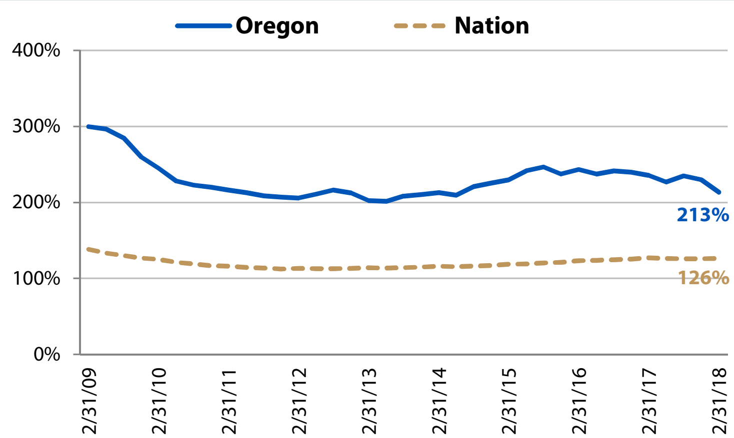
State Rank: #27



Total capital / risk-weighted assets

CRE Concentration: 213%

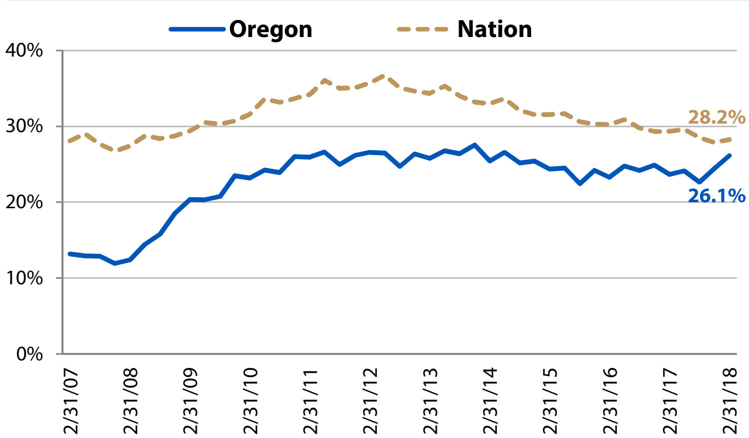
State Rank: #6



Total nonowner-occupied commercial real estate / total capital

Securities and Liquid Invest. / Total Assets: 26.1%

State Rank: #29



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 15 for the state and 4,677 for the nation.

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Banks at a Glance: Utah

Financial Institution Supervision and Credit
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FEDERAL RESERVE BANK OF SAN FRANCISCO

Economic and Banking Highlights

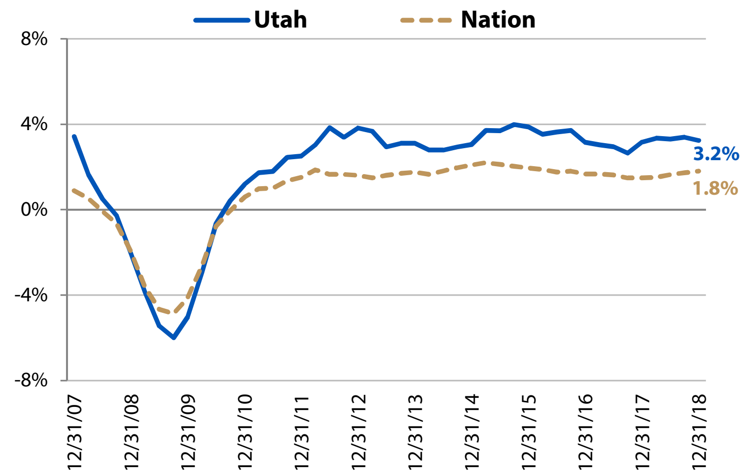
Data as of 12/31/2018

- Utah's economy showed initial signs of cooling in late 2018, but remained one of the nation's top performers. Job growth edged down slightly as the construction and professional and business services sectors, in particular, struggled to find workers. The unemployment rate increased slightly amid slower labor-force growth. Home-price appreciation and single-family permitting also started to edge downwards, but remained well above national averages.
- Although Utah banks' average loan growth slowed across most categories, it remained among the highest in the nation in the second half of 2018. Profitability also remained strong as wider net interest margins and lower tax expenses offset slightly higher noninterest expenses and provisions relative to a year ago. Net loan and risk-weighted asset growth slowed, and trailed total asset growth in the fourth quarter as banks increased their share of assets held in securities and liquid instruments. Large year-end dividend payouts kept capital ratios on a downward trend. Meanwhile, asset quality and commercial real estate concentration remained stable and in line with national averages.

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

Year-over-Year Job Growth: 3.2%

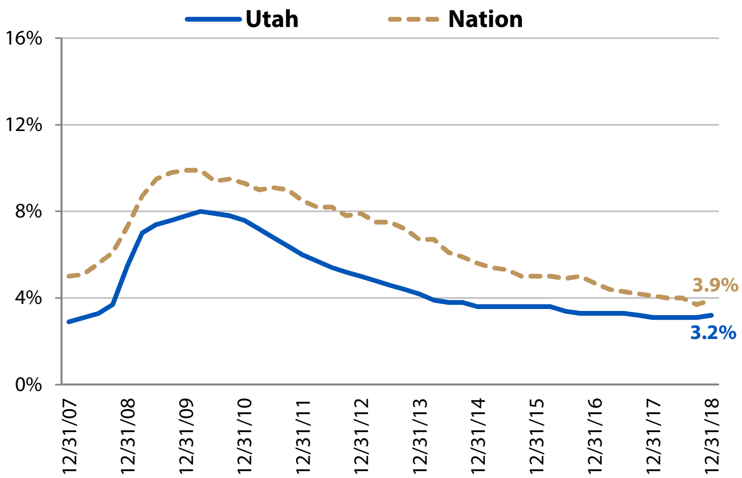
State Rank: #2



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

Unemployment: 3.2%

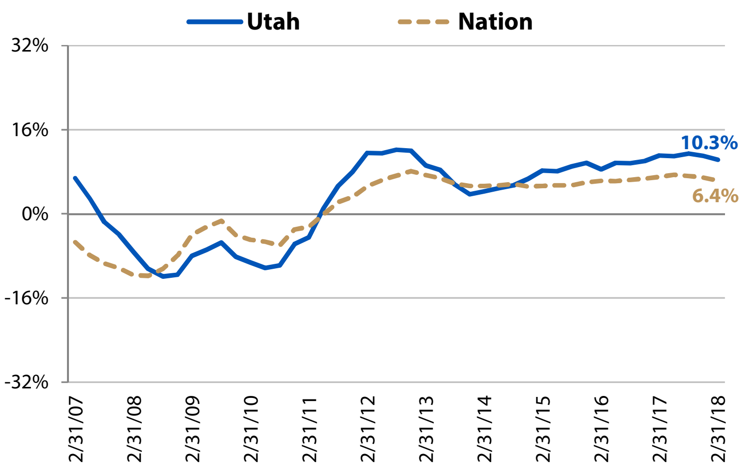
State Rank: #35



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

Year-over-Year Home Price Growth: 10.3%

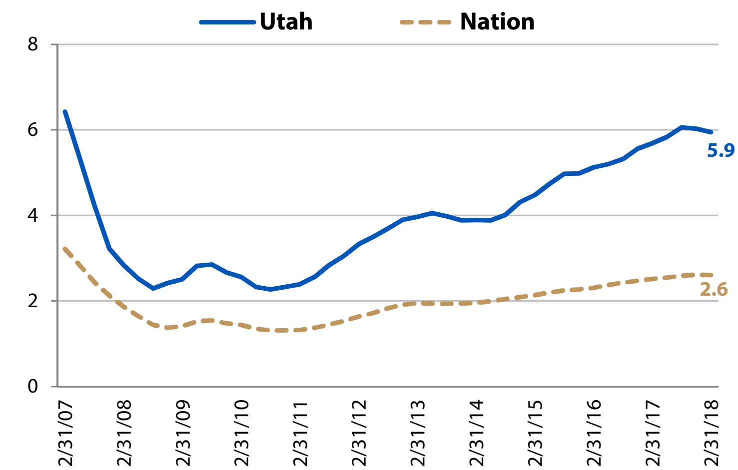
State Rank: #3



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

Single Family Permits / 1,000 Residents: 5.9

State Rank: #2

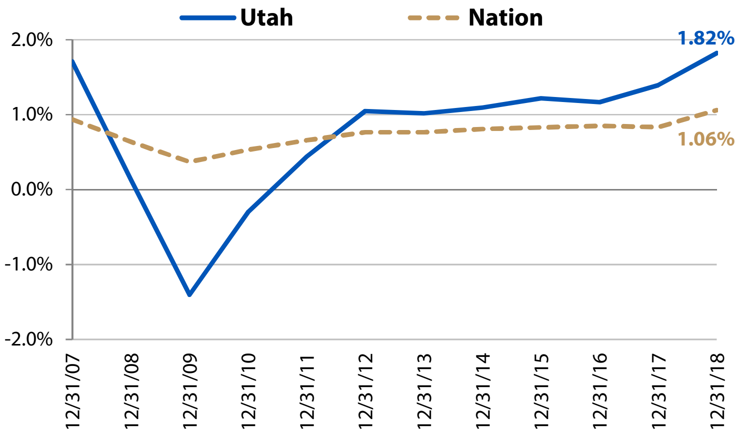


Trailing twelve month single family permits / average twelve month population in thousands, by state. Source: Census Bureau

Banks at a Glance: Utah

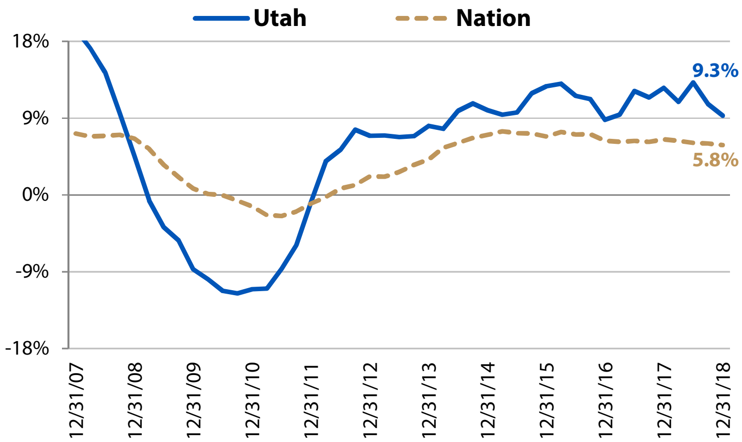
Key Banking Metrics (averages across banks; ranking #1 = highest in the nation)

Year to Date Return on Average Assets: 1.82%
State Rank: #2

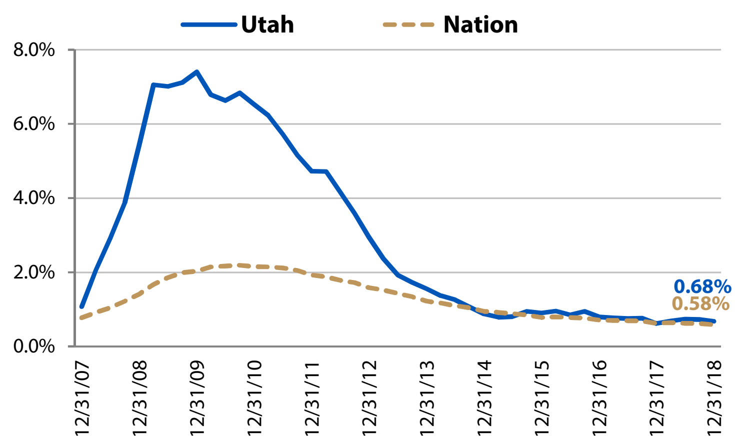


Net income / average assets, adjusted for S-Corps, annualized

Year-over-Year Net Loan Growth: 9.3%
State Rank: #6

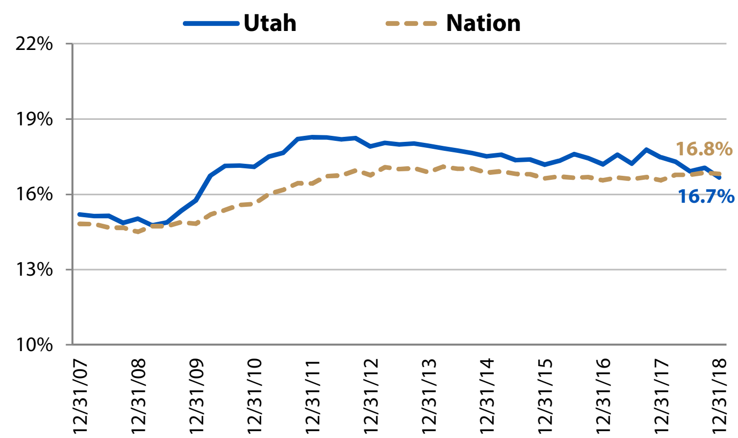


Nonperforming Assets / Total Assets: 0.68%
State Rank: #21



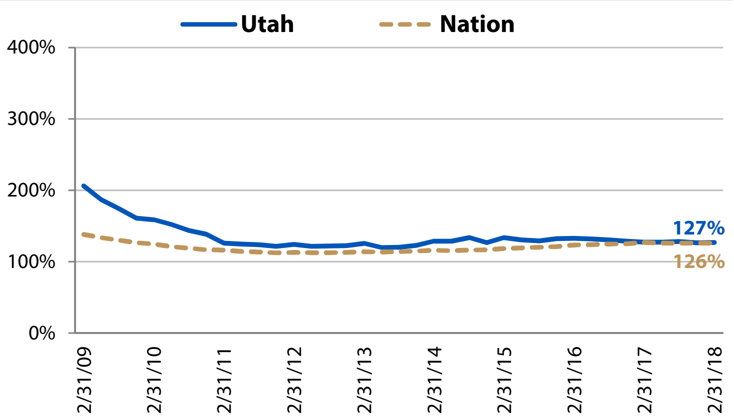
90+ days past due + nonaccruals + other real estate owned / total assets

Total Risk-Based Capital: 16.7%
State Rank: #23



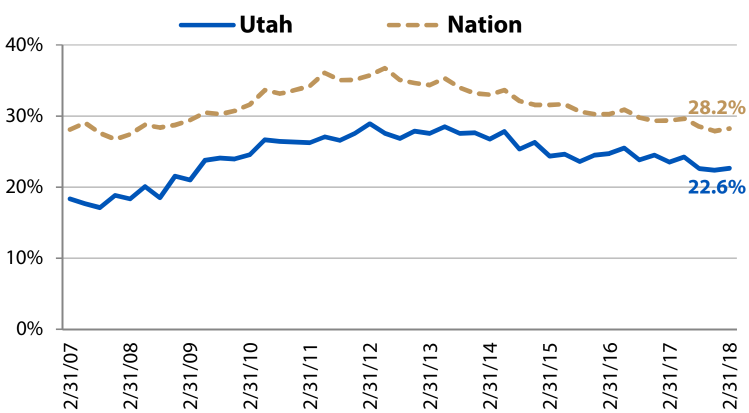
Total capital / risk-weighted assets

CRE Concentration: 127%
State Rank: #33



Total nonowner-occupied commercial real estate / total capital

Securities and Liquid Invest. / Total Assets: 22.6%
State Rank: #40



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 26 for the state and 4,677 for the nation.Utah banking averages reflect the specialty business models of several banks in the state (even after excluding industrial banks). These lenders often report elevated off-balance sheet activity, non-CRE loan concentrations, and high usage of noncore funding.

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Banks at a Glance:
Utah-Industrial

Economic and Banking Highlights

Financial Institution Supervision and Credit
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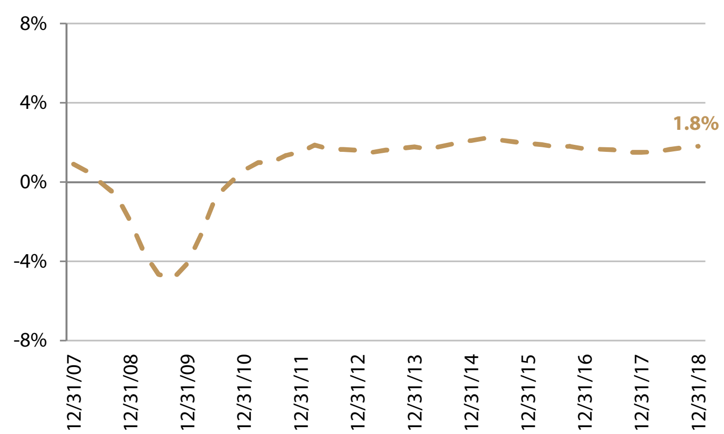
FEDERAL RESERVE BANK OF SAN FRANCISCO

Data as of 12/31/2018

- Industrial banks (IBs) can be owned by nonfinancial firms and are somewhat limited in the types of activities they can conduct. They employ different business models and individual performance can vary widely from the average. As of year-end 2018, 14 of the nation's 24 IBs (58%) were based in Utah; they largely engaged in nationwide consumer lending, but some focused on business-based lending.
- Utah IBs maintained good performance in the second half of 2018. Profitability increased from a year ago as lower average tax expenses, slightly wider margins, and lower noninterest expenses offset reduced noninterest income, while provisions were roughly flat. Although average loan growth can be volatile due to the diversity of business models, it remained robust as strong consumer sentiment enabled faster consumer loan growth. Capital ratios edged up amid slightly lower year-end dividend payout ratios than in 2017, while asset quality remained stable despite a slight uptick in national-level credit card delinquencies since the second quarter of 2018. The average share of consumer loans in total loans was stable in the second half of 2018, with a decline from 2017 levels largely due to adjustments in a few banks (including the April 2018 conversion of American Express Centurion Bank to a national bank charter).

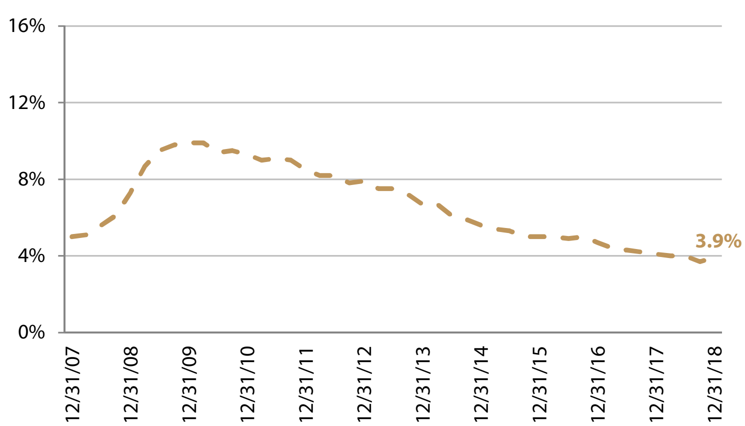
Key Economic Metrics - Nation

Year-over-Year Job Growth: 1.8%



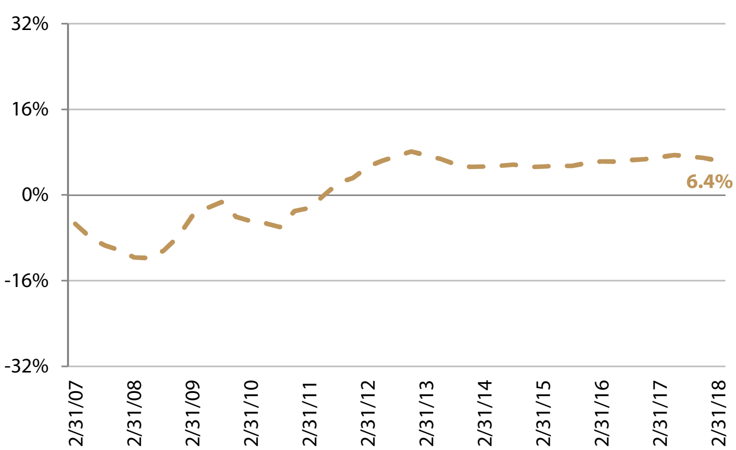
Establishment Survey, nonfarm payrolls, quarterly average, seasonally adjusted
Source: Bureau of Labor Statistics

Unemployment: 3.9%



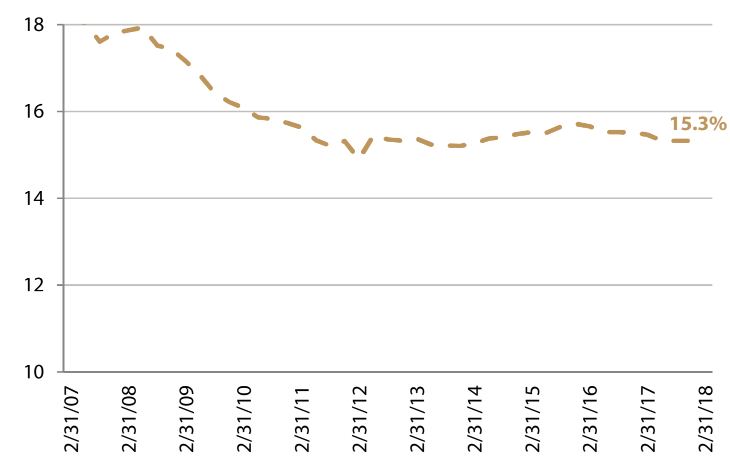
Household Employment Survey, end of period, seasonally adjusted
Source: Bureau of Labor Statistics

Year-over-Year Home Price Growth: 6.4%



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

Household Financial Obligation Payments / Disposable Personal Income: 15.3%

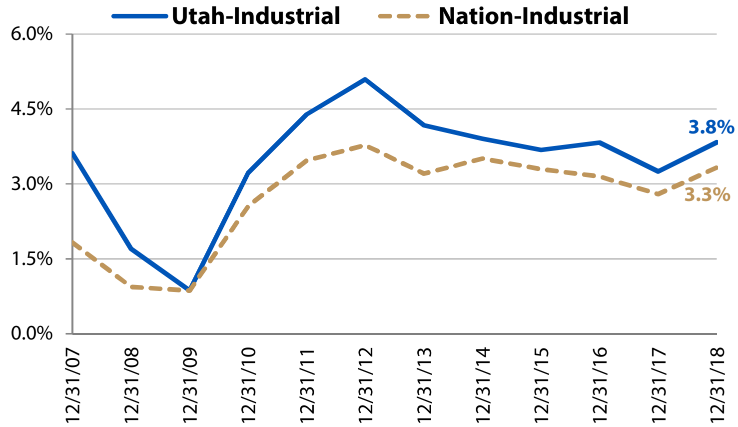


Ratio of all household financial obligations payments as a percentage of disposable personal income, seasonally adjusted. Source: Federal Reserve

Banks at a Glance: Utah Industrial Banks

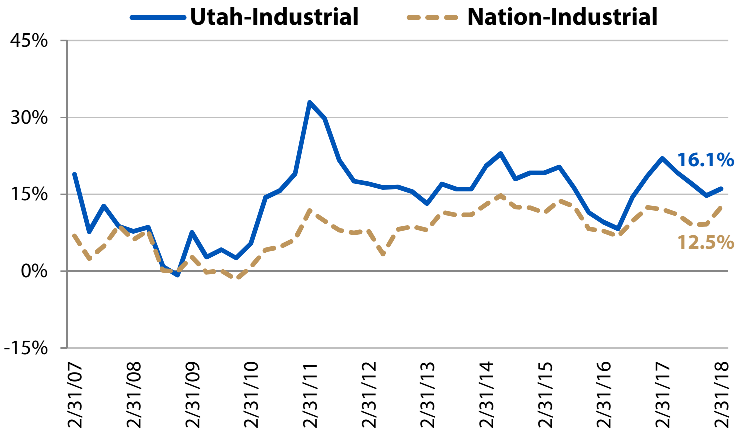
Key Banking Metrics (averages across Industrial banks)

Year to Date Return on Average Assets: 3.8%

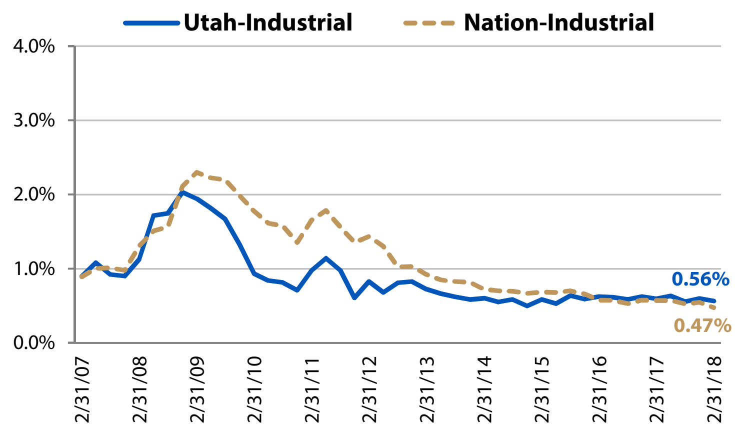


Net income / average assets, adjusted for S-Corps, annualized

Year-over-Year Net Loan Growth: 16.1%

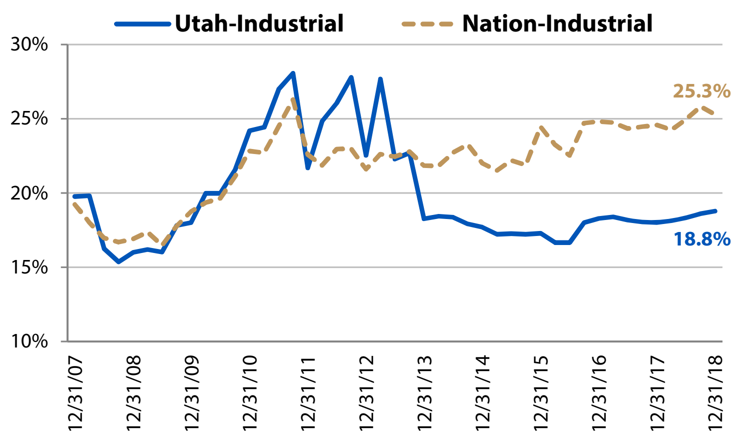


Nonperforming Assets / Total Assets: 0.56%



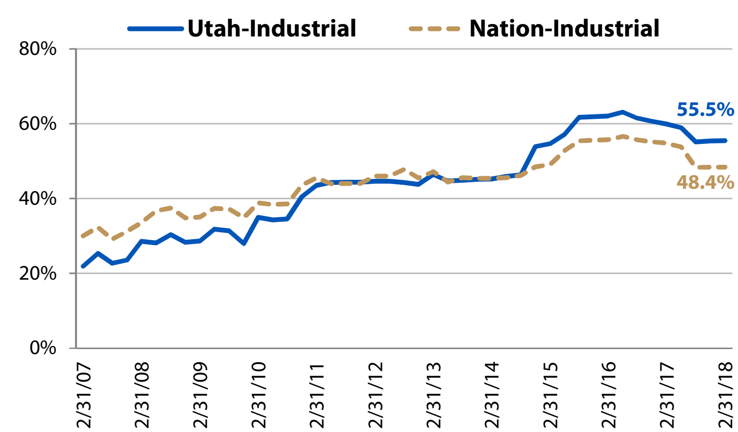
90+ days past due + nonaccruals + other real estate owned / total assets

Total Risk-Based Capital Ratio: 18.8%



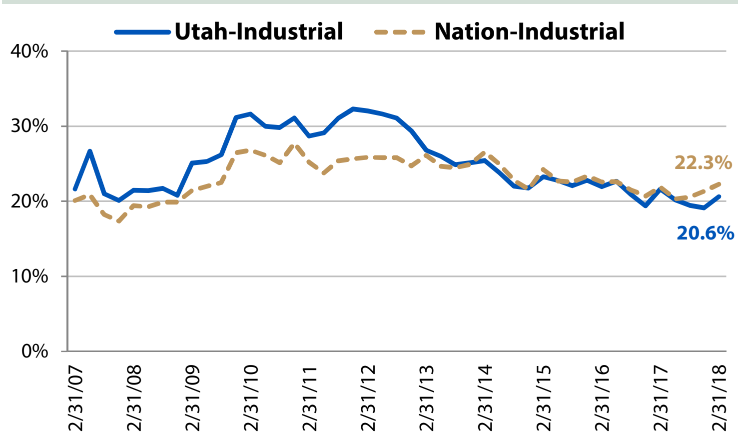
Total capital / risk-weighted assets

Consumer Loan Mix: 55.5%



Total consumer loans / total loans and leases; commercial & industrial loans accounted for 19.0% of total loans, on average, as of 12/31/18.

Securities and Liquid Invest. / Total Assets: 20.6%



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 industrial 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 industrial banks included in these statistics were 14 for the state and 24 for the nation.

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Banks at a Glance: *Washington*

Economic and Banking Highlights

Financial Institution Supervision and Credit
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FEDERAL RESERVE BANK OF SAN FRANCISCO

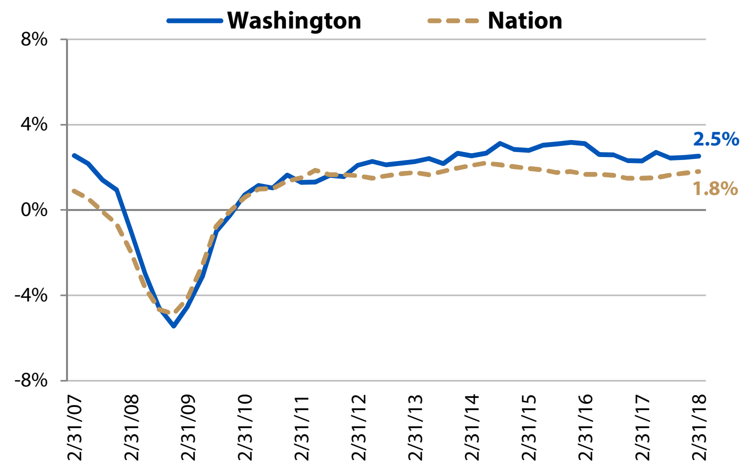
Data as of 12/31/2018

- Washington's job market remained buoyant in the second half of 2018, with the manufacturing sector leading payrolls growth slightly higher and labor force growth accelerating on rising wages. While manufacturing-sector job growth remained strong through the first two months of 2019, it may be volatile in the coming quarters due to recent developments in the aerospace subsector. The state's housing market also remained robust relative to national averages, but home-price growth and both single-family and multifamily permitting activity deteriorated as 2018 wore on, particularly in Seattle's high-price market segment.
- Rising net interest margins and lower tax expenses boosted Washington banks' profitability and capital accumulation. Slowing loan growth across most loan categories lowered risk-weighted asset growth and further lifted capital ratios in the second half of 2018. Noncurrent loan ratios continued to decline across most loan categories. The average commercial real estate concentration remained high and average balance sheet liquidity remained low, although slowing loan growth helped to stabilize both in the latter part of 2018.

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

Year-over-Year Job Growth: 2.5%

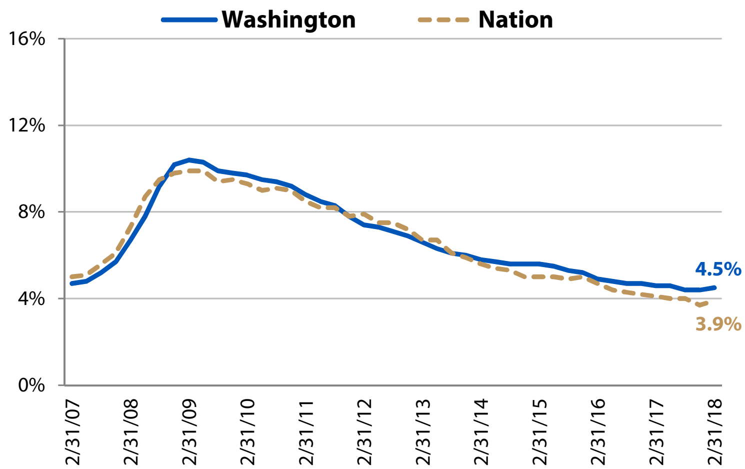
State Rank: #6



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

Unemployment: 4.5%

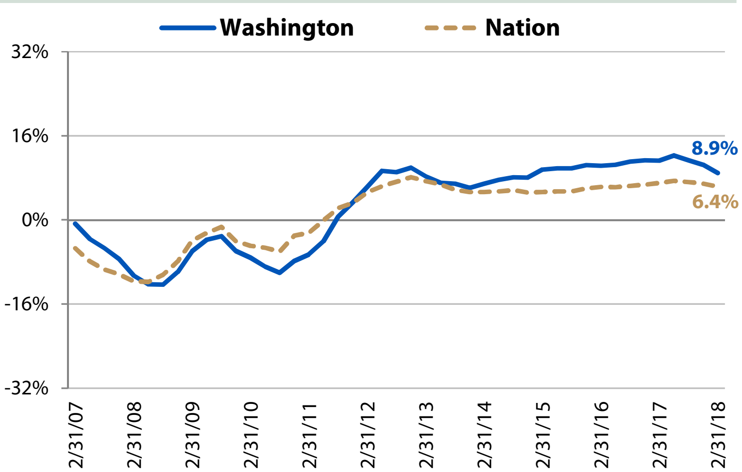
State Rank: #8



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

Year-over-Year Home Price Growth: 8.9%

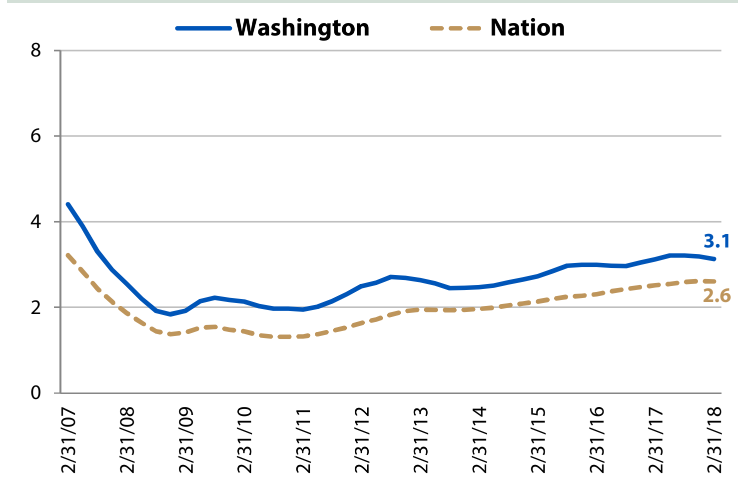
State Rank: #5



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

Single Family Permits / 1,000 Residents: 3.1

State Rank: #14



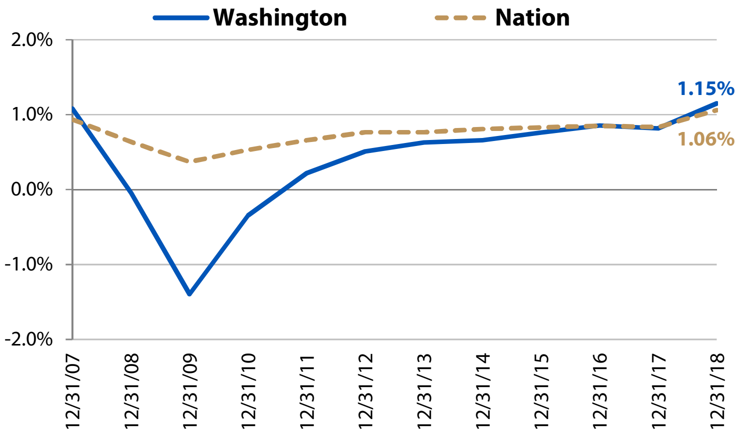
Trailing twelve month single family permits / average twelve month population in thousands, by state. Source: Census Bureau

Banks at a Glance: Washington

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

Year to Date Return on Average Assets: 1.15%

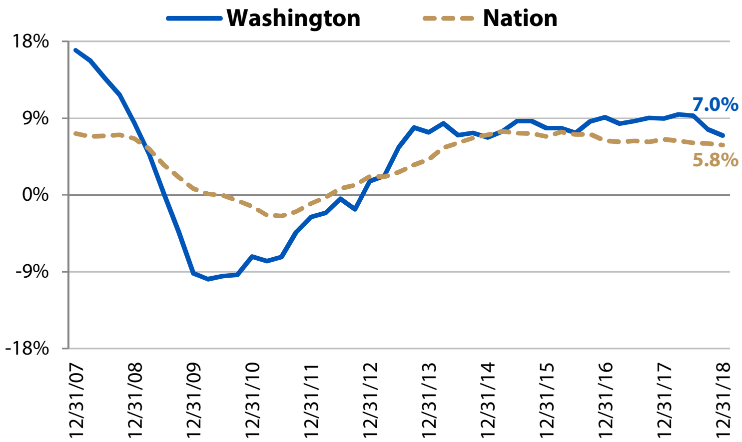
State Rank: #12



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

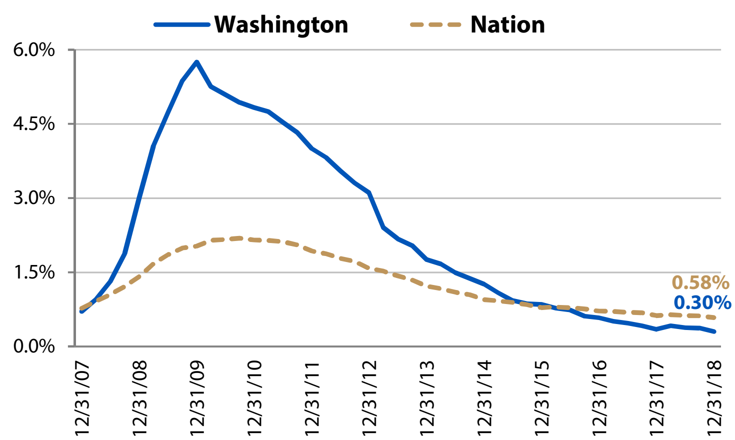
Year-over-Year Net Loan Growth: 7.0%

State Rank: #20



Nonperforming Assets / Total Assets: 0.30%

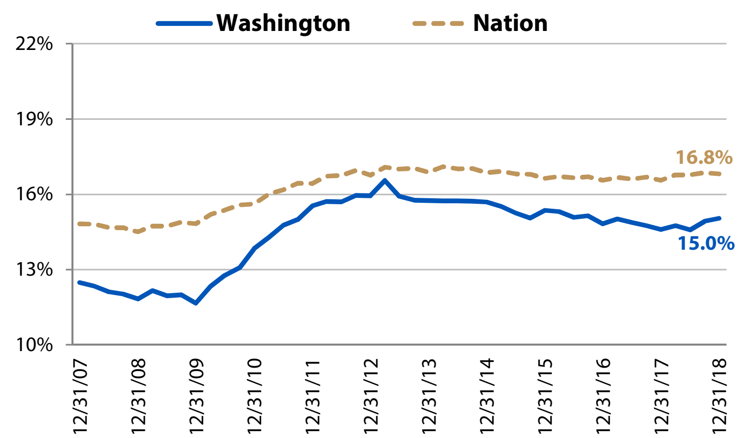
State Rank: #44



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

Total Risk-Based Capital: 15.0%

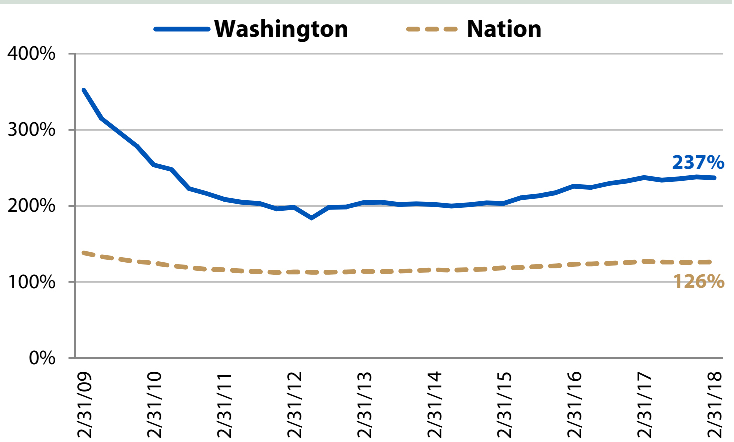
State Rank: #40



Total capital / risk-weighted assets

CRE Concentration: 237%

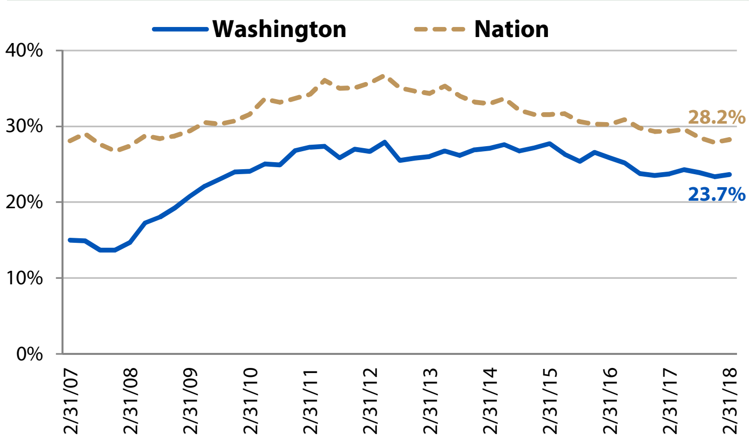
State Rank: #4



Total nonowner-occupied commercial real estate / total capital

Securities and Liquid Invest. / Total Assets: 23.7%

State Rank: #37



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 33 for the state and 4,677 for the nation.

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