



April 18, 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 December 31, 2016 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:**

- None

**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](http://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"  
December 2016 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	4.82	F1	P-1	A-2	13.91	16.29	17.54	16.29	49,268,864
27471	American Express Centurion Bank	Salt Lake City	UT	5.04	F1	P-1	A-2	16.20	16.52	17.78	16.52	36,701,524
5296	Associated Bank, National Association	Green Bay	WI	15.86		P-1		8.24	10.81	12.07	9.87	29,070,880
29805	Astoria Bank	Lake Success	NY	13.46	F3	P-2	A-2	12.09	20.85	21.88	20.85	14,477,670
11813	BancorpSouth Bank	Tupelo	MS	7.29			A-2	9.17	10.94	11.97	10.94	14,723,604
3510	Bank of America, National Association	Charlotte	NC	11.75	F1	P-1	A-1	9.30	12.74	13.90	12.74	1,677,490,000
18053	Bank of Hawaii	Honolulu	HI	6.42		P-1		6.86	12.61	13.86	12.61	16,465,626
639	Bank of New York Mellon	New York	NY	0.98	F1+	P-1	A-1+	7.21	13.93	14.21	13.57	257,576,000
3514	Bank of the West	San Francisco	CA	6.01	F1	P-1	A-2	10.66	12.21	13.18	12.18	83,730,044
35141	BMW Bank of North America	Salt Lake City	UT	0.80		P-1		16.36	17.17	17.45	17.17	9,922,560
4214	BOKF, National Association	Tulsa	OK	9.34	F1	P-1	A-2	8.11	10.65	11.70	10.65	32,160,352
33954	Capital One Bank (USA), National Association	Glen Allen	VA	14.06	F1	P-1	A-2	10.75	12.04	14.81	12.04	113,152,757
4297	Capital One, National Association	McLean	VA	14.30	F1	P-1	A-2	7.71	10.56	11.81	10.56	286,080,320
23702	Chase Bank USA, National Association	New York	NY	8.28	F1+	P-1	A-1	13.95	9.01	11.50	9.01	136,183,685
7213	Citibank, N.A.	Sioux Falls	SD	8.89	F1	P-1	A-1	9.47	12.62	14.24	12.62	1,349,581,000
57282	Citizens Bank of Pennsylvania	Philadelphia	PA	9.82	F2	P-1	A-2	8.83	12.67	13.64	12.67	37,000,928
57957	Citizens Bank, National Association	Providence	RI	11.96	F2	P-1	A-2	10.27	11.19	13.38	11.19	116,939,799
17281	City National Bank	Los Angeles	CA	4.56	F1+	P-1	A-1	6.86	10.42	13.56	10.42	46,120,923
983	Comerica Bank	Dallas	TX	9.45	F1	P-1	A-2	9.65	10.51	12.40	10.51	73,018,220
24998	Commerce Bank	Kansas City	MO	4.46		P-1	A-1	8.59	11.17	12.00	11.17	25,529,171
6989	Community Bank, National Association	De Witt	NY	4.08	F2			8.30	14.28	15.29	14.28	8,604,114
19048	Compass Bank	Birmingham	AL	13.94	F2	P-2	A-2	9.14	10.95	13.56	10.93	83,640,475
623	Deutsche Bank Trust Company Americas	New York	NY	1.25	F1	P-1	A-2	17.60	81.29	81.63	81.29	53,814,000
5649	Discover Bank	Greenwood	DE	15.10	F2	P-2		11.64	13.17	15.55	13.17	91,146,995
6672	Fifth Third Bank	Cincinnati	OH	12.08	F1	P-1	A-2	10.30	11.92	13.76	11.92	139,776,168
17985	First Hawaiian Bank	Honolulu	HI	3.92	F1	P-1	A-2	8.19	12.51	13.62	12.51	19,610,998
3709	First Midwest Bank	Itasca	IL	8.72	F3	P-1	A-2	8.76	9.83	10.73	9.83	11,254,182
5452	First National Bank of Omaha	Omaha	NE	8.75	F3	P-1		10.04	10.77	12.20	10.77	18,938,350
7888	First National Bank of Pennsylvania	Pittsburgh	PA	10.14		P-2		7.92	10.16	11.13	9.65	21,652,010
5510	Frost Bank	San Antonio	TX	5.21		P-1	A-1	7.85	12.88	13.74	12.88	30,223,311
7551	Fulton Bank, National Association	Lancaster	PA	10.72	F2	P-1		10.10	11.24	12.23	10.77	10,741,577
6560	Huntington National Bank	Columbus	OH	14.21	F1	P-1		9.29	11.61	13.83	10.42	99,554,985
628	JPMorgan Chase Bank, National Association	Columbus	OH	9.09	F1+	P-1	A-1	8.59	13.87	14.62	13.87	2,082,803,000
17534	KeyBank National Association	Cleveland	OH	7.64	F1	P-1	A-2	9.46	10.76	12.36	10.76	134,362,217



**Agency Fed Funds Approved List  
Exhibit "A"  
December 2016 Call Report Data**

588	Manufacturers and Traders Trust Company	Buffalo	NY	15.38	F1	P-1	A-1	8.41	10.02	11.70	10.02	122,631,667
32992	Morgan Stanley Bank, National Association	Salt Lake City	UT	2.02	F1	P-1	A-1	10.50	16.85	18.69	16.85	129,288,000
22826	MUFG Union Bank, National Association	New York	NY	7.46	F1	P-1	A-1	11.46	14.61	16.29	14.61	115,552,770
16022	New York Community Bank	Westbury	NY	1.87	F2	P-1	A-2	8.45	11.23	11.71	11.23	45,524,776
913	Northern Trust Company	Chicago	IL	2.82	F1+	P-1	A-1+	7.03	11.53	13.30	11.53	123,547,932
3832	Old National Bank	Evansville	IN	12.10		P-1		8.55	11.82	12.35	11.82	14,759,060
34252	Pacific Coast Bankers' Bank	Walnut Creek	CA	0.92				8.30	18.53	19.76	18.53	767,222
27334	People's United Bank, National Association	Bridgeport	CT	8.61		P-1	A-2	8.93	11.25	13.32	11.25	40,287,450
6384	PNC Bank, National Association	Wilmington	DE	12.82	F1	P-1	A-1	8.55	10.23	12.43	9.67	355,999,734
12368	Regions Bank	Birmingham	AL	17.57	F2	P-1	A-2	10.34	12.14	14.00	12.14	125,042,021
29950	Santander Bank, N.A.	Boston	MA	9.14		P-1	A-2	12.34	16.17	17.39	16.17	83,094,906
24735	Silicon Valley Bank	Santa Clara	CA	4.16		P-1		7.67	12.65	13.66	12.65	44,068,115
14	State Street Bank and Trust Company	Boston	MA	0.11	F1+	P-1	A-1+	7.10	16.44	17.74	16.44	239,202,604
867	SunTrust Bank	Atlanta	GA	17.91	F1	P-1	A-2	9.63	10.73	12.29	10.71	200,557,635
28330	TCF National Bank	Sioux Falls	SD	15.56	F3	P-1	A-2	10.32	11.23	13.42	11.14	21,455,203
18409	TD Bank, N.A.	Wilmington	DE	7.95	F1+	P-1	A-1+	8.57	13.78	14.80	13.67	269,030,606
18409	Texas Capital Bank, National Association	Dallas	TX	9.45		P-2		8.42	9.23	11.19	8.45	21,689,804
4988	Trustmark National Bank	Jackson	MS	9.07	F2		A-2	9.77	12.58	13.41	12.58	13,350,429
6548	U.S. Bank National Association	Minneapolis	MN	12.76	F1+	P-1	A-1+	8.62	10.54	12.74	10.49	441,010,095
8273	UMB Bank, National Association	Kansas City	MO	5.93	F1		A-1	8.24	10.70	11.32	10.70	20,399,583
18221	Webster Bank, National Association	Waterbury	CT	13.17		P-1	A-2	7.70	10.61	11.68	10.61	26,054,251
3511	Wells Fargo Bank, National Association	Sioux Falls	SD	15.77	F1+	P-1	A-1+	7.71	10.81	12.70	10.81	1,727,235,000
12441	Whitney Bank	Gulfport	MS	18.37		P-2	A-2	8.83	10.39	11.57	10.39	23,887,875



### 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.