Economic & Banking Conditions

Utah Community Bankers Workshop
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Division of Insurance and Research | San Francisco Region

FEDERAL DEPOSIT INSURANCE CORPORATION

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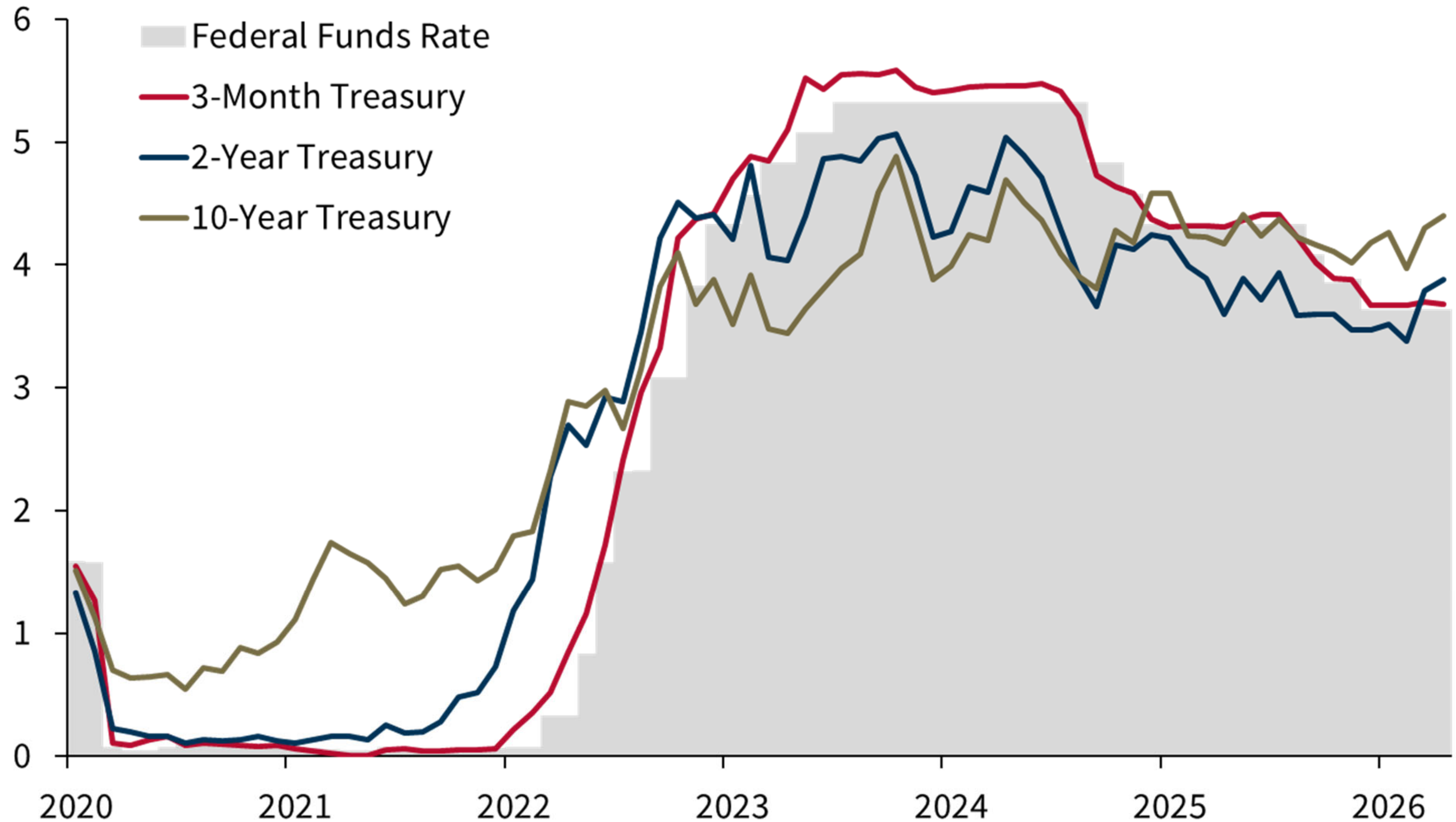
Economic Conditions

Inflation Remains "Stuck" Above Target, Influencing Monetary Policy

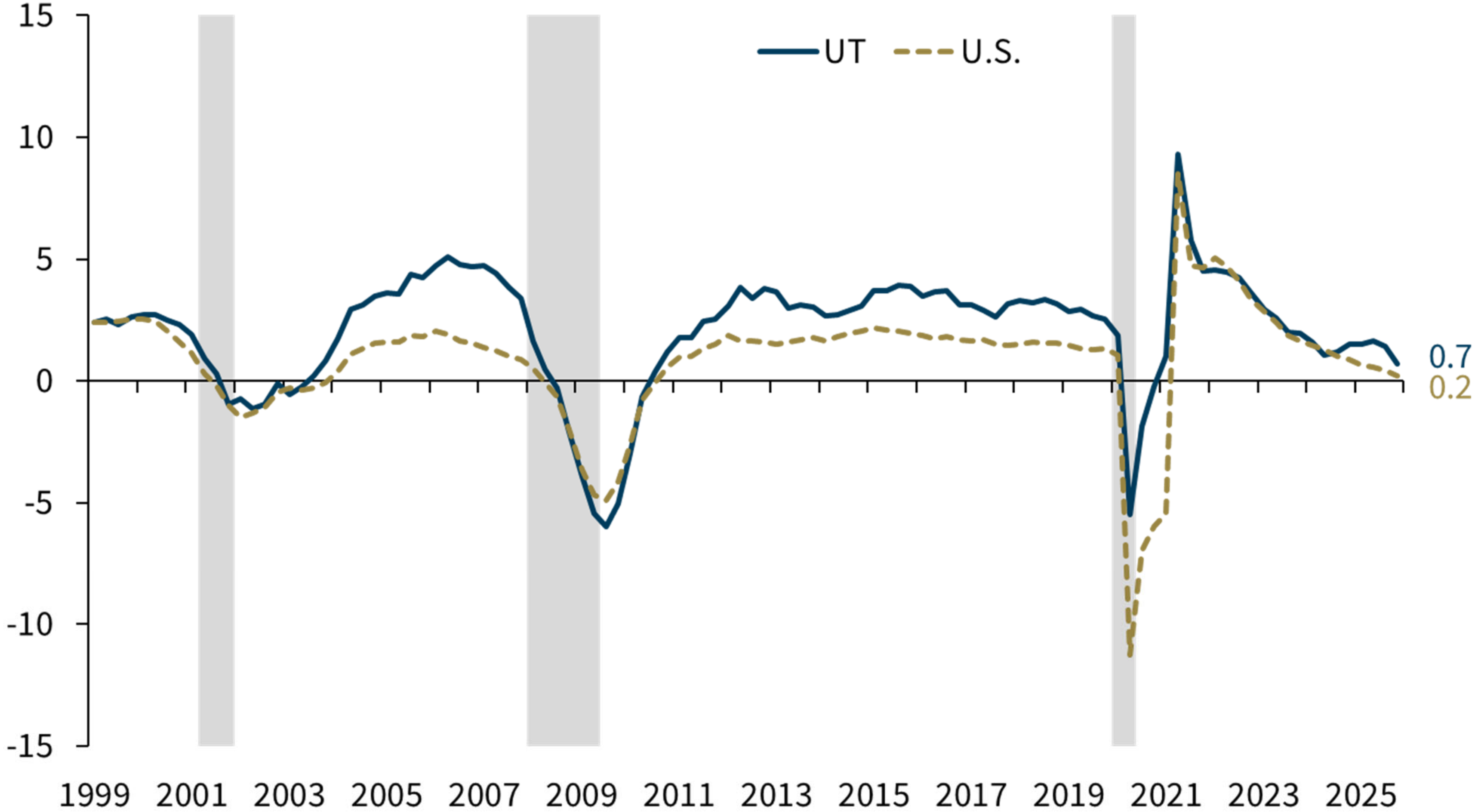
Interest Rates
Percent



Sources: Federal Reserve, National Bureau of Economic Research (Haver Analytics).
Note: Rates are monthly end-of-period figures through April 30, 2026.

Job Growth in Utah Outpaced the Nation but Cooled During 2025

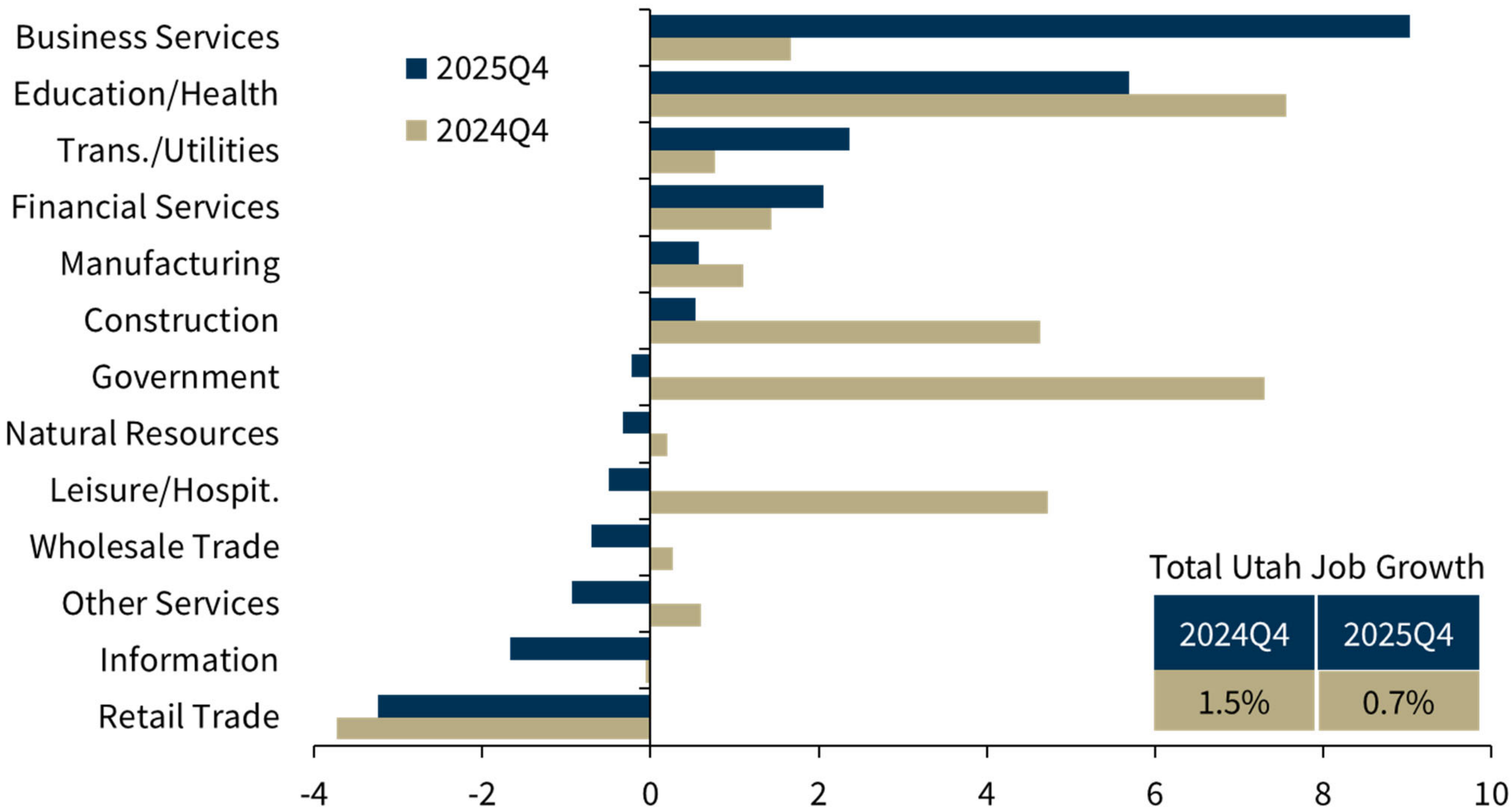
Total Nonagricultural Employment
Year-over-year change, percent



Sources: Bureau of Labor Statistics and National Bureau of Economic Research (Haver Analytics).
Note: Data are seasonally adjusted quarterly figures as of fourth quarter 2025. Shading denotes recessions.

The State's Job Gains Were Somewhat Concentrated in a Few Sectors

Utah Job Growth
Year-over-year change, thousands



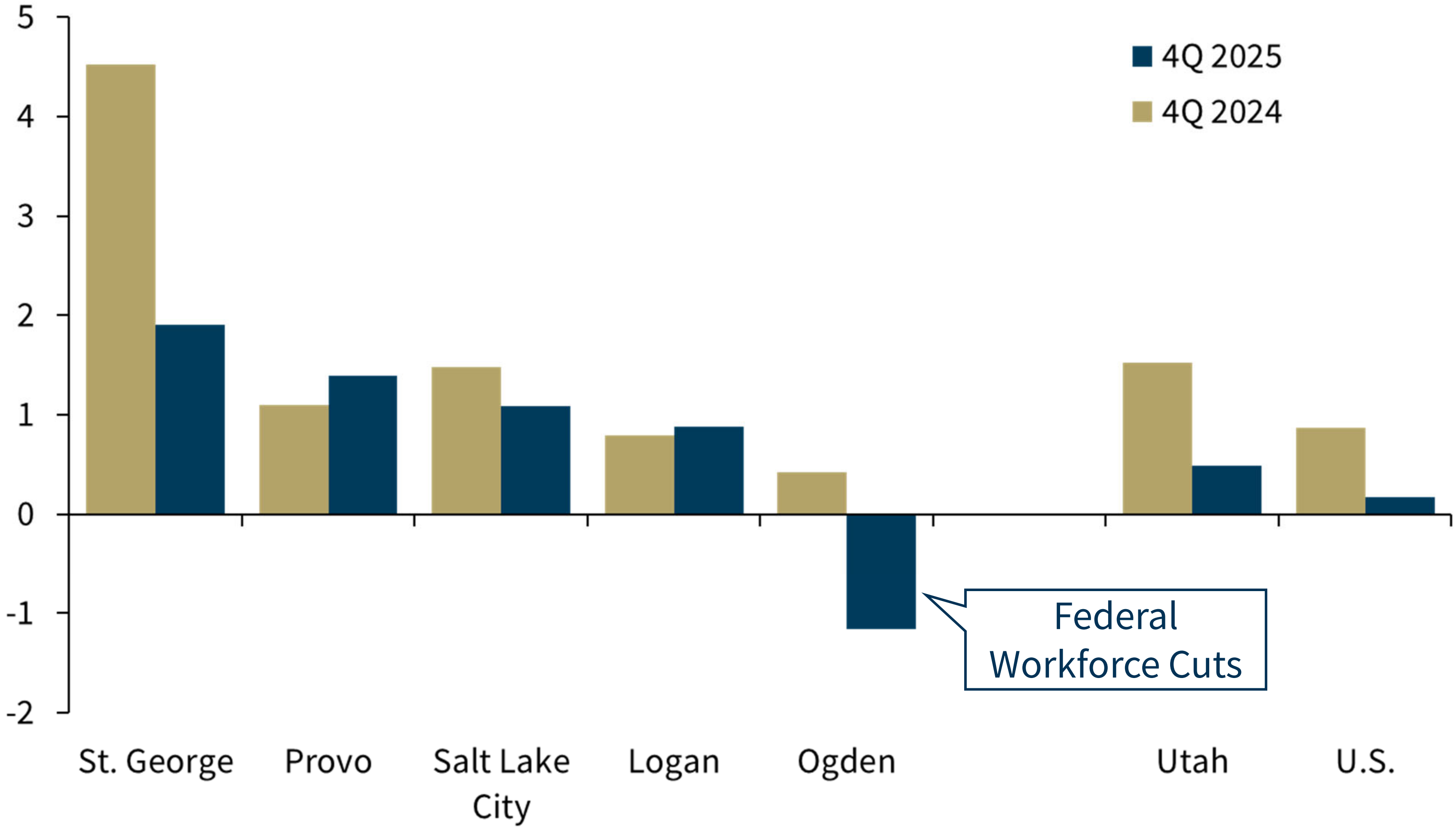
Total Utah Job Growth

2024Q4	2025Q4
1.5%	0.7%

Source: Bureau of Labor Statistics (Haver Analytics).
Note: Data are seasonally adjusted.

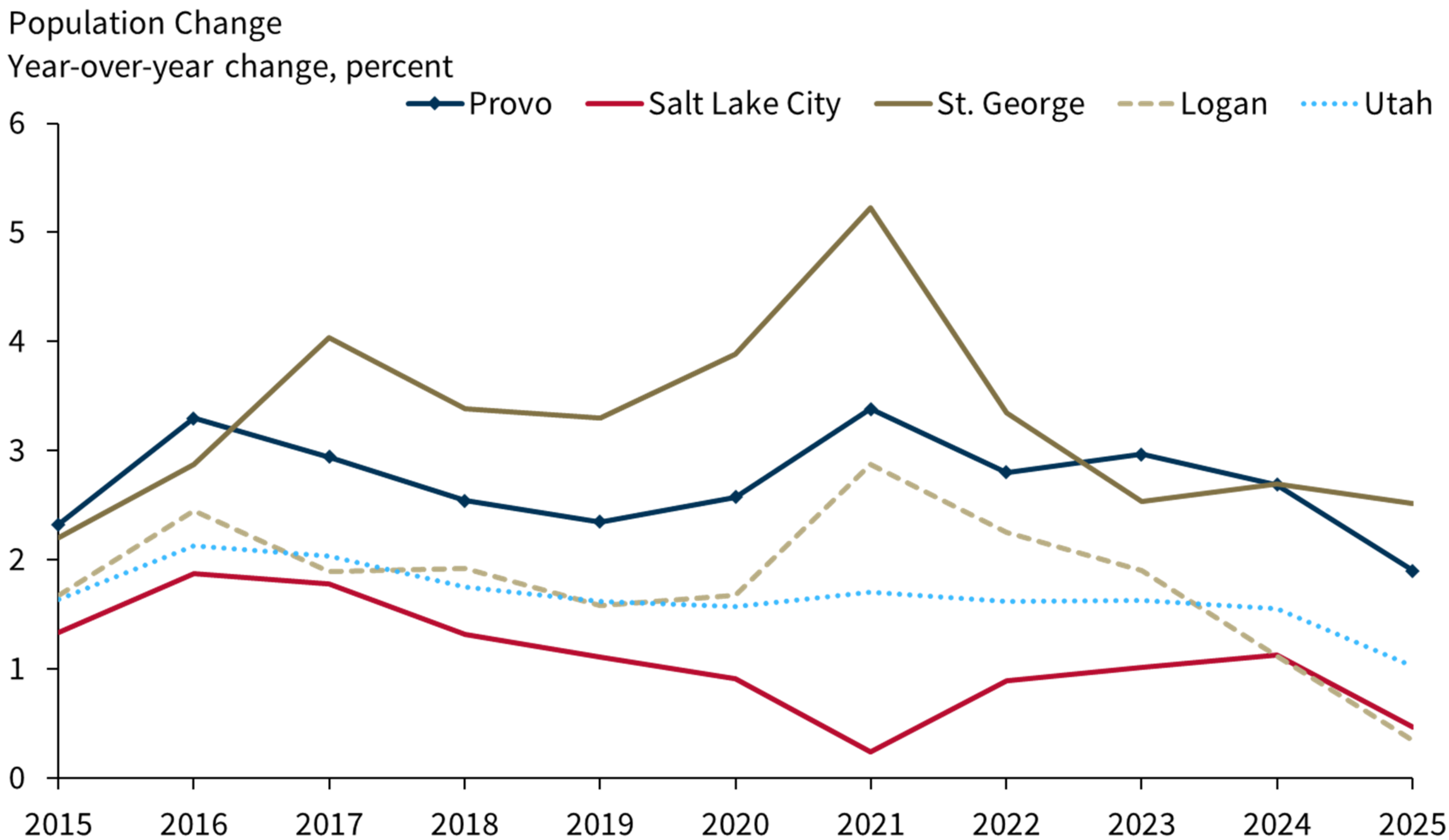
Job Growth Decelerated in Most but Not All Utah Metro Areas During 2025

Total Nonagricultural Employment
Year-over-year change, percent



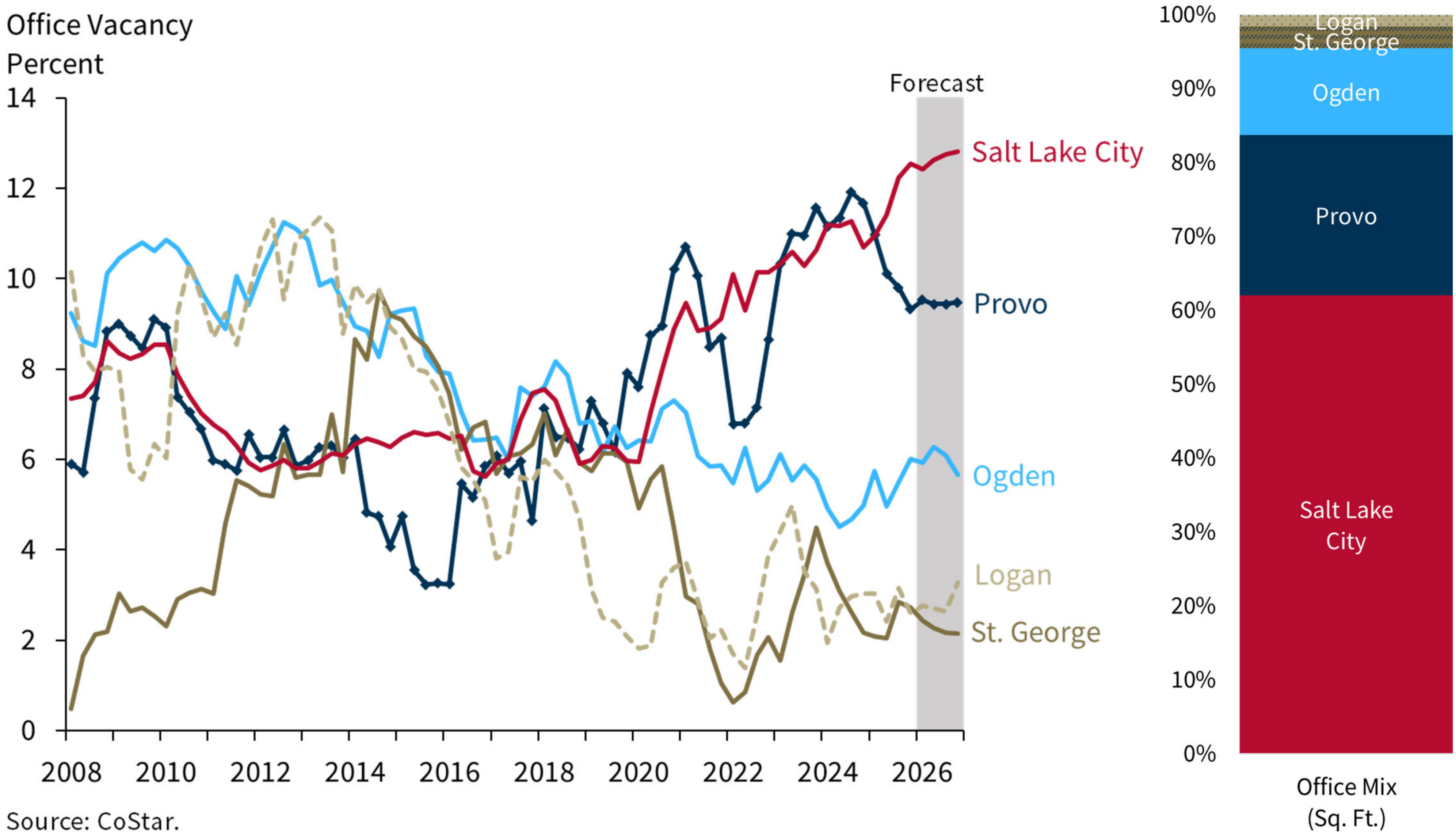
Source: Bureau of Labor Statistics (Haver Analytics).
Note: Data are seasonally adjusted figures as of fourth quarter 2025.

Population Growth Accelerated in Many Utah Metros During the Pandemic



Sources: US Census Bureau, Bureau of Labor Statistics (Haver Analytics).
Note: Population data is as of July 1st of each year.

Office Vacancies Have Dipped in Provo but Remain Elevated in Salt Lake City

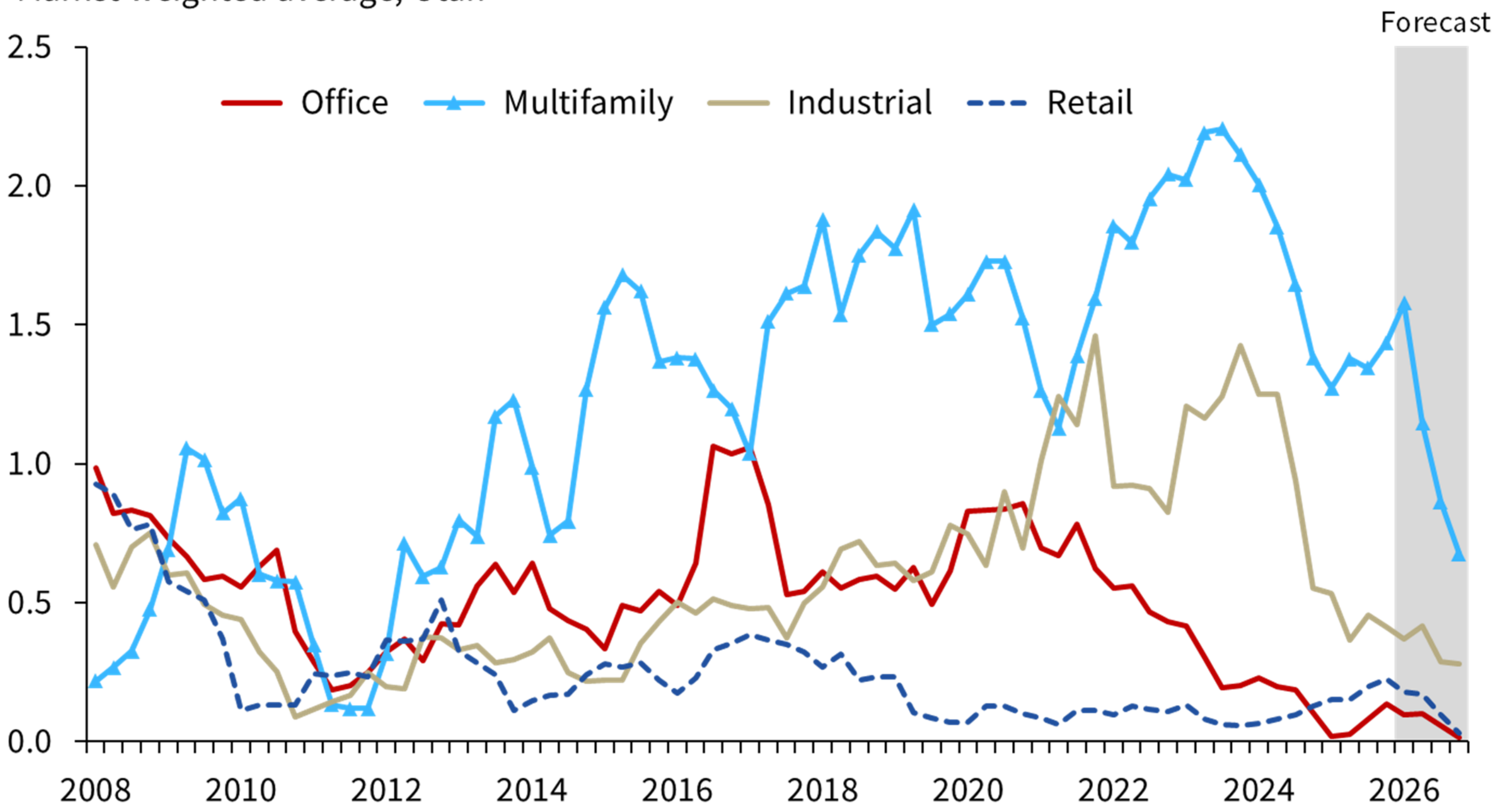


Source: CoStar.

Note: Data are quarterly figures through fourth quarter 2025. Forecast through fourth quarter 2026.

Industrial Construction Eased; Multi-family Picked Back Up in Some Metros

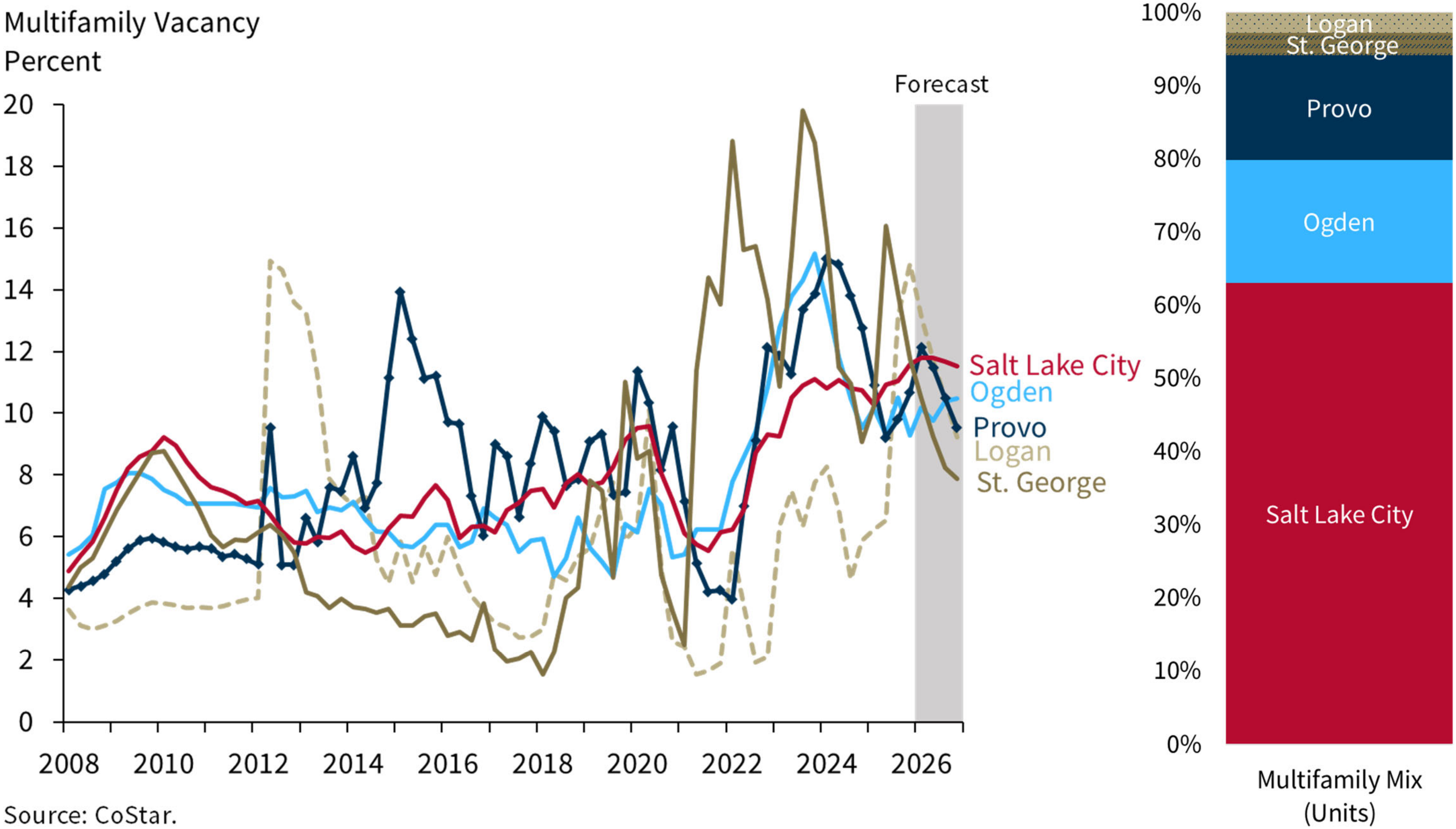
Trailing 4-Quarter Net Completions to Stock
Market weighted average, Utah



Sources: CoStar, FDIC calculations.

Notes: Data as of fourth quarter 2025. Forecast through fourth quarter 2026. Includes Salt Lake City, Ogden, Provo, Logan, and St. George weighted by overall square feet or units.

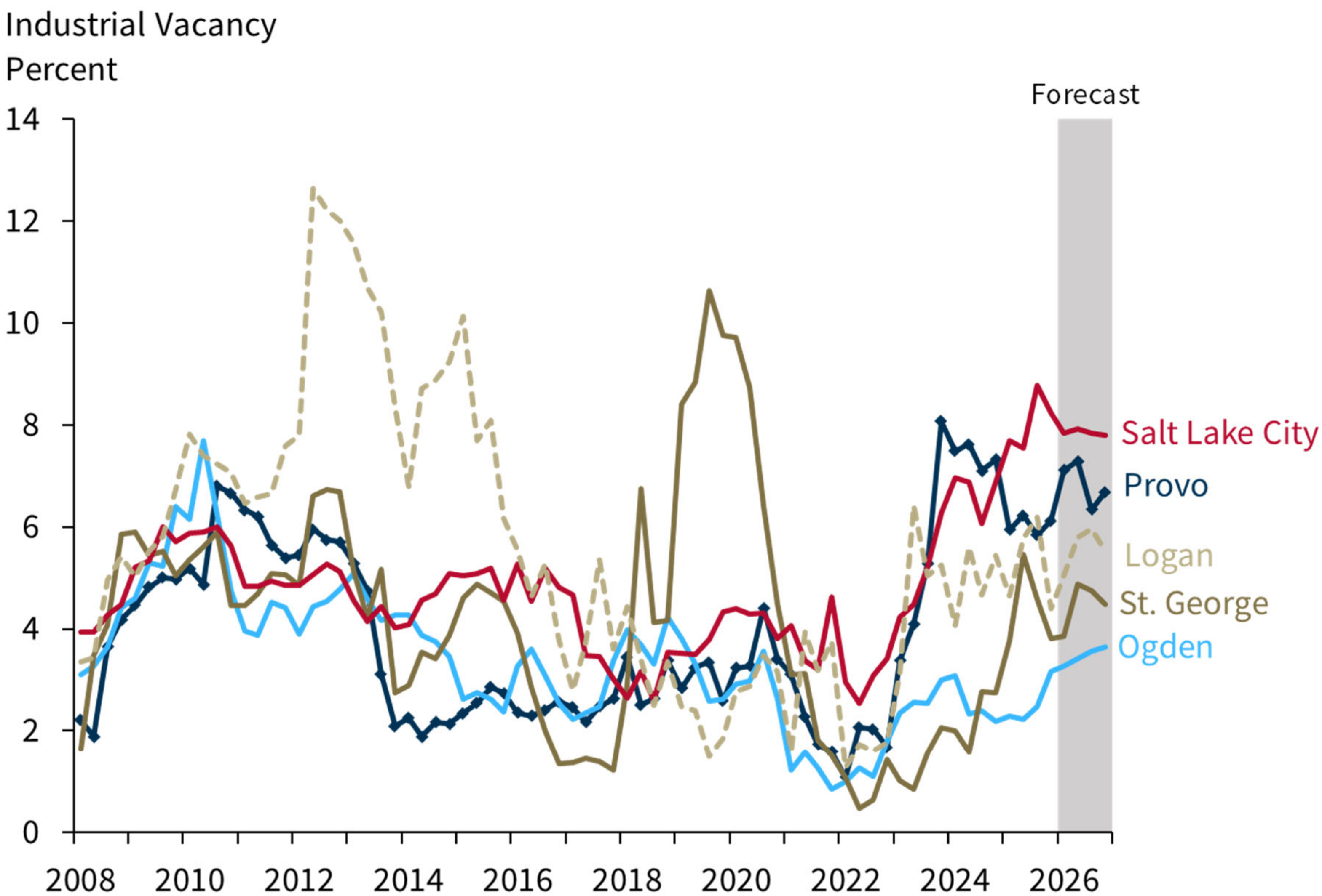
New Multifamily Construction is Being Absorbed Slowly

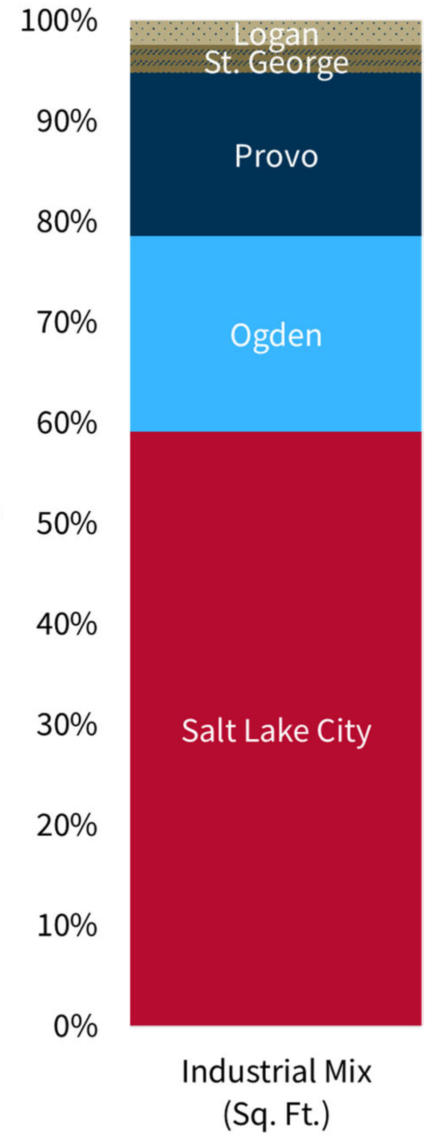


Source: CoStar.

Note: Data are quarterly figures through fourth quarter 2025. Forecast through fourth quarter 2026.

Industrial Vacancy Rates Rose from Low Levels in 2022, Led by New Supply

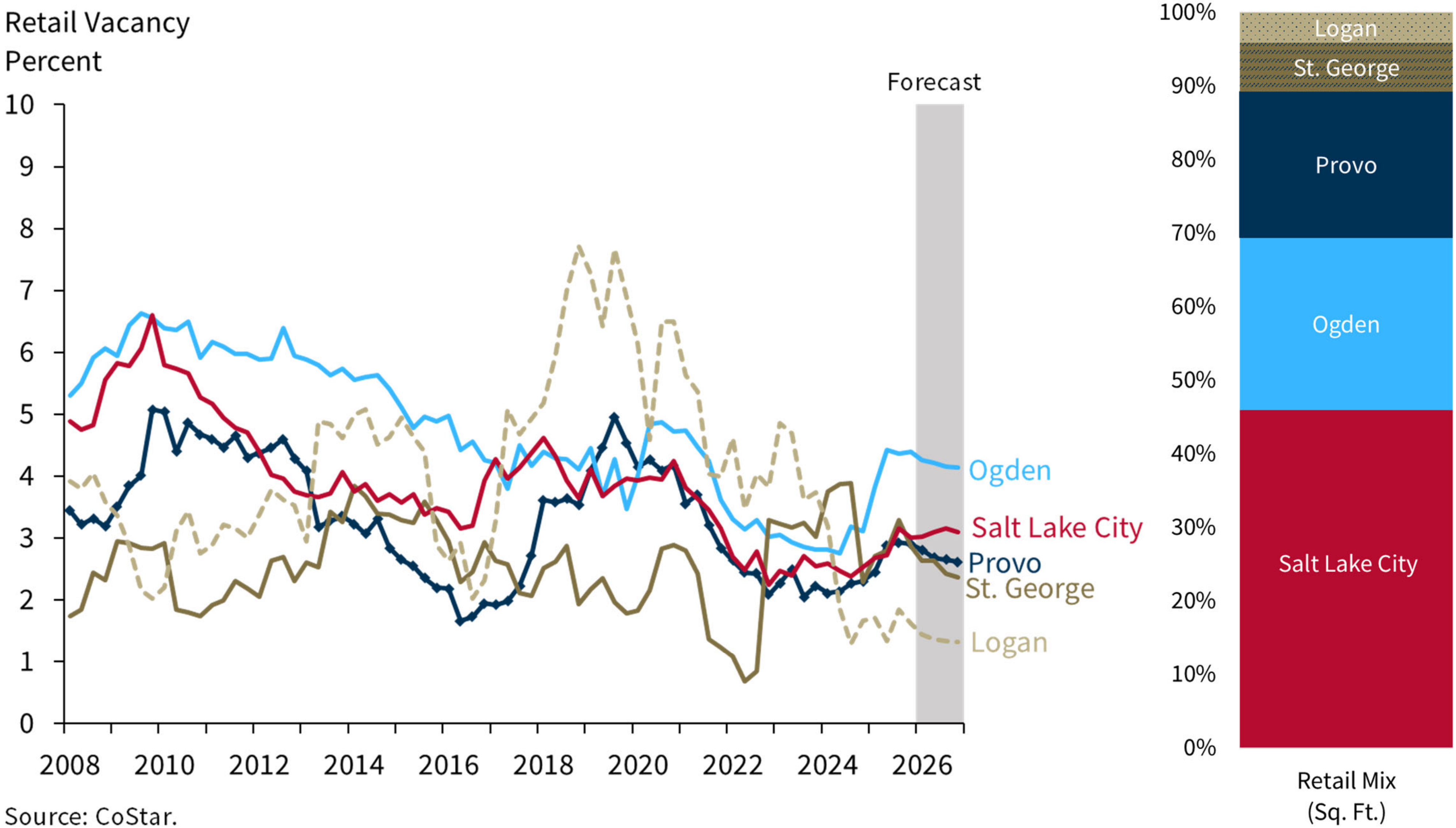




Source: CoStar.

Note: Data are quarterly figures through fourth quarter 2025. Forecast through fourth quarter 2026.

Retail Supply and Demand Have Been More Balanced Than in Other Sectors

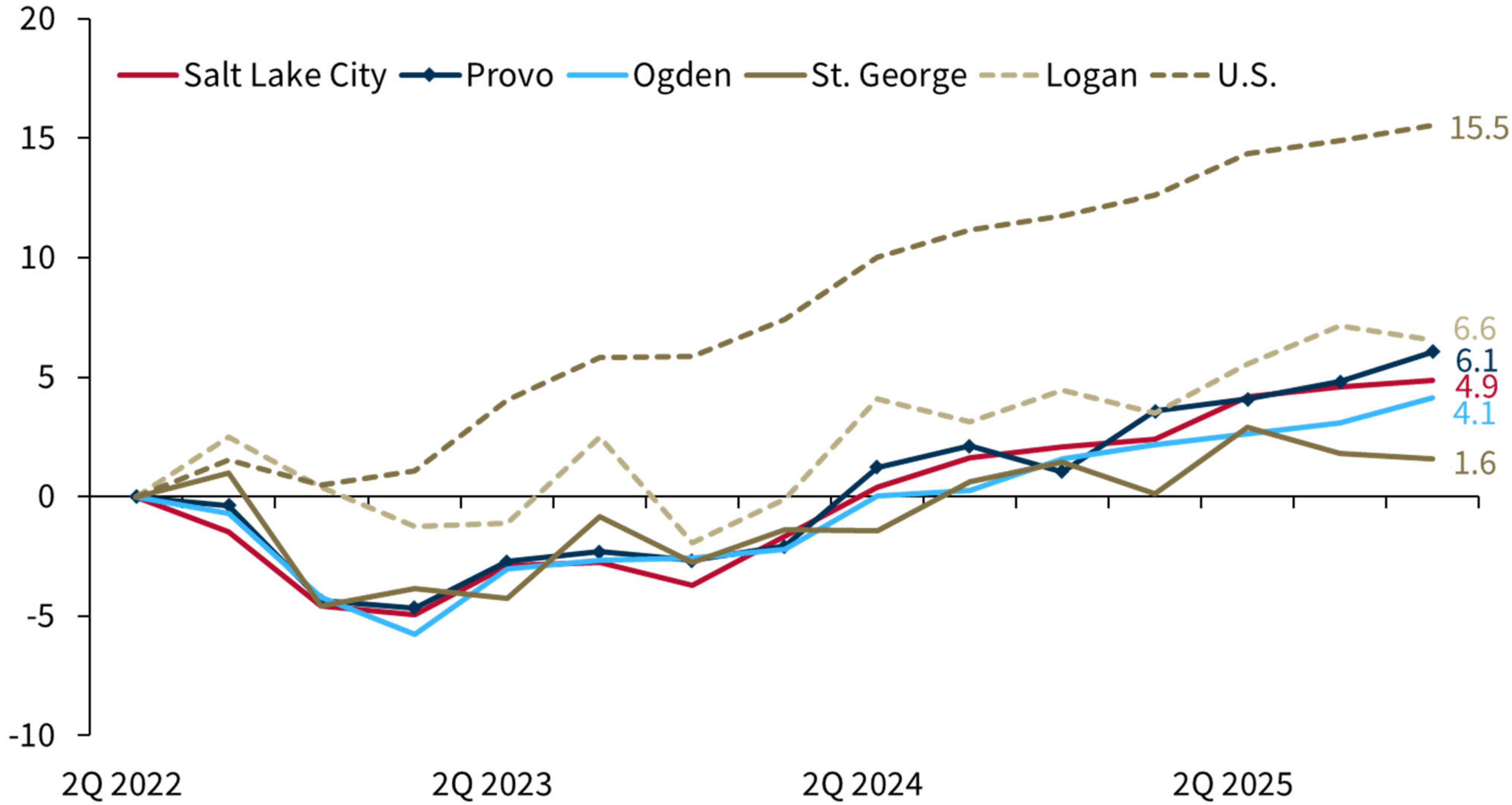


Source: CoStar.

Note: Data are quarterly figures through fourth quarter 2025. Forecast through fourth quarter 2026.

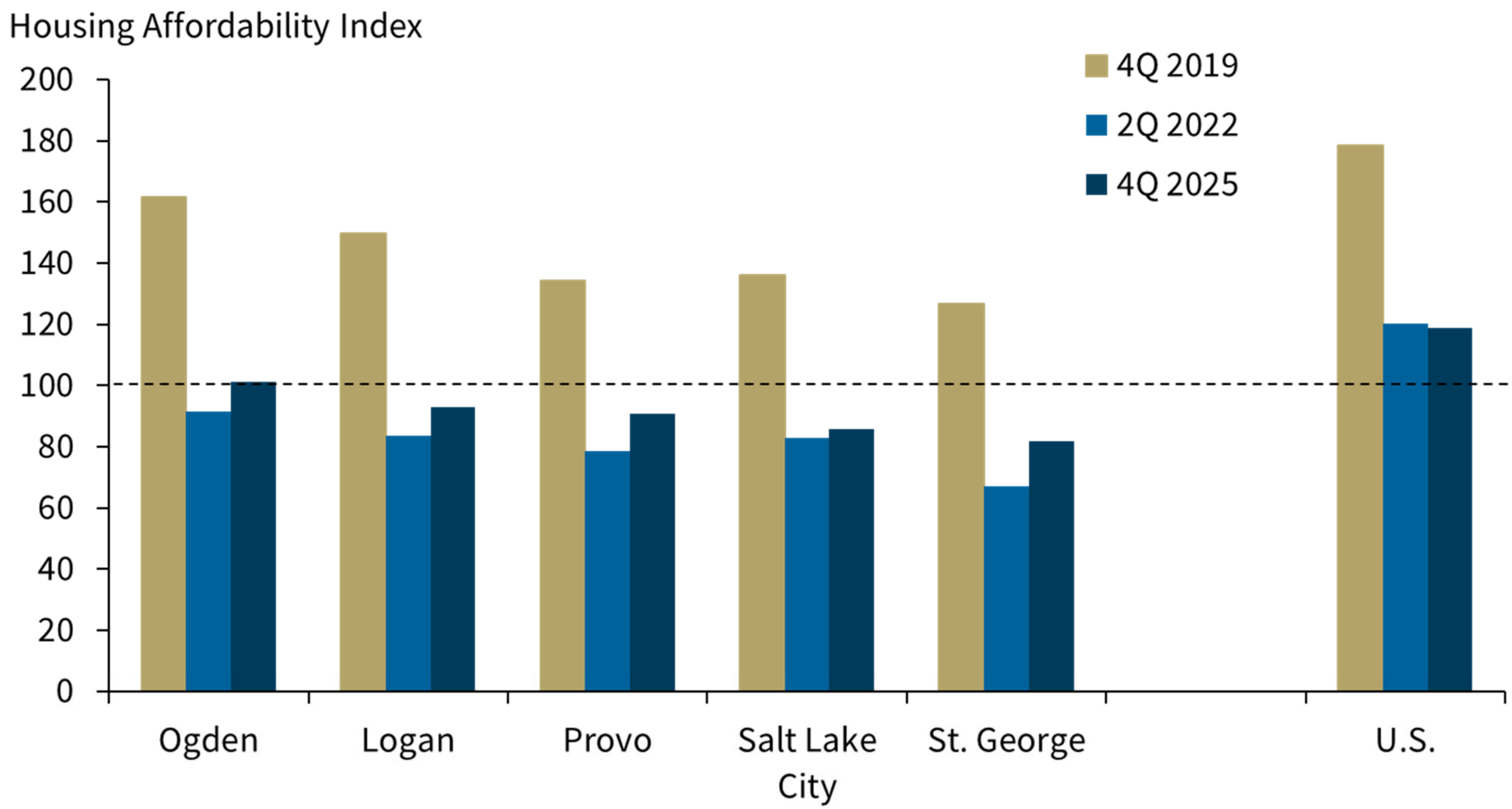
House Prices Have Recovered Mildly After Dipping Amid Higher Mortgage Rates

House Price Index
Cumulative change from Q2 2022, percent



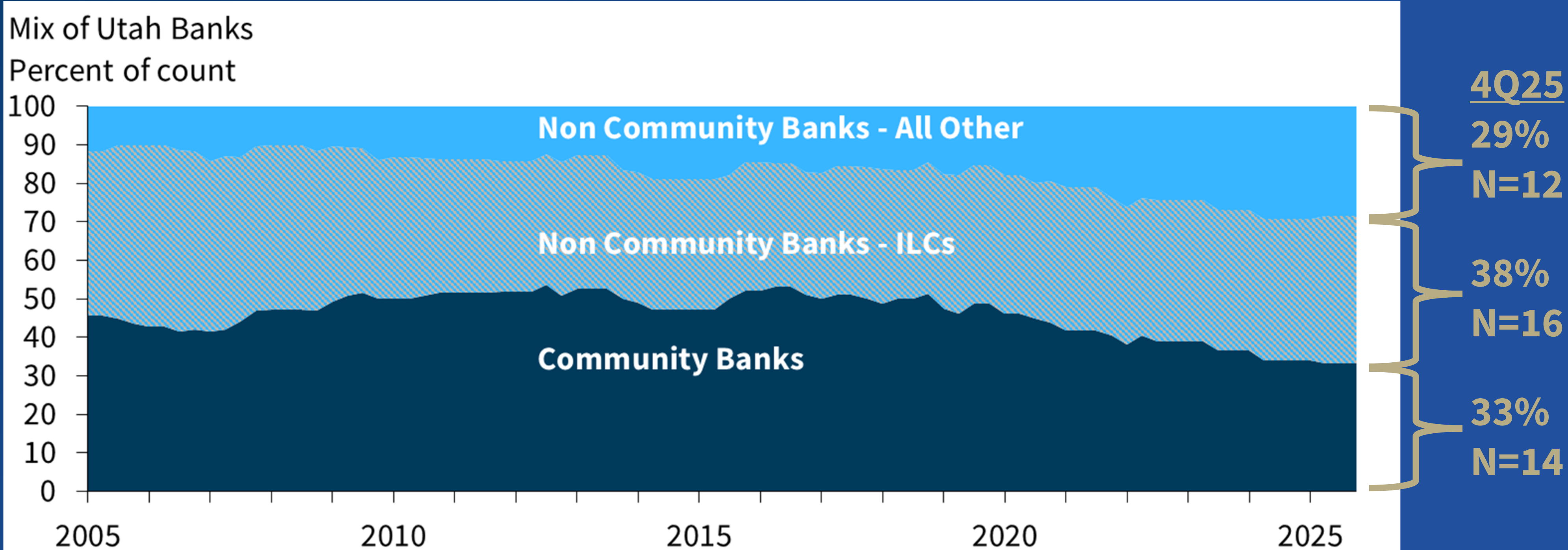
Source: Federal Housing Finance Agency (Haver Analytics).
Note: Data are quarterly as of fourth quarter 2025, non-seasonally adjusted, all-transactions price indexes.

Housing Affordability Improved Modestly Since 2022, but Trailed Pre-Pandemic



Sources: Moody's Analytics and National Association of Realtors.
Note: The Housing Affordability Index (HAI) is a measure of the degree to which a typical middle-income family can afford the mortgage payments on a typical home in the specified quarter based on income, home prices and mortgage rates. An index of 100 indicates exactly enough income to qualify for a typical mortgage on a median-priced single-family home.

Banking Conditions

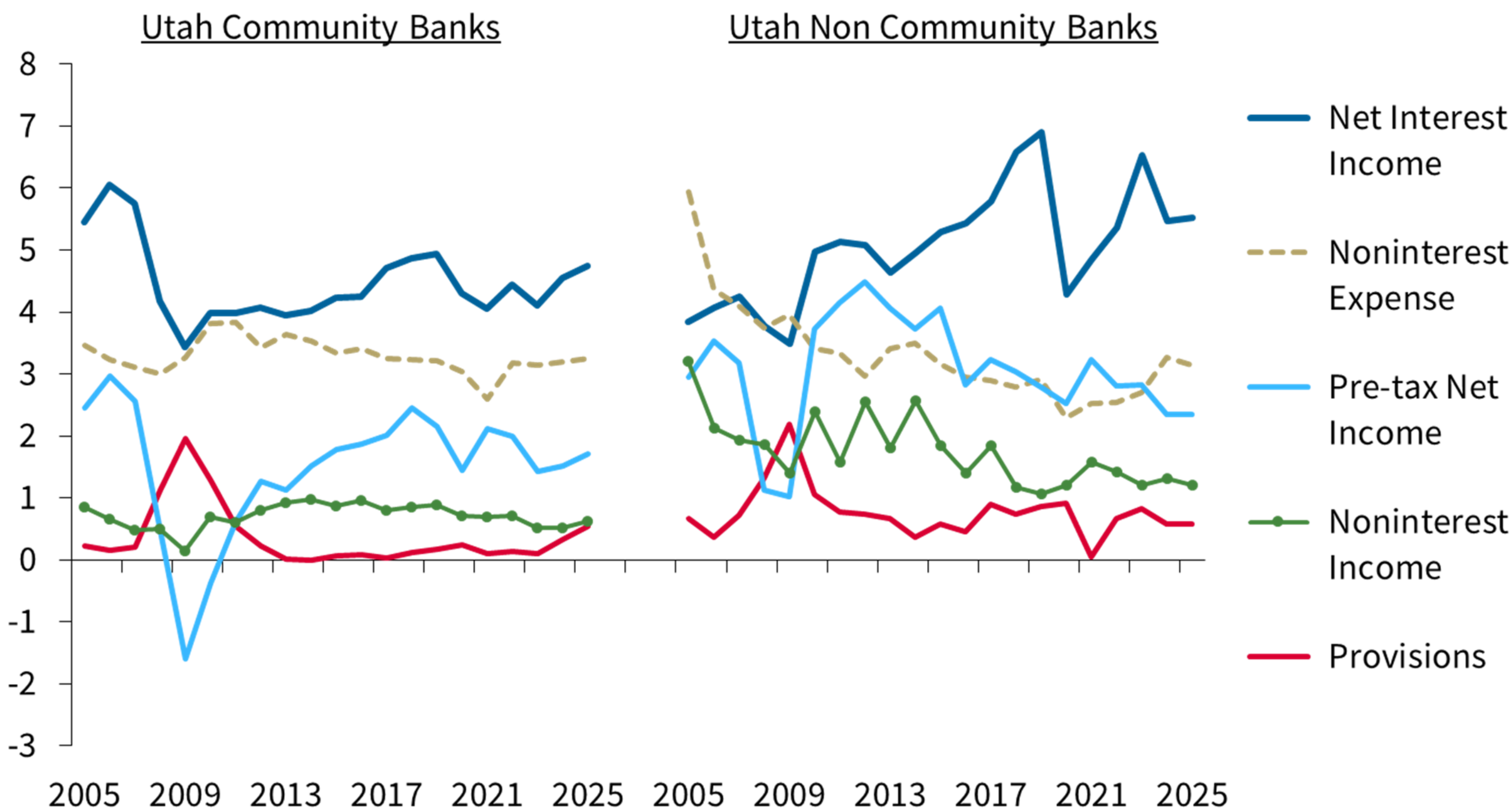


Source: FDIC.

Note: Data are quarterly through fourth quarter 2025 for banks based in Utah. Community Bank as defined in the FDIC's Community Banking Study.

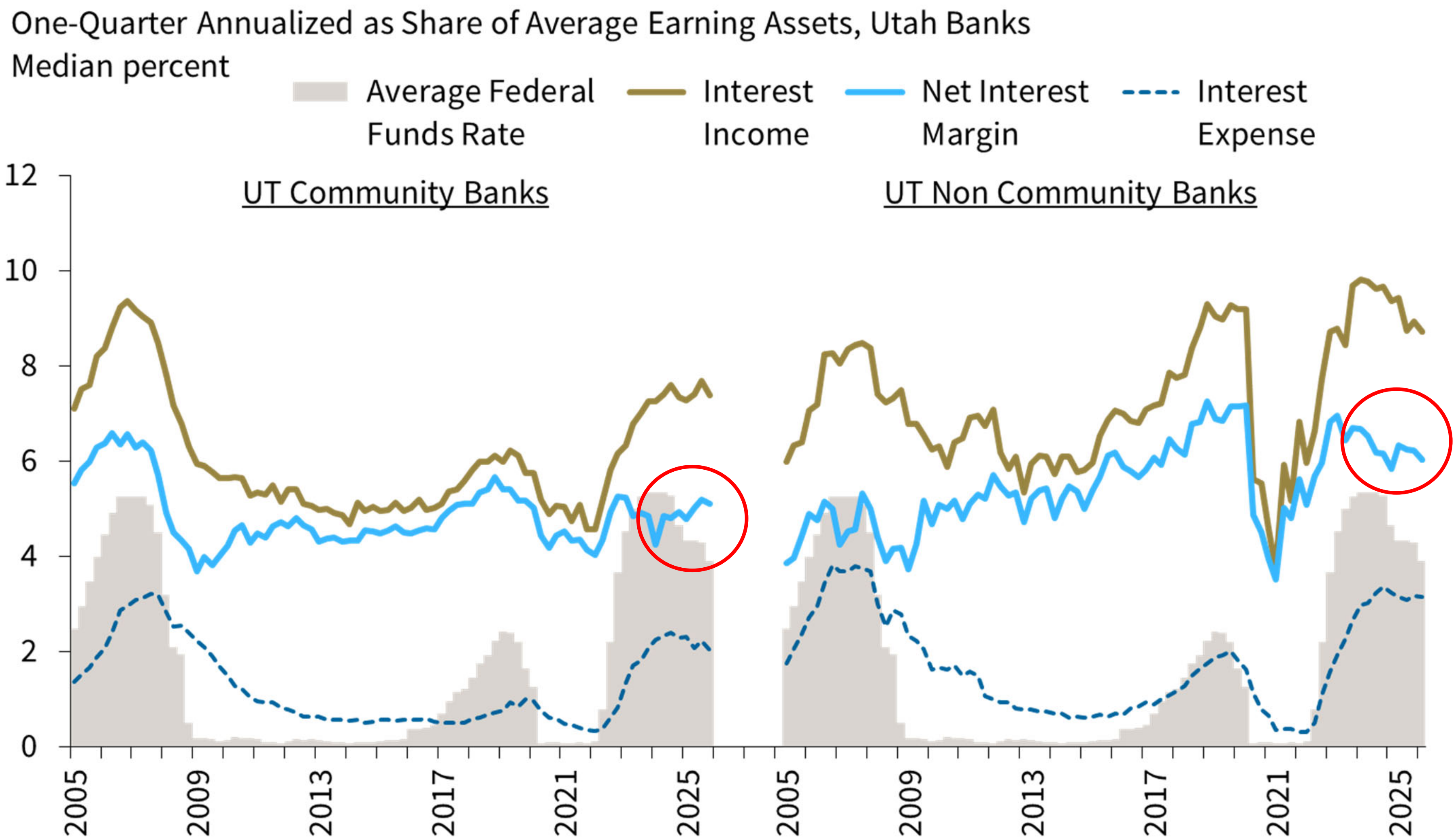
Utah Bank Earnings Trends Vary Depending Upon Bank Size/Specialty

Year-to-Date Annualized as Share of Average Assets, Utah Banks
Median percent



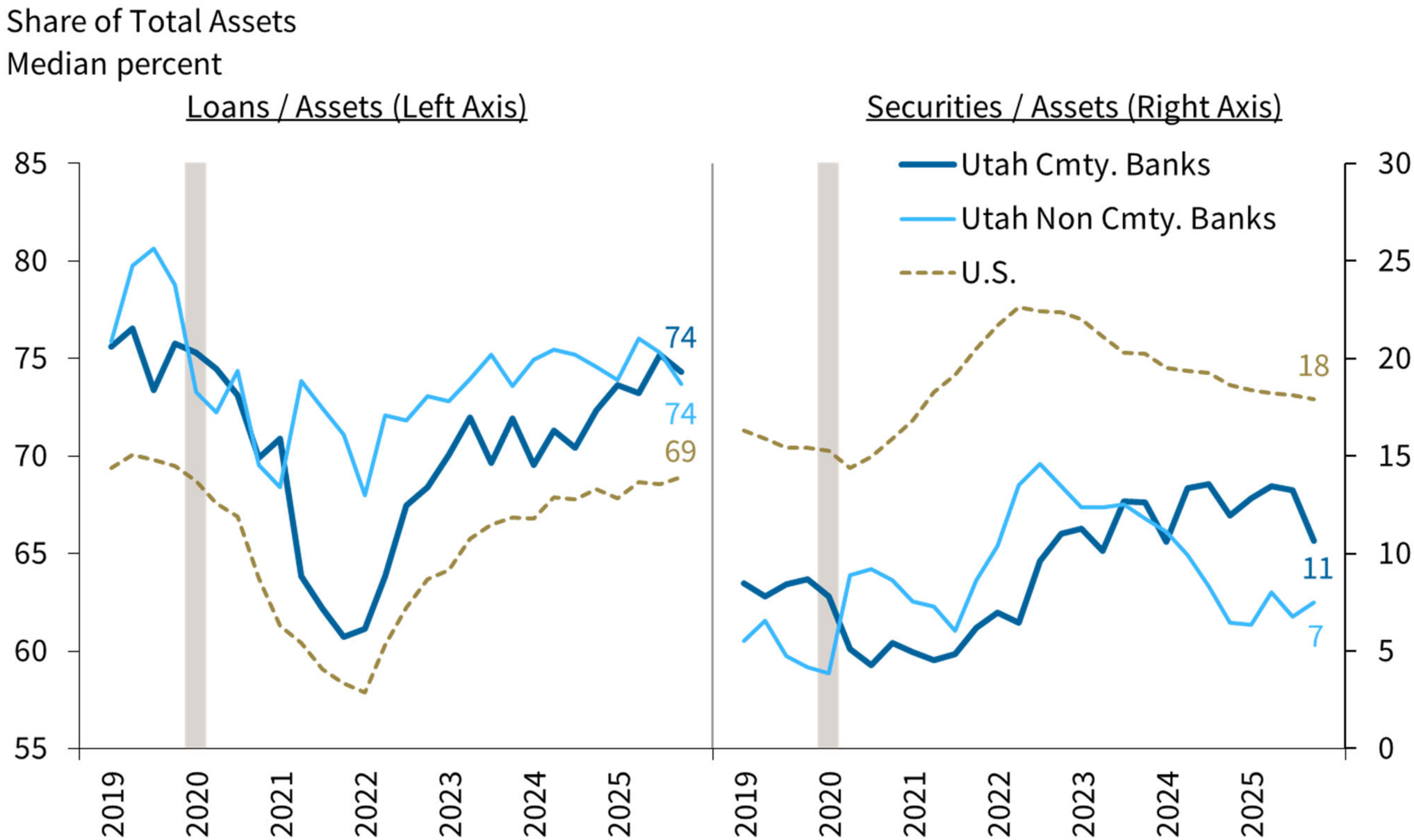
Source: FDIC.
Note: Data are as of fourth quarter each year for banks based in Utah. Community Bank as defined in the FDIC's Community Banking Study.

Net Interest Margin Levels Differ Between Utah Community Banks and Other Banks



Sources: FDIC and Federal Reserve (Haver Analytics).
Note: Data are quarterly through fourth quarter 2025 for banks based in Utah. Community Bank as defined in the FDIC's Community Banking Study.

Utah Banks Tend to Hold More of Their Assets in Loans and Less in Securities

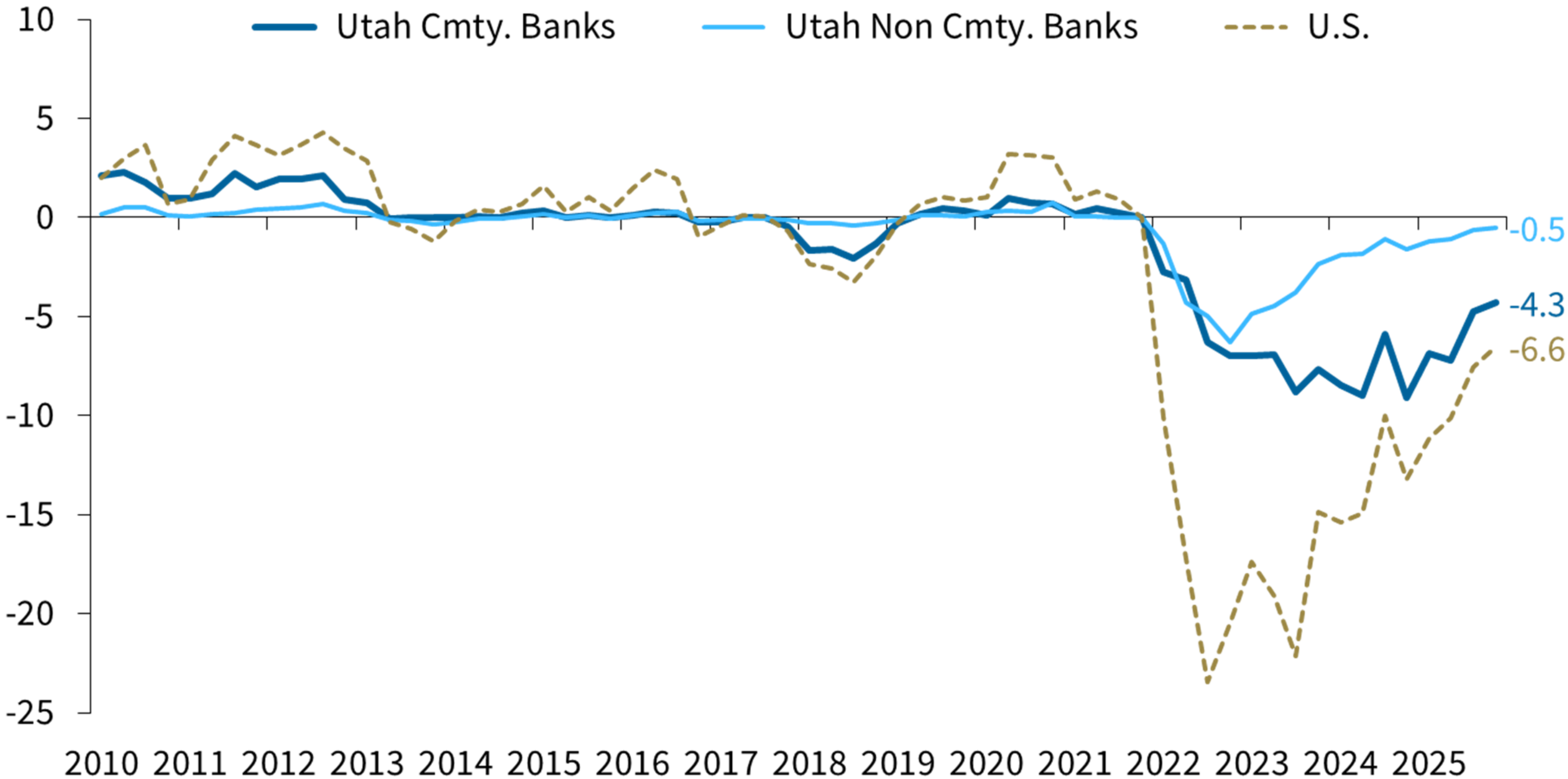


Source: FDIC.

Note: Data are quarterly through fourth quarter 2025. Shading denotes pandemic onset. Community Bank as defined in the FDIC's Community Banking Study.

Smaller Bond Portfolios and Higher Capital Dampen Unrealized Loss Risks

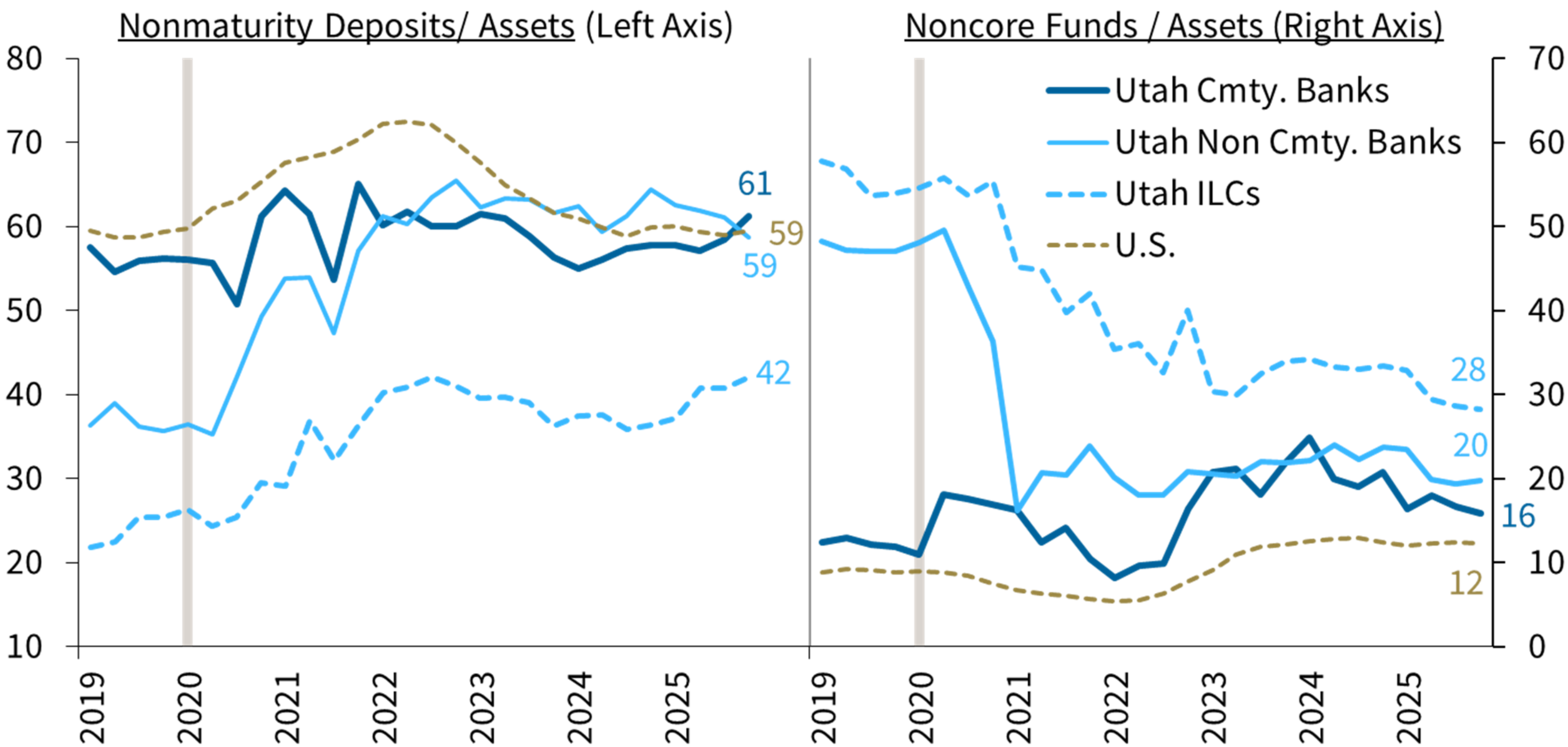
Pre-Tax Net Unrealized Gains or Losses on Securities / Tier 1 Capital
Median percent



Source: FDIC.
Note: Data are quarterly through fourth quarter 2025 based upon differences between the fair value and amortized cost of available for sale and held to maturity securities. Community Bank as defined in the FDIC's Community Banking Study.

Funding Patterns Differ by Bank Size, and/or Specialization

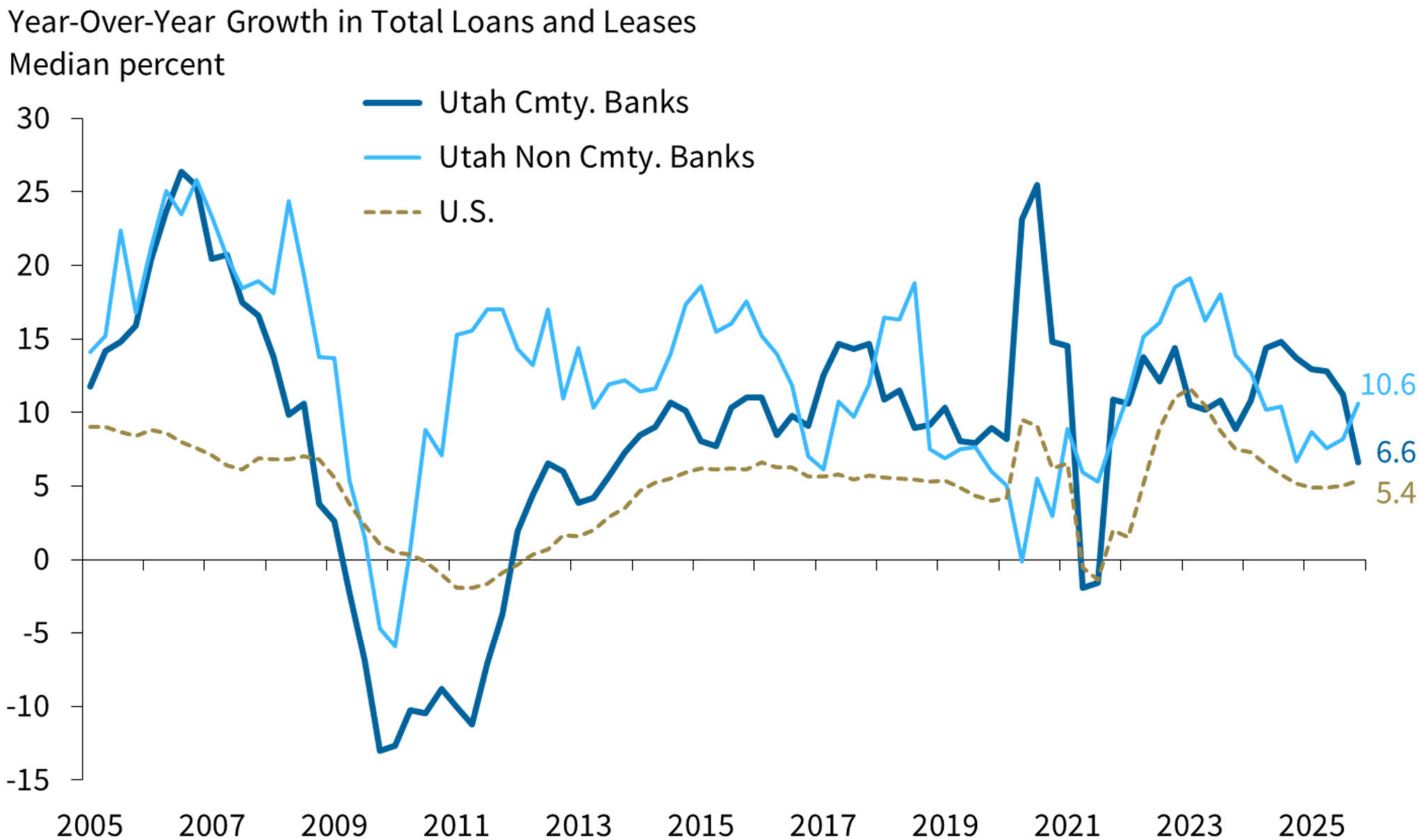
Liability Item as a Share of Total Assets
Median percent



Source: FDIC.

Note: Data are quarterly through fourth quarter 2025. Shading denotes pandemic onset. Noncore = certificates of deposit (CD) > $250K, smaller brokered accounts, foreign deposits, federal funds purchased and repos, and borrowings; nonmaturity deposits (NMDs) includes all deposits other than CDs. Community Bank as defined in the FDIC's Community Banking Study. ILC = industrial loan company.

Growth Rates Have Diverged Among Community and Non Community Banks



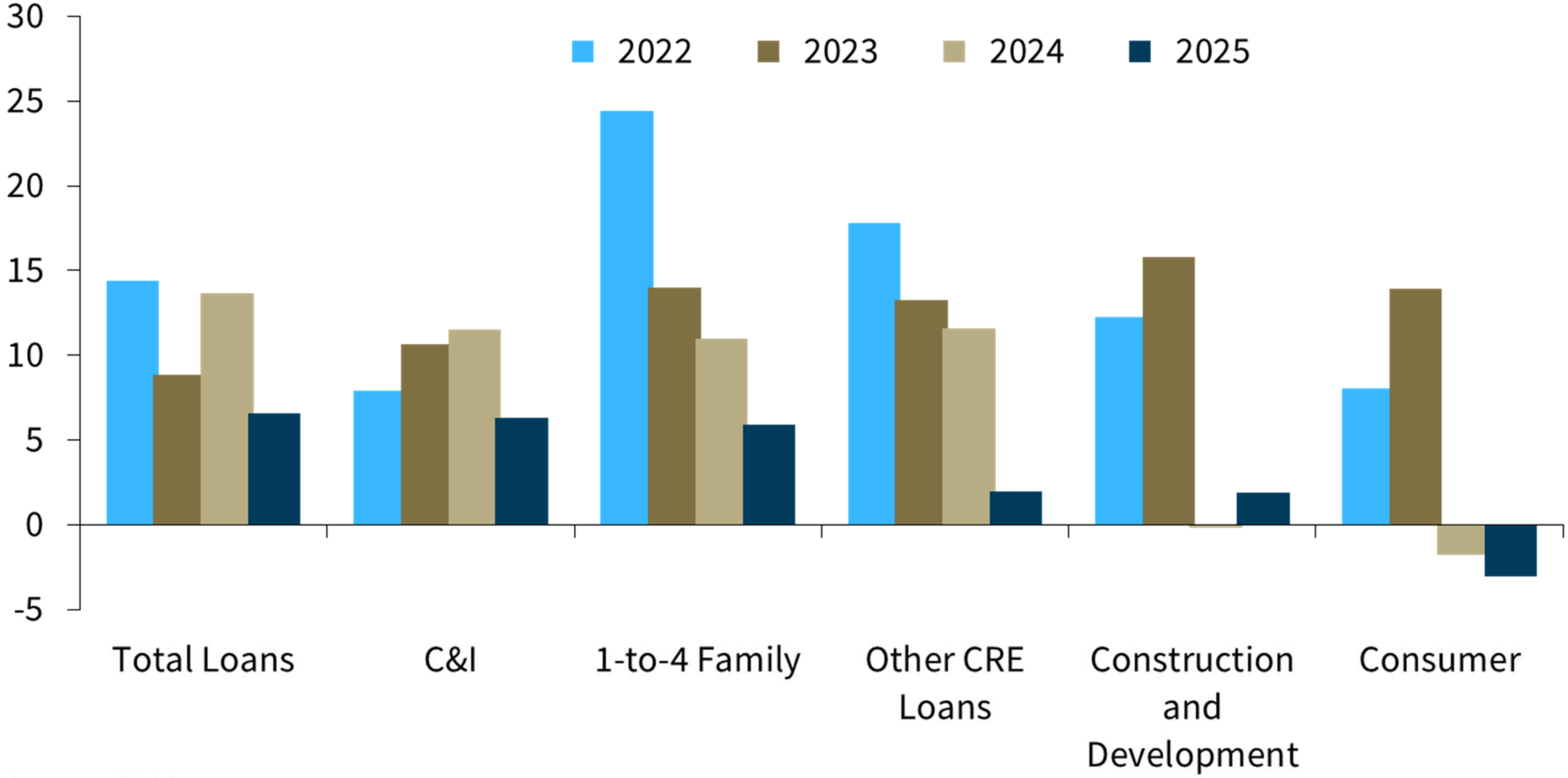
Source: FDIC.

Note: Data are quarterly through fourth quarter 2025. Includes Paycheck Protection Program loans. Community Bank as defined in the FDIC's Community Banking Study.

Utah's Community Bank Loan Growth Slowed Across Several Key Categories

Year-Over-Year Loan Growth Rates, Utah Community Banks

Median percent

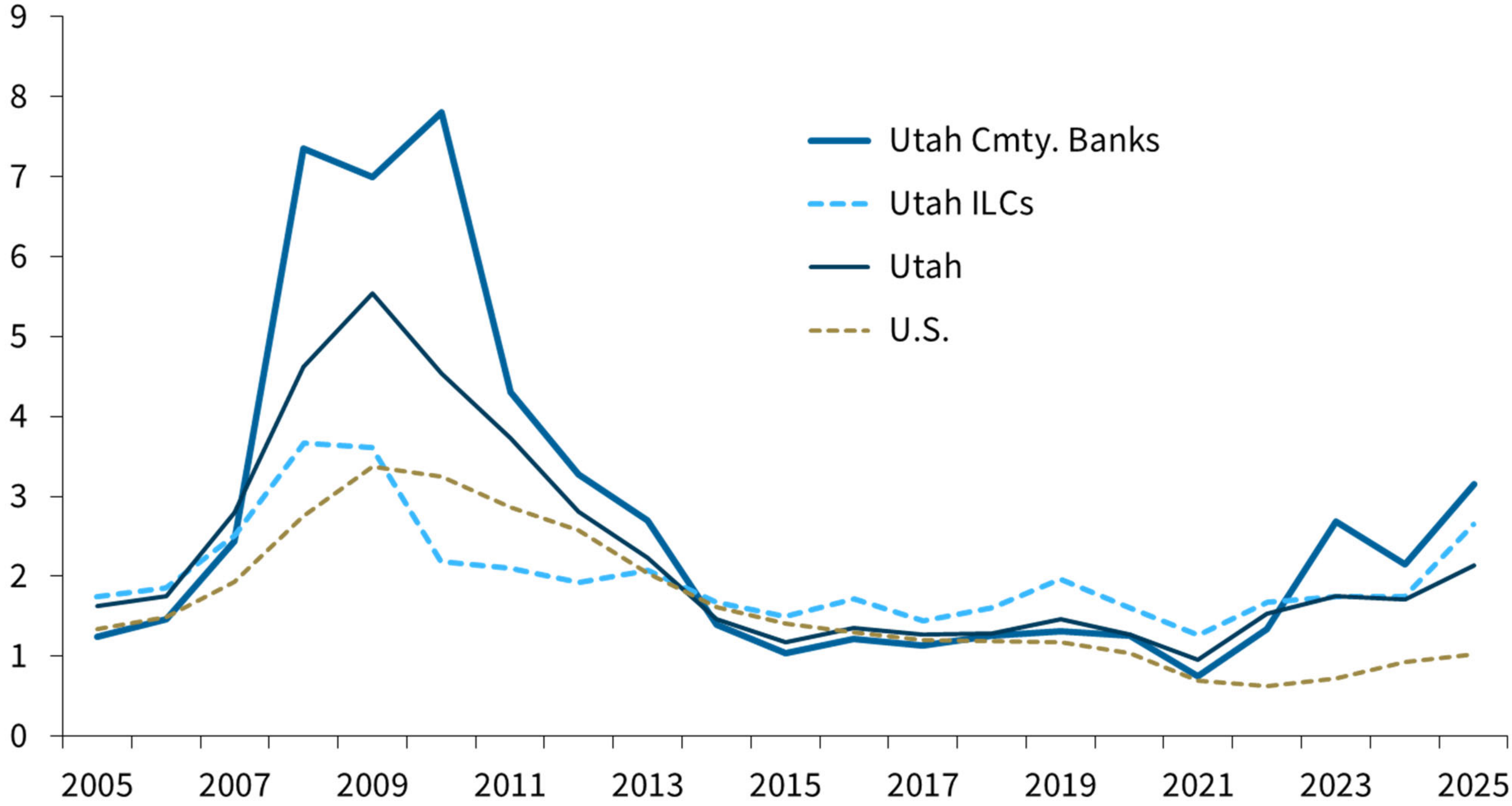


Source: FDIC.

Note: Data are as of fourth quarter of each year for community banks based in Utah. Other Commercial Real Estate (CRE) Loans include nonfarm-nonresidential and multifamily mortgages. Paycheck Protection Program excluded from total and commercial and industrial (C&I) denominators. Community Bank as defined in the FDIC's Community Banking Study.

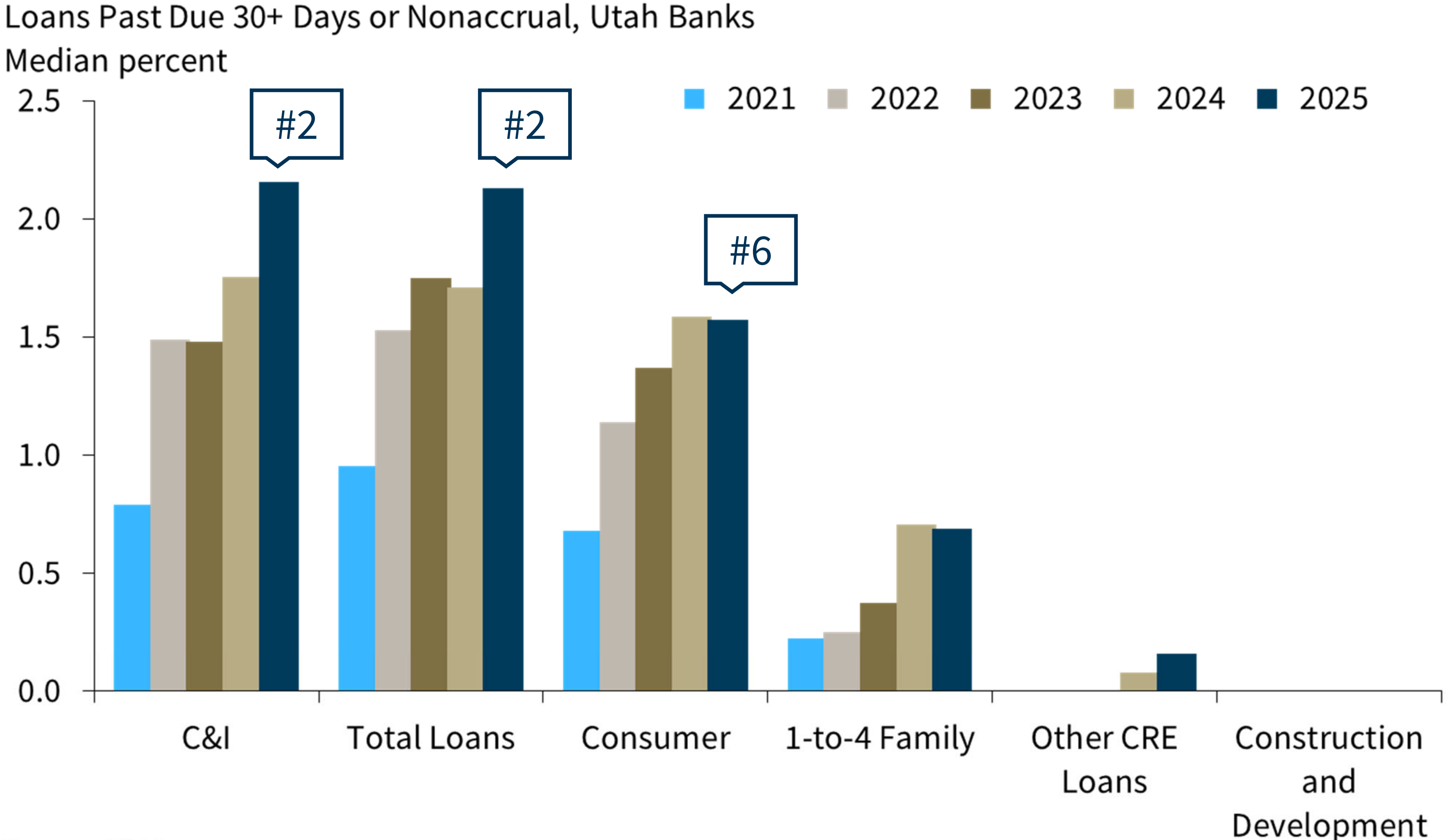
Past-Due Loan Ratios Have Risen from Pandemic Lows

Loans Past Due 30+ Days or Nonaccrual
Median percent



Source: FDIC.
Note: Data are as of fourth quarter of each year. Denominator excludes Paycheck Protection Program loans. Community Bank as defined in the FDIC's Community Banking Study. ILC = industrial loan company.

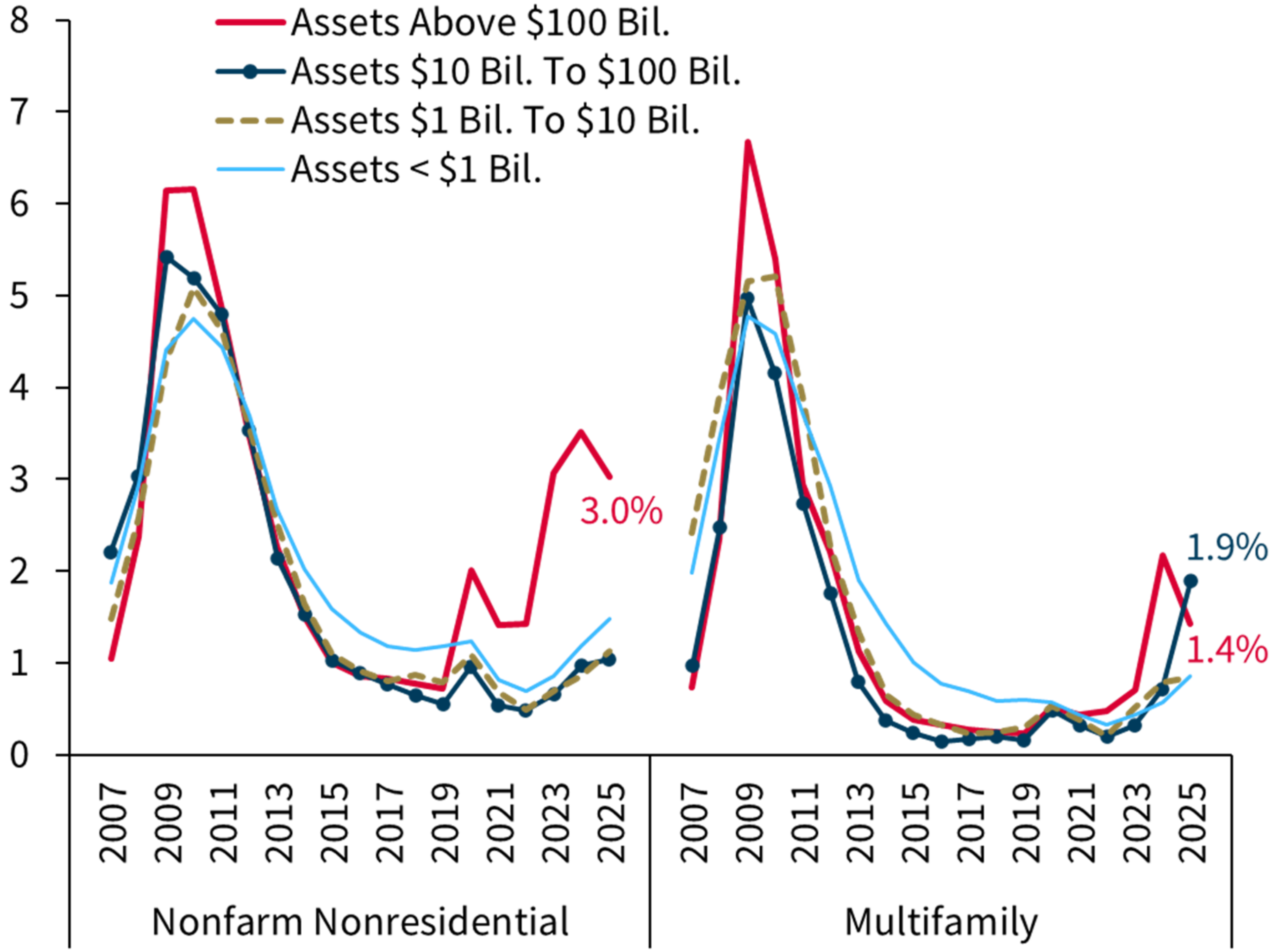
Delinquencies Were Up in Several Major Categories, Especially C&I and Consumer



Source: FDIC.
Note: Data are as of fourth quarter of each year. Other Commercial Real Estate (CRE) Loans include nonfarm-nonresidential and multifamily mortgages plus CRE purpose loans not secured by real estate. Paycheck Protection Program excluded from total and commercial and industrial (C&I) denominators.

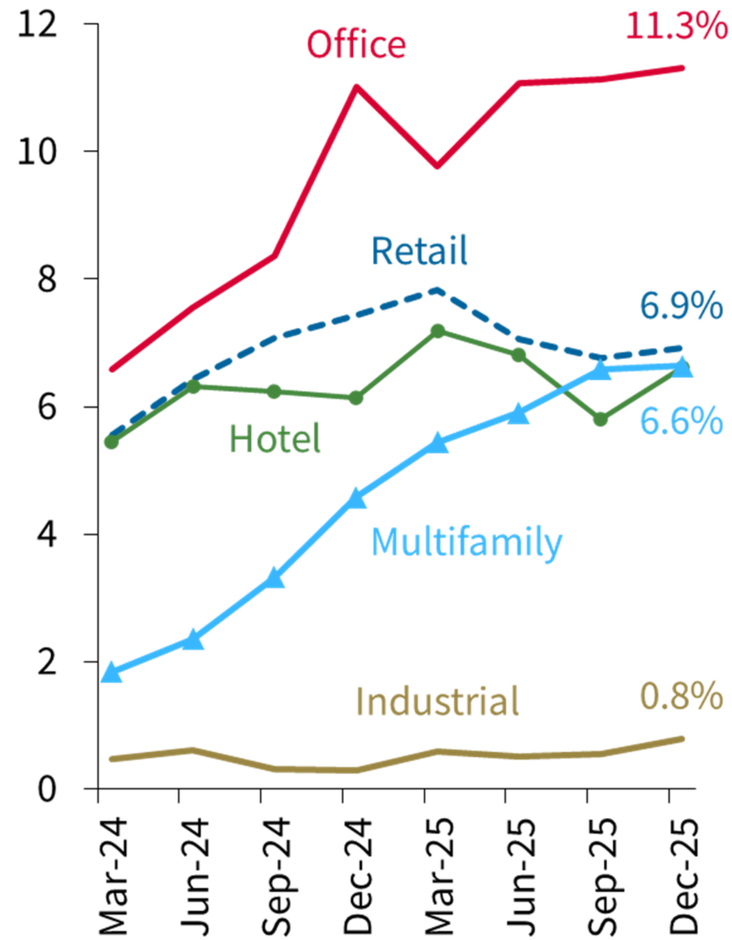
The Largest Banks Report Greater CRE Credit Stress, Led by Office (like CMBS)

Bank Existing Commercial Mortgage Delinquency Rates (30+ Days)
Aggregate percent



Source: FDIC.
Note: Data as of December each year, not adjusted for mergers or inflation.

CMBS Delinquency Rates by Type
Aggregate percent



Source: Trepp.
Note: Data are quarterly through fourth quarter 2025. Excludes matured performing.

Questions?

Community Bank Definition

<u>Exclude</u>: Any organization with:

— No loans or no core deposits

— Assets held in foreign branches ≥ 10% of total assets

— More than 50% of assets in certain specialty banks, including:

- credit card specialists
- consumer nonbank banks
- industrial loan companies
- trust companies
- bankers' banks

<u>Include</u>: All remaining banking organizations with:

— Total assets < indexed threshold ($250MM in 1985 = $2.3B in 2025)

— Total assets ≥ indexed size threshold, where:

- Loan to assets > 33%
- Core deposits to assets > 50%
- More than 1 office but < indexed maximum (40 in 1985 = 109 in 2025)
- Number of large MSAs with offices ≤ 2
- Number of states with offices ≤ 3
- No single office with deposits > indexed maximum ($1.25B in 1985 = $11.49B in 2025)

Note: Updated indexed values available in <u>*Quarterly Banking Profile*</u> Notes to Users section. "Community" is generally more homogenous than "non community" grouping.