



12th District Banking Profile

Federal Reserve Bank of San Francisco
Banking Supervision & Regulation

December 2011
Data as of September 30, 2011

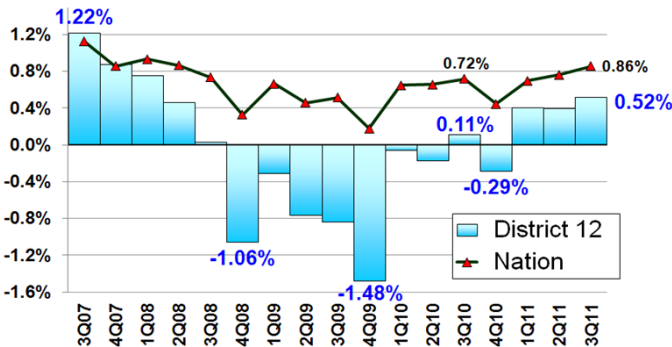
Key indicators of banking conditions in the 12th Federal Reserve District

Overview

Banks in the 12th District continued to recover slowly as they recorded their third consecutive quarter of profitability on average, with a 0.41% ROAA YTD. This recovery varied across District states (with Arizona & Idaho lagging), and across bank sizes (with the hard-hit smaller banks (<\$1B) continuing to struggle more than the larger banks on average). Reduced loan loss provisions primarily drove the improved earnings while net interest margins remained low and banks struggled to improve efficiency ratios. District banks continued to lower C&LD exposures, while growing their C&I and multifamily loan portfolios in aggregate. As loan portfolios continued to transform, credit quality further improved. After two years of edging down, the average District noncurrent loan rate stood at 3.4%. District banks continued to improve balance sheet liquidity as they increased short term investments and lowered loan balances on average, while increasing capital ratios to 20+ yr. highs.

District Bank Profitability in the Black for Three Consecutive Quarters

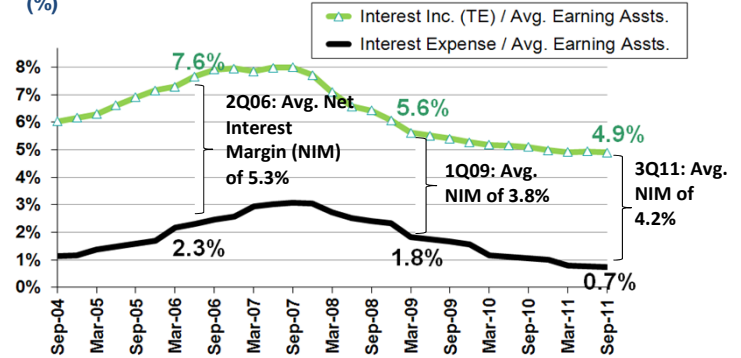
Average Return on Average Assets – quarterly, annualized (%)



Based on all commercial and industrial banks excluding De Novos; quarterly ratios are annualized; trimmed means

Earning Asset Yields and Interest Costs at Extremely Low Levels (NIMs Remain Near 2009 Low)

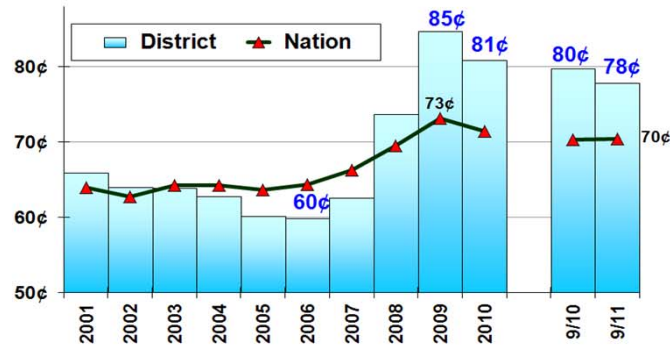
12th District Bank Yields and Costs / Avg. Earning Assets - annualized (%)



Based on all commercial and industrial banks excluding De Novos; quarterly ratios are annualized; trimmed means

Avg. Bank Efficiency Measure Improved, but Remained Inflated from Loan Workout and OREO Costs

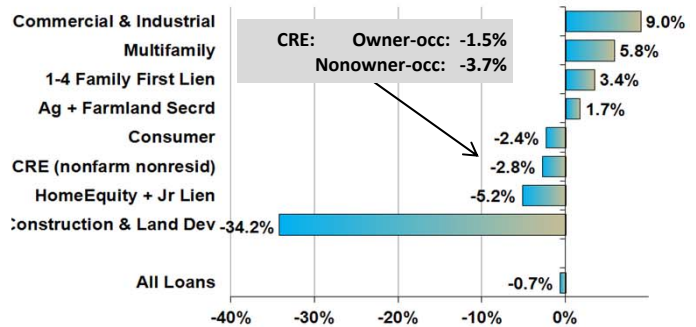
Efficiency Measure - overhead / (net int. inc. + nonint. inc.) (this metric measures the cost to produce \$1 of revenue)



Based on all commercial and industrial banks excluding De Novos; quarterly ratios are annualized; trimmed means

C&I and Multifamily Loans Grew Significantly

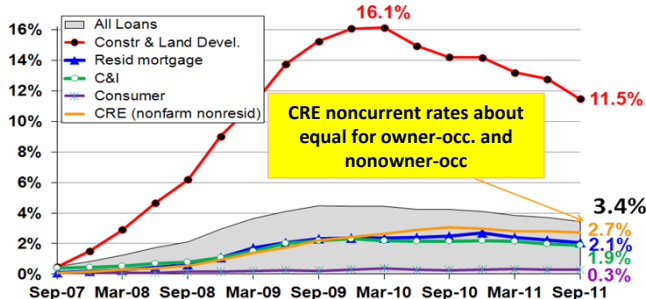
12th District Bank Aggregate Loan Growth Rates - 12 Months Ending 9/30/11



Based on a panel of District commc'l banks with assets < \$100B; excludes banks with significant mergers, loan sales or loan purchases

Noncurrent Rates in Key Loan Categories Continued to Edge Downward

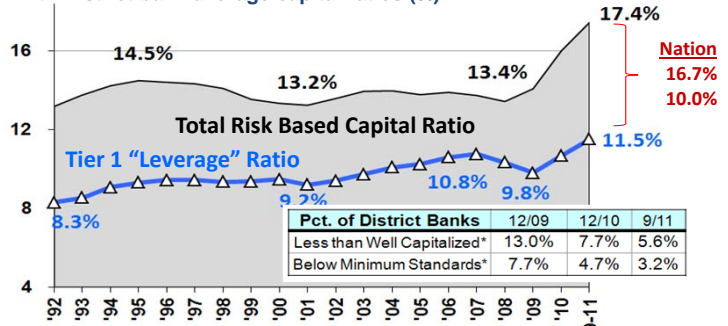
12th District Bank Noncurrent Loan Rates (Pctg. of loans 90+ days past due or on nonaccrual)



Based on all commercial and industrial banks excluding De Novos; quarterly ratios are annualized; trimmed means

Bank Capital Continues to Climb

Loan Reductions & New Capital Boosted Capital Ratios
12th District bank average capital ratios (%)



Based on all commercial and industrial banks excluding De Novos; trimmed means; *Capital categories based on Prompt Corrective Action framework

Pct. of District Banks	12/09	12/10	9/11
Less than Well Capitalized*	13.0%	7.7%	5.6%
Below Minimum Standards*	7.7%	4.7%	3.2%

I. Summary Items	12th District			United States		
	Sep-11	Jun-11	Sep-10	Sep-11	Jun-11	Sep-10
median bank asset size (millions)	\$ 232	\$ 225	\$ 221	\$ 156	\$ 153	\$ 153
number of banks ***	474	485	512	6,747	6,803	7,017
state member	37	36	37	826	824	826
national	85	86	89	1,332	1,348	1,414
nonmember	352	363	386	4,589	4,631	4,777
memo: portion < 3yrs old	1.3%	2.1%	5.7%	0.7%	0.9%	2.3%

II. Balance Sheet Highlights	Average 12th District Bank*			Average U.S. Bank*		
	Sep-11	Jun-11	Sep-10	Sep-11	Jun-11	Sep-10
selected loan concentrations (as % of total capital)	%	%	%	%	%	%
total CRE (excl. owner-occupied nonfarm-nonresid)	190.3	198.0	223.9	118.2	120.9	129.8
construction & land development	32.6	36.2	51.1	29.5	30.9	37.1
nonfarm nonresidential (excl. owner-occ)	120.9	123.0	130.3	67.2	68.2	69.7
multi-family	18.8	19.2	19.9	10.9	11.0	10.9
nonfarm nonresidential owner-occupied	111.1	115.7	119.1	75.0	76.9	77.1
1-4 family RE (includes home equity)	73.2	73.6	82.1	154.6	156.2	164.3
commercial & industrial	91.0	93.0	100.4	75.5	77.8	80.3
agricultural lines & farmland	7.6	7.7	7.8	55.1	55.4	57.7
consumer	8.7	8.9	10.1	25.9	26.6	29.2
liquidity and funding	%	%	%	%	%	%
net loan growth rate (year over year)	(2.8)	(4.3)	(4.5)	(1.5)	(2.0)	(0.4)
net loans / assets	64.2	65.3	67.3	60.7	61.2	63.5
core deposits / assets	74.9	74.6	72.6	78.3	78.3	77.0
net noncore funds dependence	11.7	13.7	17.7	13.9	15.0	16.9
securities / assets	12.3	12.1	10.6	21.1	21.3	19.1
tier 1 leverage ratio	11.5	11.3	10.6	10.0	9.9	9.7
total risk-based capital ratio	17.4	16.9	15.7	16.7	16.4	15.7

III. Performance Measures	Sep-11	Jun-11	Sep-10	Sep-11	Jun-11	Sep-10
	earnings (year-to-date annualized)	%	%	%	%	%
return on average assets	0.41	0.37	(0.14)	0.76	0.72	0.65
net interest income (tax equiv.) / avg assets	3.87	3.86	3.79	3.62	3.59	3.62
noninterest revenues / avg assets	0.61	0.62	0.51	0.58	0.57	0.60
overhead expenses / avg assets	3.62	3.68	3.52	3.00	3.01	3.00
loan loss provisions / avg assets	0.51	0.51	1.06	0.30	0.29	0.46
efficiency ratio (overhead / revenue)	77.9	78.2	79.8	70.4	71.1	70.3
asset quality	%	%	%	%	%	%
noncurrent loans / total loans	3.44	3.73	4.24	2.16	2.24	2.36
loans past due 30-89 days / total loans	0.70	0.82	0.92	1.00	1.06	1.19
loans past due 30+ days + noncurrent / total loans	4.37	4.83	5.48	3.38	3.51	3.75
allowance for losses / loans & leases not held for sale	2.57	2.67	2.62	1.75	1.76	1.69
net charge-offs / avg loans (ytd annualized)	0.94	0.95	1.51	0.45	0.42	0.57

IV. Examination Data	% rated 3, 4, 5, "needs to improve" or worse**	12th District		United States		
		Dec-11 [†]	Dec-10	Dec-11 [†]	Dec-10	
<p>District Bank CAMELS and Consumer Ratings Improving</p> <p>share of institutions rated 3, 4, or 5 or "needs to improve" or worse (%)</p>	overall safety & soundness	53.1	60.3	29.8	31.2	
	capital	45.3	50.1	24.3	25.2	
	asset quality	66.5	71.5	43.3	44.5	
	management	53.3	57.3	30.4	31.6	
	earnings	70.9	77.6	41.1	45.9	
	liquidity	28.4	36.2	15.0	18.0	
	sensitivity to market risk	28.2	31.6	16.9	16.8	
	consumer compliance	12.6	11.5	7.1	6.0	
	community reinvestment	2.4	2.2	1.1	1.0	
	[†] Prelim data for 4Q11 exams					
	bank/thrift failures (YTD)		12	37	92	157

* 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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