



12th District Banking Profile

Federal Reserve Bank of San Francisco
Banking Supervision & Regulation

July 2011
Data as of March 31, 2011

Key indicators of banking conditions in the 12th Federal Reserve District

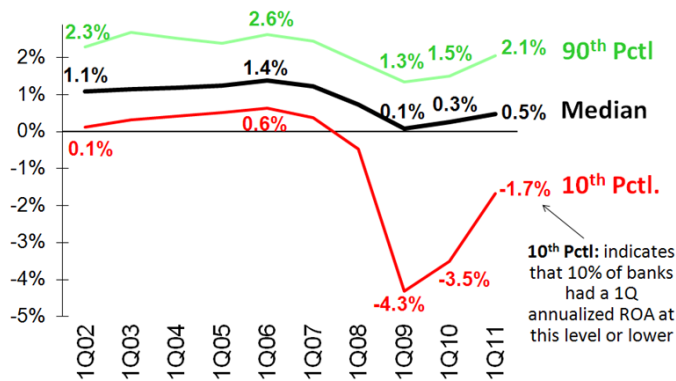
Overview

This report presents key condition ratios using three statistics -- the District 1) median, 2) 10th percentile value, and 3) 90th percentile -- to illustrate the how bank performance has diverged. The difference between the 10th and 90th percentile return on average assets climbed from 200 basis points in 1Q06 to 560bp in 1Q09 as many banks took massive provisions for bad loans. ROAs now appear on their way to recovery. The top 10% of banks (90th percentile ROA) remained profitable through the recession. Loan quality metrics paint a similar picture with severely high noncurrent and "Texas" ratios at the 90th percentiles. Many banks with 90th percentile ratios in 2009-2010 did not survive the recession and housing crash. Loan growth continued to be negative in general due to limited demand and hefty charge-offs. This had one positive effect: a significant rise in risk-based capital ratios across the board to relatively high levels. The percentage of District bank rated CAMELS 3, 4 or 5 has declined now for 2 quarters, but remains extremely high at 58%.

Bank Profitability is Recovering

Best 1st Quarter in Three Years - But 10th Pctl. ROA Remains Poor

Return on Avg. Assets - 12th District Bank Statistics for First Qtrs

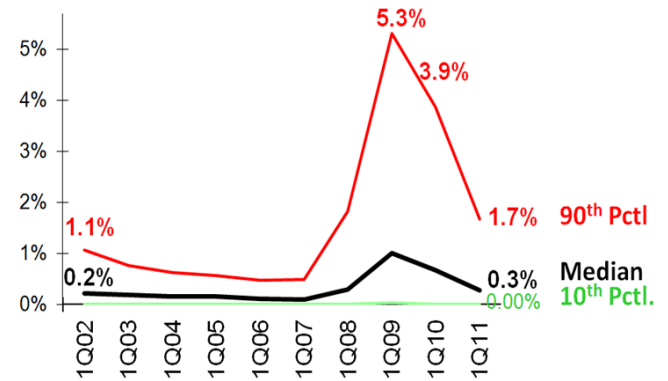


Statistics for 12th District banks excluding De-Novo banks; ratios annualized

Loan Loss Provisions / Avg. Assets

Provisioning Rate Declined Sharply in 2011, Boosting Bottom Lines

Provisions / Avg. Assets - 12th Dist. Bank Stats for 1st Quarters

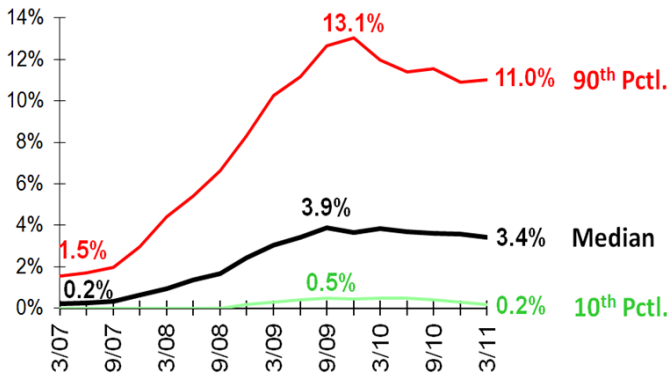


Statistics for 12th District banks excluding De-Novo banks; ratios annualized

Noncurrent Loans / Total Loans

Noncurrent Loan Rates Have Edged Down Since YE 2009

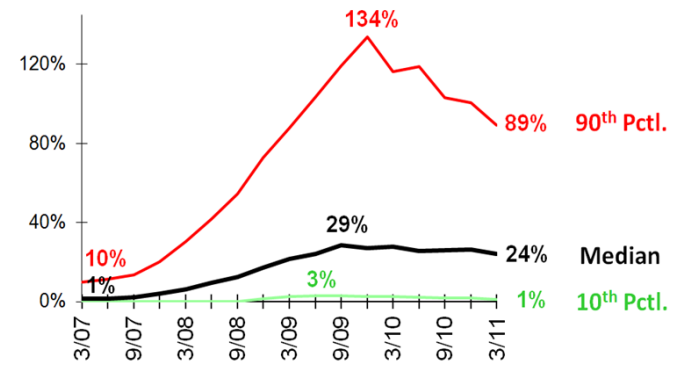
Noncurrent Loans / Total Loans for 12th District Banks



Statistics for 12th District banks excluding De-Novo banks

"Texas Ratio" at the 90th Percentile Moderated from Precariously High Levels in 2009

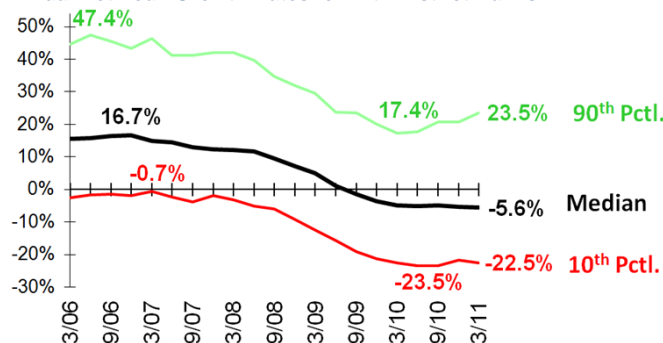
Nonperforming Assets / Equity + ALLL for 12th District Banks



Statistics for 12th District banks excluding De-Novo banks; Texas ratio: Loans PD 90+ days or on nonaccrual / equity + allowance for loan & lease losses

Annual Loan Growth Rates Still Negative for Most 12th District Banks

Annual Net Loan Growth Rates for 12th District Banks

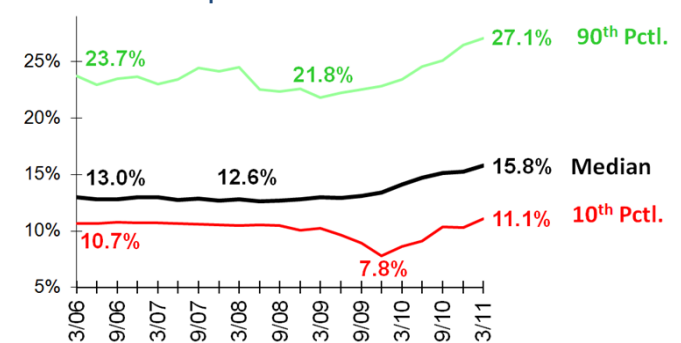


Stats for 12th Dist. banks excluding De-Novo banks; not adjusted for mergers

Deleveraging Led to Rising Capital Ratios

Very Weak 10th Percentile Levels at 12/09 Much Improved Now

Total Risk-Based Capital Ratio Statistics for 12th District Banks



Statistics for 12th District banks excluding De-Novo banks

12th District Banking Profile

Data as of March 31, 2011

I. Summary Items	12th District			United States		
	Mar-11	Dec-10	Mar-10	Mar-11	Dec-10	Mar-10
median bank asset size (millions)	\$ 223	\$ 223	\$ 248	\$ 154	\$ 153	\$ 154
number of banks ***	492	500	534	6,848	6,924	7,174
state member	37	37	40	821	829	841
national	86	88	92	1,365	1,382	1,445
nonmember	369	375	402	4,662	4,713	4,888
memo: portion < 3yrs old	2.6%	4.0%	9.4%	1.2%	1.7%	3.3%

II. Balance Sheet Highlights	Average 12th District Bank*			Average U.S. Bank*		
	Mar-11	Dec-10	Mar-10	Mar-11	Dec-10	Mar-10
selected loan concentrations (as % of total capital)	%	%	%	%	%	%
total CRE (excl. owner-occupied nonfarm-nonresid)	207.7	217.7	251.2	123.7	127.5	137.1
construction & land development	40.4	45.3	68.6	32.6	35.0	42.6
nonfarm nonresidential (excl. owner-occ)	126.6	131.3	137.0	68.8	69.9	71.0
multi-family	19.8	20.0	20.8	11.0	11.0	10.8
nonfarm nonresidential owner-occupied	117.0	119.7	124.5	77.2	77.7	78.3
1-4 family RE (includes home equity)	76.0	80.8	87.2	157.4	162.9	166.3
commercial & industrial	95.0	99.2	110.1	78.8	80.5	83.3
agricultural lines & farmland	7.3	7.6	8.1	53.8	57.1	55.8
consumer	9.1	10.2	11.3	27.1	28.7	30.3
liquidity and funding	%	%	%	%	%	%
net loan growth rate (year over year)	(4.4)	(4.3)	(4.7)	(1.9)	(1.0)	0.3
net loans / assets	65.6	67.1	68.8	60.8	62.7	63.9
core deposits / assets	74.1	73.3	63.3	78.5	77.8	66.7
net noncore funds dependence	14.8	16.6	21.4	14.4	16.1	17.9
securities / assets	12.1	11.4	9.8	20.9	19.8	18.9
tier 1 leverage ratio	11.1	10.7	10.2	9.8	9.7	9.6
total risk-based capital ratio	16.6	16.0	14.8	16.2	15.8	15.3

III. Performance Measures	Mar-11	Dec-10	Mar-10	Mar-11	Dec-10	Mar-10
	earnings (year-to-date annualized)	%	%	%	%	%
return on average assets	0.42	(0.22)	(0.06)	0.70	0.57	0.65
net interest income (tax equiv.) / avg assets	3.82	3.80	3.73	3.55	3.61	3.56
noninterest revenues / avg assets	0.64	0.53	0.48	0.57	0.60	0.57
overhead expenses / avg assets	3.65	3.61	3.44	3.00	3.05	2.96
loan loss provisions / avg assets	0.42	1.10	0.91	0.25	0.51	0.36
efficiency ratio (overhead / revenue)	78.3	80.9	79.6	71.6	71.4	70.9
asset quality	%	%	%	%	%	%
noncurrent loans / total loans	3.84	4.10	4.44	2.30	2.28	2.39
loans past due 30-89 days / total loans	1.04	0.89	1.28	1.28	1.19	1.48
loans past due 30+ days + noncurrent / total loans	5.17	5.25	5.92	3.80	3.69	4.07
allowance for losses / loans & leases not held for sale	2.64	2.64	2.63	1.76	1.72	1.66
net charge-offs / avg loans (ytd annualized)	0.84	1.57	1.17	0.32	0.66	0.39

IV. Examination Data	% rated 3, 4, 5, "needs to improve" or worse**	12th District		United States	
		Jun-11	Jun-10	Jun-11	Jun-10
<p>share of institutions rated 3, 4, or 5 or "needs to improve" or worse (%)</p>	overall safety & soundness	58.1	58.4	31.5	29.1
	capital	49.2	49.8	25.6	23.1
	asset quality	70.7	68.8	45.0	41.1
	management	57.2	55.0	32.2	29.3
	earnings	74.5	78.5	44.2	45.0
	liquidity	33.9	38.7	17.0	17.6
	sensitivity to market risk	30.6	31.0	17.5	15.1
	consumer compliance	13.1	11.3	6.6	5.2
	community reinvestment	2.5	2.6	1.1	0.8
	**** Prelim data for 2Q11 exams	****	****	****	****
bank/thrift failures (YTD)	7	22	48	86	

* averages are trimmed means (upper and lower 10% of observations are removed prior to averaging) and exclude De Novos (banks < 3 yrs old)

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

*** Population of banks includes commercial, industrial, savings and cooperative banks

Sources: Regulatory Call & Income Reports; Federal Reserve financial & exam databases.

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

12th Federal Reserve District



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