



December 19, 2017

TO: Agency Fed Fund Participants

RE: Quarterly Evaluation of Fed Fund financial institutions (Exhibit "A")

The quarterly review of the Fed Fund Agency pool has been completed. This evaluation is based on the September 30, 2017 financial data and the ongoing Short Term Ratings and is effective immediately.

In an effort to more readily track financial institutions that may be under strain, we have incorporated the Texas Ratio into the analysis. This ratio came from research done on Texas banks during the early 1980s (hence the name) and was tested again on New England bank failures during the 1990s. It has a reasonably high degree of accuracy when asset quality is the biggest issue in the industry. The research found that institutions tended to be severely stressed and fail when this ratio climbed above 100%. The calculation for the Texas Ratio = (all loans past due 90 days or more + nonaccrual loans + OREO) / (Tier 1 Capital + loan loss reserves).

Government Sponsored Enterprises or "GSEs" are often in the market for overnight fed fund purchases. GSEs would include all of the Federal Home Loan Banks, Freddie Mac and Fannie Mae. All of these entities carry at least an AA+ rating or implied AAA credit rating.

Reinstated:

- None

Temporarily Suspended: *(Did not meet minimum requirements)*

- None

Removed:

- Astoria Bank, NY due to merger

Added:

- None

As we continue to monitor the market given the changes throughout the banking industry, and in an effort to provide further diversification, PCBB has approved select foreign banks as permissible alternatives in the Fed Fund overnight market.

Complimenting the many regional banks that populate our line list, the foreign banks doing business in the U.S. can help diversify and reduce risk, particularly when considering the overall size of such institutions. Only those offices of the foreign banks operating in the U.S. that meet our short term debt ratings criteria are eligible for approval, those institutions are listed on the Exhibit A as attached.

Institutions in the program meet or exceed requirements of minimum assets of \$1.0 billion or more, a Texas Ratio of less than 70%, are well capitalized per regulatory standards, has a Fitch Short Term Rating of F2 or better, an S&P rating of A-2 or better, or a Moody's rating of P-2 or better. Note that Pacific Coast Bankers' Bank may also borrow from the Agency Fed Funds pool from time to time under the program, subject to meeting regulatory well capitalized standards and maintaining a Texas Ratio less than 70%.

All approved bank financial information has been included on "Exhibit A" and can also be viewed on our website www.pcbb.com.

Should you have any questions regarding these most recent changes, please feel free to call us at 888-399-1912.



**Agency Fed Funds Approved List
Exhibit "A"
September 2017 Call Report Data**

| FDIC Cert | Bank Name | City | State | Texas Ratio | Fitch Rating | Moody's Rating | S&P Rating | Leverage (%) | Tier 1 RBC (%) | Total RBC(%) | CET1 % | Assets (Thousands) |
|--------------|--|----------------|-------|----------------|-----------------|-------------------|---------------|--------------|-------------------|-----------------|--------|-----------------------|
| 35328 | American Express Bank, FSB | Salt Lake City | UT | 5.63 | F1 | P-1 | A-2 | 11.77 | 13.33 | 14.58 | 13.33 | 51,876,637 |
| 27471 | American Express Centurion Bank | Salt Lake City | UT | 4.88 | F1 | P-1 | A-2 | 15.88 | 16.62 | 17.88 | 16.62 | 36,588,259 |
| 5296 | Associated Bank, National Association | Green Bay | WI | 12.47 | | P-1 | | 8.16 | 10.97 | 12.22 | 10.04 | 30,000,521 |
| 11813 | BancorpSouth Bank | Tupelo | MS | 4.33 | | | A-2 | 9.03 | 10.84 | 11.83 | 10.84 | 14,759,999 |
| 3510 | Bank of America, National Association | Charlotte | NC | 10.13 | F1 | P-1 | A-1 | 9.20 | 12.85 | 13.95 | 12.85 | 1,725,215,000 |
| 18053 | Bank of Hawaii | Honolulu | HI | 5.93 | | P-1 | | 6.91 | 12.67 | 13.90 | 12.67 | 17,241,018 |
| 639 | Bank of New York Mellon | New York | NY | 0.66 | F1+ | P-1 | A-1+ | 7.77 | 15.11 | 15.45 | 14.81 | 281,342,000 |
| 3514 | Bank of the West | San Francisco | CA | 5.95 | F1 | P-1 | A-2 | 9.98 | 12.10 | 13.05 | 12.08 | 89,722,160 |
| 35141 | BMW Bank of North America | Salt Lake City | UT | 0.86 | | P-1 | | 14.56 | 16.79 | 17.13 | 16.79 | 9,931,595 |
| 4214 | BOKF, National Association | Tulsa | OK | 7.90 | F1 | P-1 | A-2 | 8.85 | 11.36 | 12.36 | 11.36 | 33,101,515 |
| 33954 | Capital One Bank (USA), National Association | Glen Allen | VA | 12.55 | F1 | P-1 | A-2 | 11.70 | 12.81 | 15.47 | 12.81 | 116,456,140 |
| 4297 | Capital One, National Association | McLean | VA | 12.31 | F1 | P-1 | A-2 | 8.91 | 12.22 | 13.47 | 12.22 | 290,965,143 |
| 23702 | Chase Bank USA, National Association | New York | NY | 6.98 | F1+ | P-1 | A-1 | 16.21 | 10.44 | 12.85 | 10.44 | 135,149,030 |
| 7213 | Citibank, N.A. | Sioux Falls | SD | 7.46 | F1 | P-1 | A-1 | 9.35 | 12.50 | 14.78 | 12.36 | 1,407,297,000 |
| 57282 | Citizens Bank of Pennsylvania | Philadelphia | PA | 10.45 | F2 | P-1 | A-2 | 8.81 | 12.90 | 13.90 | 12.90 | 35,664,507 |
| 57957 | Citizens Bank, National Association | Providence | RI | 11.06 | F2 | P-1 | A-2 | 10.15 | 11.08 | 13.20 | 11.08 | 120,724,694 |
| 17281 | City National Bank | Los Angeles | CA | 4.94 | F1+ | P-1 | A-1 | 7.50 | 10.61 | 13.47 | 10.61 | 47,595,875 |
| 983 | Comerica Bank | Dallas | TX | 7.70 | F1 | P-1 | A-2 | 10.11 | 10.70 | 12.57 | 10.70 | 72,191,826 |
| 24998 | Commerce Bank | Kansas City | MO | 4.81 | | P-1 | A-1 | 9.06 | 11.89 | 12.74 | 11.89 | 24,838,052 |
| 6989 | Community Bank, National Association | De Witt | NY | 3.27 | F2 | | | 8.37 | 13.91 | 14.72 | 13.91 | 10,611,453 |
| 19048 | Compass Bank | Birmingham | AL | 10.31 | F2 | P-2 | A-2 | 9.27 | 11.15 | 13.71 | 11.14 | 84,701,144 |
| 623 | Deutsche Bank Trust Company Americas | New York | NY | 0.58 | F2 | P-1 | A-2 | 22.60 | 92.06 | 92.25 | 92.06 | 43,325,000 |
| 5649 | Discover Bank | Greenwood | DE | 15.85 | F2 | P-2 | | 11.28 | 13.00 | 15.22 | 13.00 | 96,254,262 |
| 6672 | Fifth Third Bank | Cincinnati | OH | 10.12 | F1 | P-1 | A-2 | 10.50 | 12.30 | 14.14 | 12.30 | 139,988,169 |
| 17985 | First Hawaiian Bank | Honolulu | HI | 2.94 | F1 | P-1 | A-2 | 8.63 | 12.67 | 13.73 | 12.67 | 20,546,455 |
| 3709 | First Midwest Bank | Itasca | IL | 8.28 | F3 | P-1 | A-2 | 9.05 | 9.95 | 10.75 | 9.95 | 14,059,549 |
| 5452 | First National Bank of Omaha | Omaha | NE | 9.00 | F3 | P-1 | | 9.83 | 10.99 | 12.42 | 10.99 | 19,342,349 |
| 7888 | First National Bank of Pennsylvania | Pittsburgh | PA | 10.03 | | P-2 | | 8.19 | 10.09 | 10.81 | 9.75 | 30,955,605 |
| 5510 | Frost Bank | San Antonio | TX | 6.59 | | P-1 | A-1 | 8.29 | 13.02 | 13.84 | 13.02 | 31,028,791 |
| 7551 | Fulton Bank, National Association | Lancaster | PA | 11.03 | F2 | P-1 | | 9.92 | 11.31 | 12.23 | 10.87 | 11,649,844 |
| 6560 | Huntington National Bank | Columbus | OH | 12.80 | F1 | P-1 | | 9.44 | 11.87 | 14.04 | 10.77 | 102,067,828 |
| 628 | JPMorgan Chase Bank, National Association | Columbus | OH | 7.94 | F1+ | P-1 | A-1 | 8.78 | 14.21 | 15.09 | 14.21 | 2,153,028,000 |
| 17534 | KeyBank National Association | Cleveland | OH | 6.61 | F1 | P-1 | A-2 | 9.93 | 11.27 | 12.87 | 11.27 | 134,818,926 |
| 588 | Manufacturers and Traders Trust Company | Buffalo | NY | 13.87 | F1 | P-1 | A-1 | 9.05 | 10.69 | 12.99 | 10.69 | 119,875,526 |



**Agency Fed Funds Approved List
Exhibit "A"
September 2017 Call Report Data**

| | | | | | | | | | | | | |
|-------|--|----------------|----|-------|-----|-----|------|-------|-------|-------|-------|---------------|
| 32992 | Morgan Stanley Bank, National Association | Salt Lake City | UT | 1.67 | F1 | P-1 | A-1 | 11.81 | 19.34 | 19.70 | 19.34 | 126,898,000 |
| 22826 | MUFG Union Bank, National Association | New York | NY | 5.92 | F1 | P-1 | A-1 | 12.36 | 16.26 | 17.84 | 16.26 | 118,552,876 |
| 16022 | New York Community Bank | Westbury | NY | 0.83 | F2 | P-1 | A-2 | 9.80 | 13.60 | 14.02 | 13.60 | 44,925,368 |
| 913 | Northern Trust Company | Chicago | IL | 2.07 | F1+ | P-1 | A-1+ | 7.16 | 12.18 | 13.85 | 12.18 | 130,997,082 |
| 3832 | Old National Bank | Evansville | IN | 10.50 | | P-1 | | 8.71 | 11.84 | 12.35 | 11.84 | 14,968,072 |
| 34252 | Pacific Coast Bankers' Bank | Walnut Creek | CA | 0.78 | | | | 8.42 | 16.98 | 18.10 | 16.98 | 824,234 |
| 27334 | People's United Bank, National Association | Bridgeport | CT | 8.85 | | P-1 | A-2 | 8.60 | 10.64 | 12.57 | 10.64 | 43,654,972 |
| 6384 | PNC Bank, National Association | Wilmington | DE | 11.26 | F1 | P-1 | A-1 | 8.28 | 9.79 | 11.81 | 9.73 | 363,680,674 |
| 12368 | Regions Bank | Birmingham | AL | 14.69 | F2 | P-1 | A-2 | 10.49 | 12.44 | 14.18 | 12.44 | 122,472,010 |
| 29950 | Santander Bank, N.A. | Boston | MA | 7.77 | F2 | P-1 | A-2 | 13.69 | 18.08 | 19.20 | 18.08 | 78,058,193 |
| 24735 | Silicon Valley Bank | Santa Clara | CA | 3.73 | | P-1 | | 7.59 | 12.41 | 13.40 | 12.41 | 49,940,631 |
| 14 | State Street Bank and Trust Company | Boston | MA | 0.01 | F1+ | P-1 | A-1+ | 7.84 | 15.66 | 16.77 | 15.66 | 232,359,259 |
| 867 | SunTrust Bank | Atlanta | GA | 16.31 | F1 | P-1 | A-2 | 9.79 | 11.06 | 12.60 | 11.04 | 203,380,775 |
| 28330 | TCF National Bank | Sioux Falls | SD | 10.44 | F3 | P-1 | A-2 | 10.53 | 11.05 | 13.02 | 10.95 | 23,017,904 |
| 18409 | TD Bank, N.A. | Wilmington | DE | 6.63 | F1+ | P-1 | A-1+ | 9.53 | 14.85 | 15.72 | 14.78 | 285,494,922 |
| 18409 | Texas Capital Bank, National Association | Dallas | TX | 6.39 | | P-2 | | 8.90 | 8.77 | 10.52 | 8.11 | 24,397,031 |
| 4988 | Trustmark National Bank | Jackson | MS | 9.22 | F2 | | A-2 | 9.48 | 12.20 | 13.02 | 12.20 | 13,882,610 |
| 6548 | U.S. Bank National Association | Minneapolis | MN | 12.09 | F1+ | P-1 | A-1+ | 8.57 | 10.41 | 12.57 | 10.37 | 452,251,826 |
| 8273 | UMB Bank, National Association | Kansas City | MO | 4.33 | F1 | | A-1 | 8.60 | 11.12 | 11.78 | 11.12 | 20,003,267 |
| 18221 | Webster Bank, National Association | Waterbury | CT | 13.24 | | P-1 | A-2 | 8.00 | 11.16 | 12.27 | 11.16 | 26,345,521 |
| 3511 | Wells Fargo Bank, National Association | Sioux Falls | SD | 12.97 | F1+ | P-1 | A-1+ | 8.17 | 11.93 | 13.87 | 11.93 | 1,737,980,000 |
| 12441 | Whitney Bank | Gulfport | MS | 18.30 | | P-2 | A-2 | 8.53 | 10.31 | 11.35 | 10.31 | 26,732,520 |



Foreign Banks

| Bank Name | Country | Qualifying | Short Term | Assets in US Dollars 12/31/14 | |
|------------------------------------|---------------|------------|------------|-------------------------------|--|
| | | Rating | Rating | Currency (Billions) | |
| Banco Bilbao Vizcaya Argentaria | Spain | Fitch | F2 | 707.634 | |
| Bank of Montreal | Canada | Moody's | P-1 | 537.519 | |
| Bank of Nova Scotia | Canada | Moody's | P-1 | 805.666 | |
| Bank of Tokoyo-Mitsubishi UFJ Ltd | Japan | Moody's | P-1 | 1,708.850 | |
| Barclays | Great Britain | Moody's | P-2 | 2,104.280 | |
| BBVA Bancomer | Mexico | Moody's | F2 | 707.634 | |
| Canadian Imperial Bank of Commerce | Canada | Moody's | P-1 | 331.693 | |
| Commerzbank | Germany | Moody's | P-2 | 624.170 | |
| Commonwealth Bank | Australia | Moody's | P-1 | 664.266 | |
| Credit Suisse | Switzerland | Fitch | F1 | 965.562 | |
| Deutsche Bank | Germany | Moody's | P-2 | 1,923.350 | |
| Mizuho Bank Ltd | Japan | Moody's | P-1 | 1,298.360 | |
| Nordea Bank | Sweden | Fitch | F1+ | 748.880 | |
| Royal Bank of Scotland | Scotland | Fitch | F2 | 1,170.282 | |
| Skandinaviska Enskilda Banken | Sweden | Moody's | P-1 | 314.217 | |
| Sumitomo Mitsui Bank | Japan | Moody's | P-1 | 1,391.927 | |
| Svenska Handelsbanken | Sweden | Moody's | P-1 | 335.159 | |
| Toronto-Dominion Bank | Canada | Moody's | P-1 | 755.120 | |
| UBS AG | Switzerland | Moody's | P-1 | 1,113.185 | |
| Portigon AG | Germany | Moody's | P-1 | 28.500 | |

| Federal Reserve Bank | | | | | | | | | |
|-------------------------------|-----------------------------------|---------------|----|-----|---------|-----|-----|-----|-----|
| --- | Federal Reserve Bank | San Francisco | CA | --- | --- | --- | --- | --- | --- |
| Government Sponsored Entities | | | | | | | | | |
| --- | Federal Home Loan Bank - District | Atlanta | GA | --- | Moody's | P-1 | --- | --- | --- |
| --- | Federal Home Loan Bank - District | Boston | MA | --- | Moody's | P-1 | --- | --- | --- |
| --- | Federal Home Loan Bank - District | Dallas | TX | --- | Moody's | P-1 | --- | --- | --- |
| --- | Federal Home Loan Bank - District | San Francisco | CA | --- | Moody's | P-1 | --- | --- | --- |
| --- | Federal Home Loan Bank - District | Seattle | WA | --- | Moody's | P-1 | --- | --- | --- |
| --- | Federal Home Loan Bank - District | Des Moines | IA | --- | Moody's | P-1 | --- | --- | --- |
| --- | Federal Home Loan Bank - District | Chicago | IL | --- | Moody's | P-1 | --- | --- | --- |
| --- | Federal National Mortgage Corp | Washington | DC | --- | Moody's | P-1 | --- | --- | --- |
| --- | Federal Home Loan Mortgage Corp | Washington | DC | --- | Moody's | P-1 | --- | --- | --- |

NOTES**Texas Ratio**

Ratio came from research done on Texas banks during the early 1980s (hence the name) and was tested again on New England bank failures during the 1990s. It has a reasonably high degree of accuracy when asset quality is the biggest issue in the industry. The research found that institutions tended to be severely stressed and fail when this ratio climbed above 100%.

Calculation

All loans past due 90 days or more + Nonaccrual loans + OREO) / (Tier 1 Capital + Loan Loss Reserves

Fitch

May have an added "+" to denote any exceptionally strong credit feature

F1

Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments.

F2

Good short-term credit quality. Good intrinsic capacity for timely payment of financial commitments.

Moody's

Certain obligations are designated with a plus sign (+) which indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

P-1

Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2

Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

Standard & Poor's

Certain obligations are designated with a plus sign (+) which indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-1

A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong.

A-2

A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

Regulatory Capital

| Category | <u>CET1 RBC</u> | <u>Leverage</u> | <u>Tier 1 RBC</u> | <u>Total RBC</u> | |
|--------------------------------|-----------------|-----------------|-------------------|------------------|-------------------------------------|
| Well Capitalized | >=6.5% | >=5% | >=8% | >=10% | |
| Adequately Capitalized | >=4.5% | >=4% | >=6% | >=8% | |
| Undercapitalized | <4.5% | <4% | <6% | <8% | |
| Significantly Undercapitalized | <3% | <3% | <4% | <6% | |
| Critically Undercapitalized | - | - | --- | --- | Tangible equity to total assets <2% |

Pacific Coast Bankers' Bank

PCBB

From time to time under the program, Pacific Coast Bankers' Bank may also borrow from the Agency Fed Funds pool.