FEDERAL RESERVE BANK
OF SAN FRANCISCO

A Day with the Regulator

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Agenda

CRE Conditions

- Call Report Data
- Financial Stability Report
- Senior Loan Officer Opinion Survey

Examination Insights

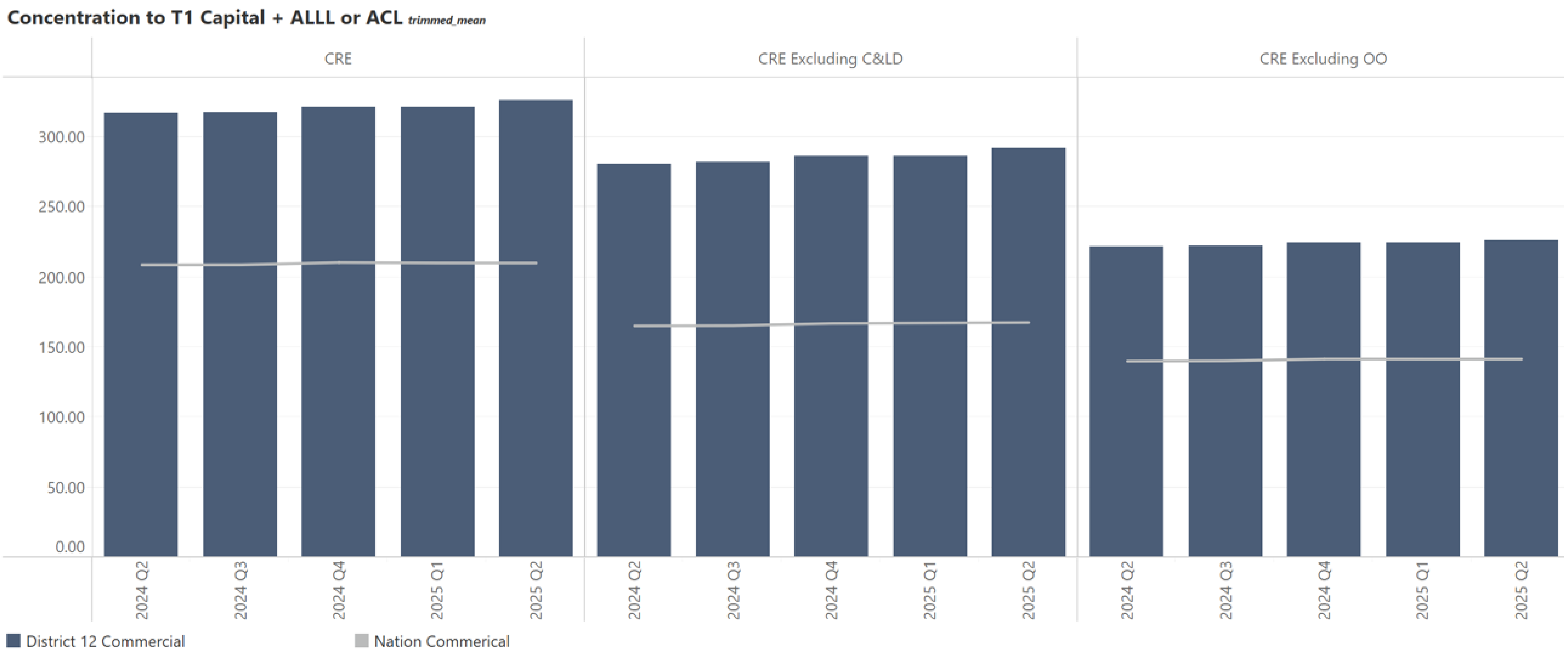
- Concentration Risk (SR 07-01)
- Prudent Loan Modifications (SR 23-5)
- ACL Methodologies (SR 20-12)

Banker Resources

- CREMI Tool

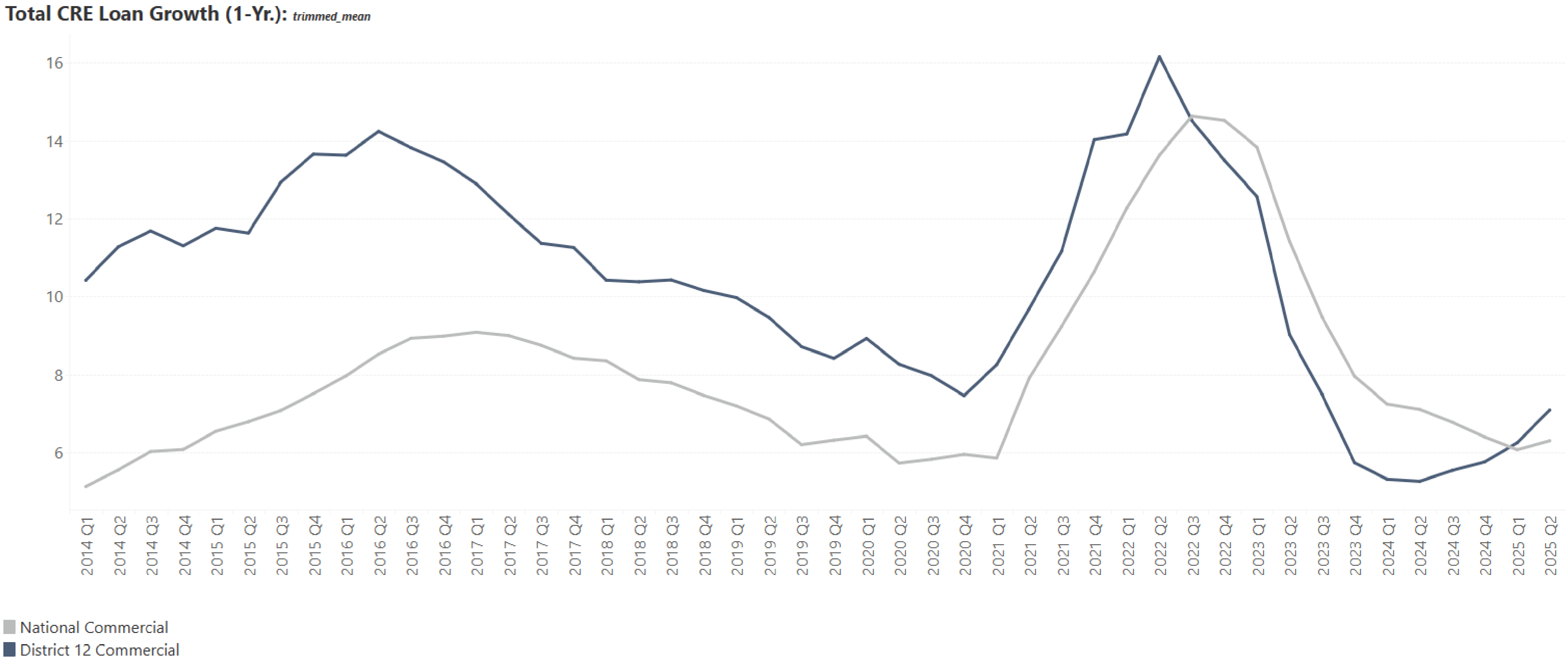
Tabletop Discussion

Commercial Real Estate Lending Breakdown (12th District)



Source: Call Report Data.

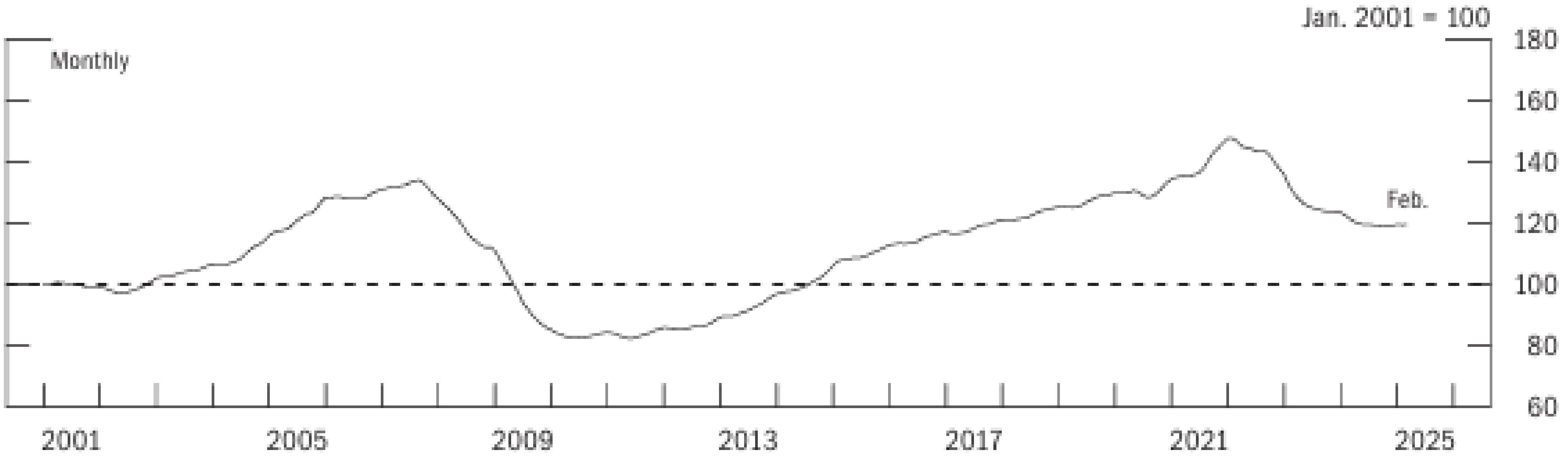
CRE Loan Growth



*Source: Call Report Data.

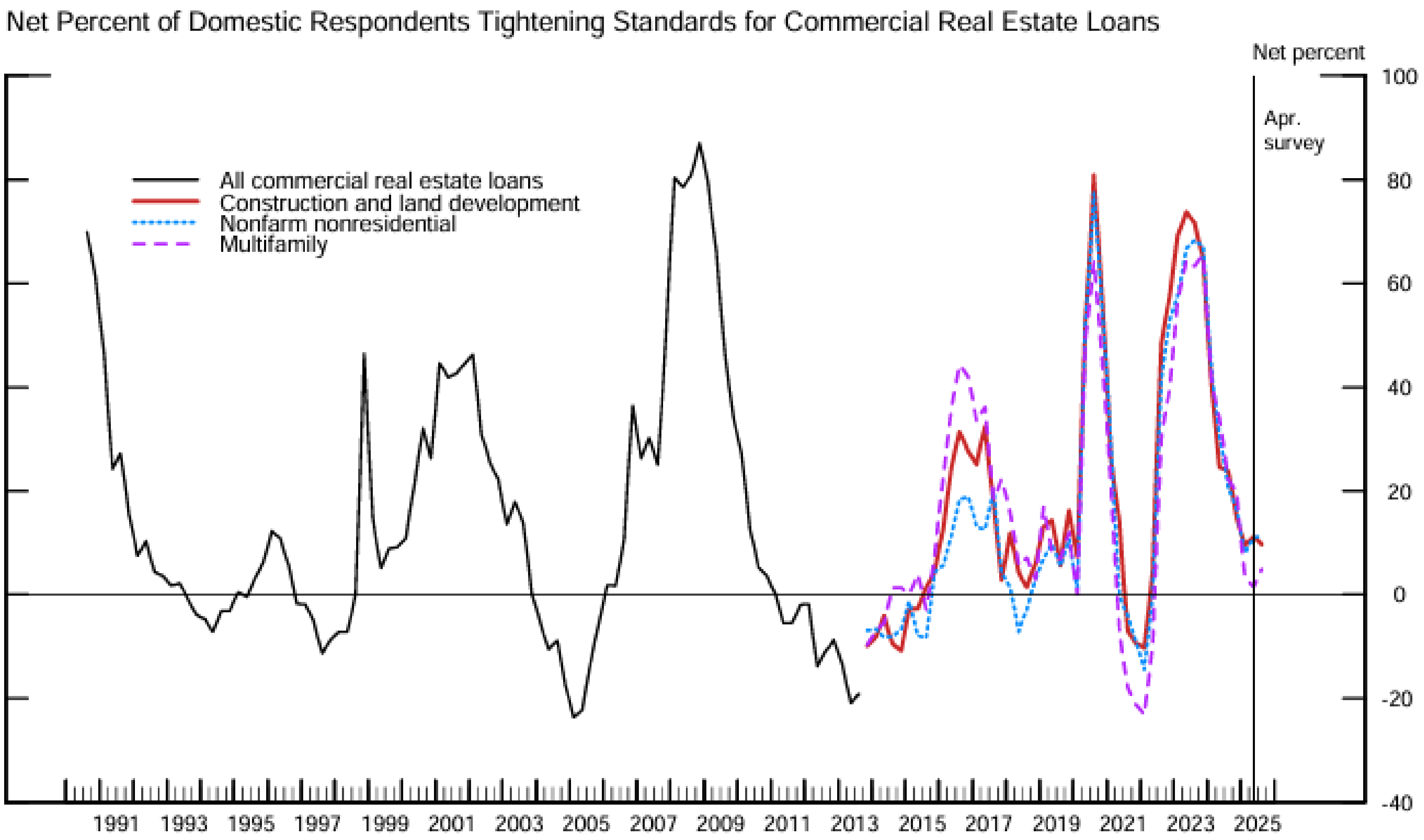
Financial Stability Report – April 2025 Highlights

Commercial Real Estate Prices, Adjusted for Inflation

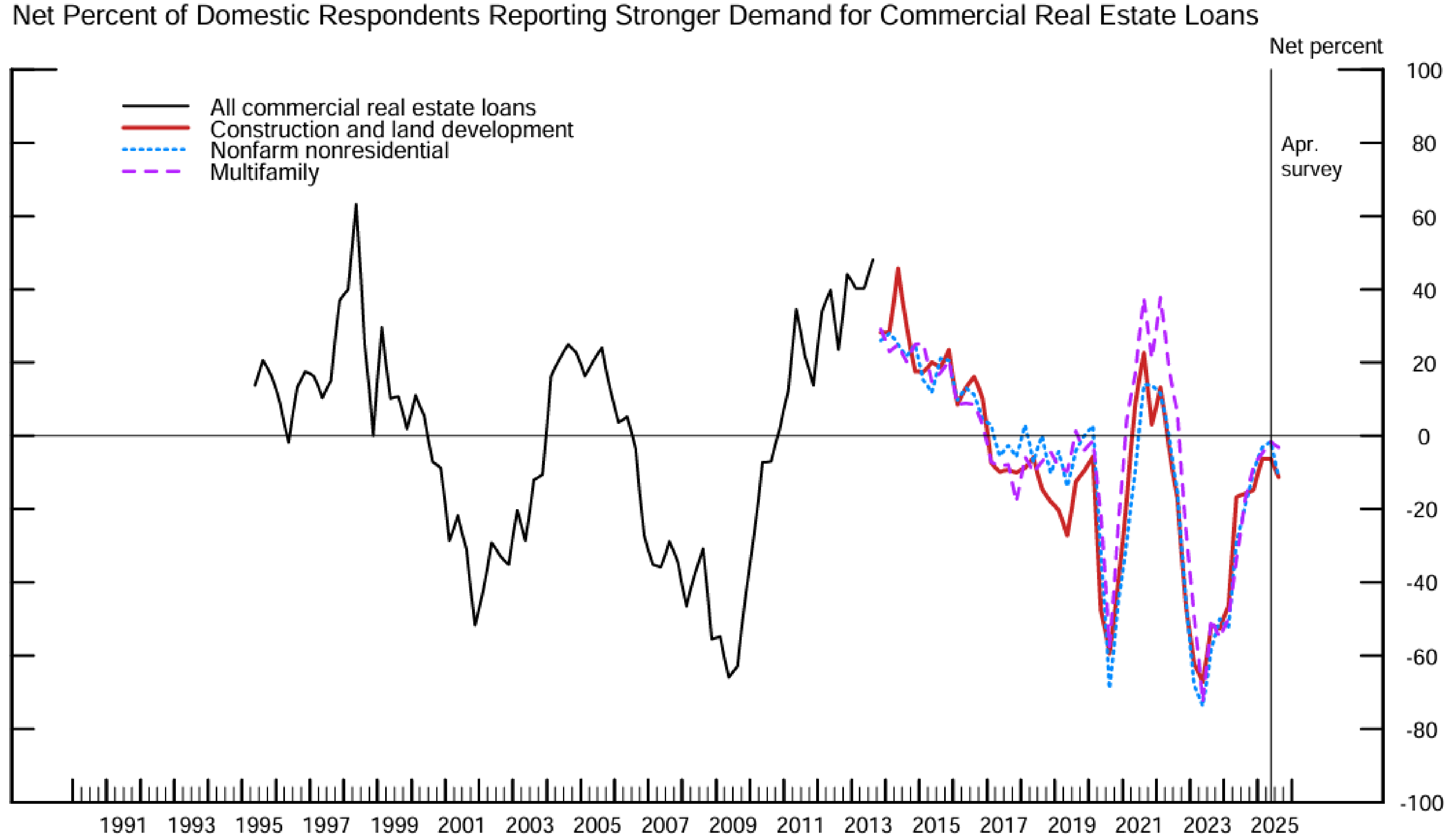


Source: MSCI—Real Capital Analytics; consumer price index, Bureau of Labor Statistics via Haver Analytics.

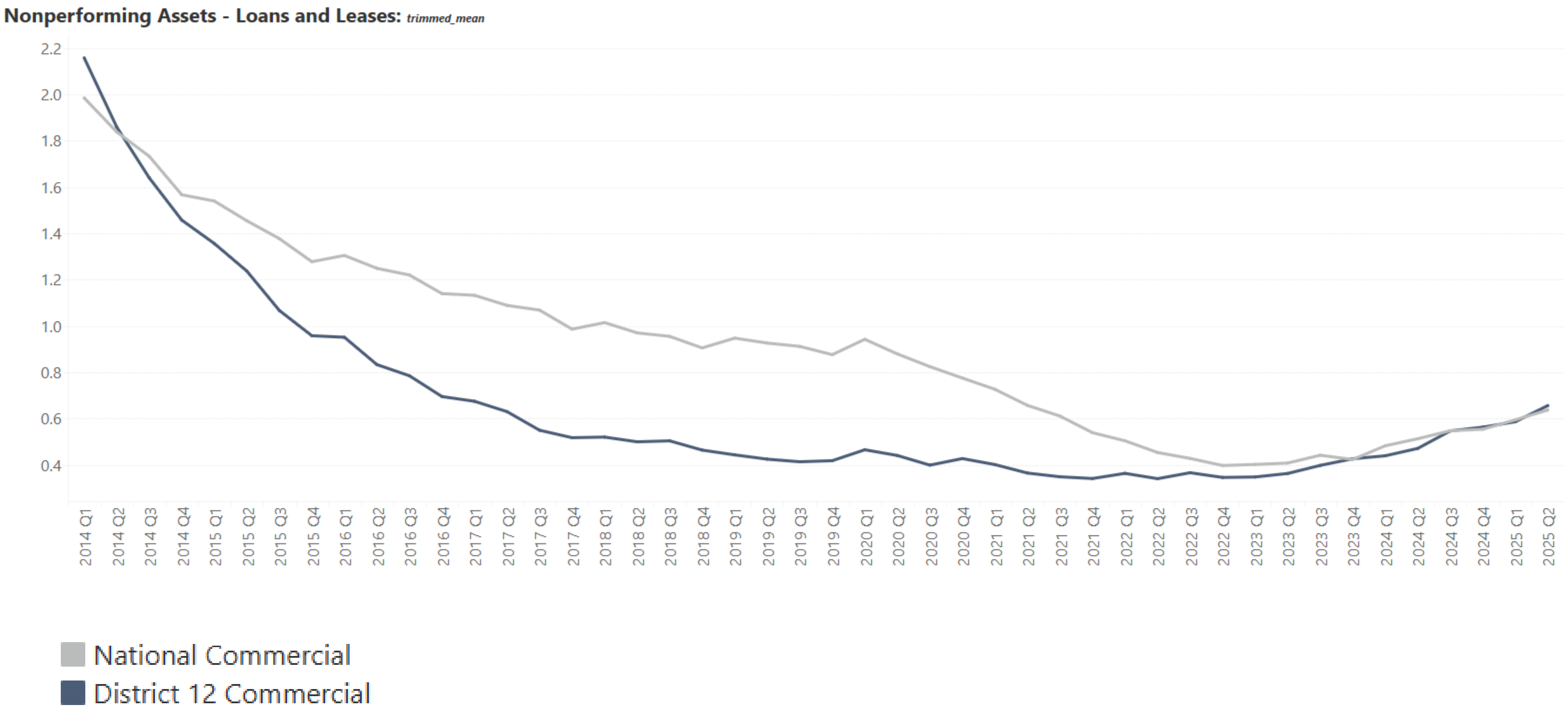
Senior Loan Officer Opinion Survey – July 2025



Senior Loan Officer Opinion Survey – July 2025



Nonperforming Assets*



*Nonperforming loans include those 90 days past due and nonaccrual. Source: Call Report Data.

CRE Risk Management Program

- Board and Management Oversight
- Portfolio Management
- Management Information System (MIS)
- Market Analysis
- Credit Underwriting Standards
- Portfolio Stress Testing and Sensitivity Analysis
- Credit Risk Review Function

Examination Insights

SR 07-01

- Guidance on tailoring CRE risk management practices
- Concentration threshold – CRE levels 300% or more of the institution's total capital constitute high concentration risk

SR 23-5

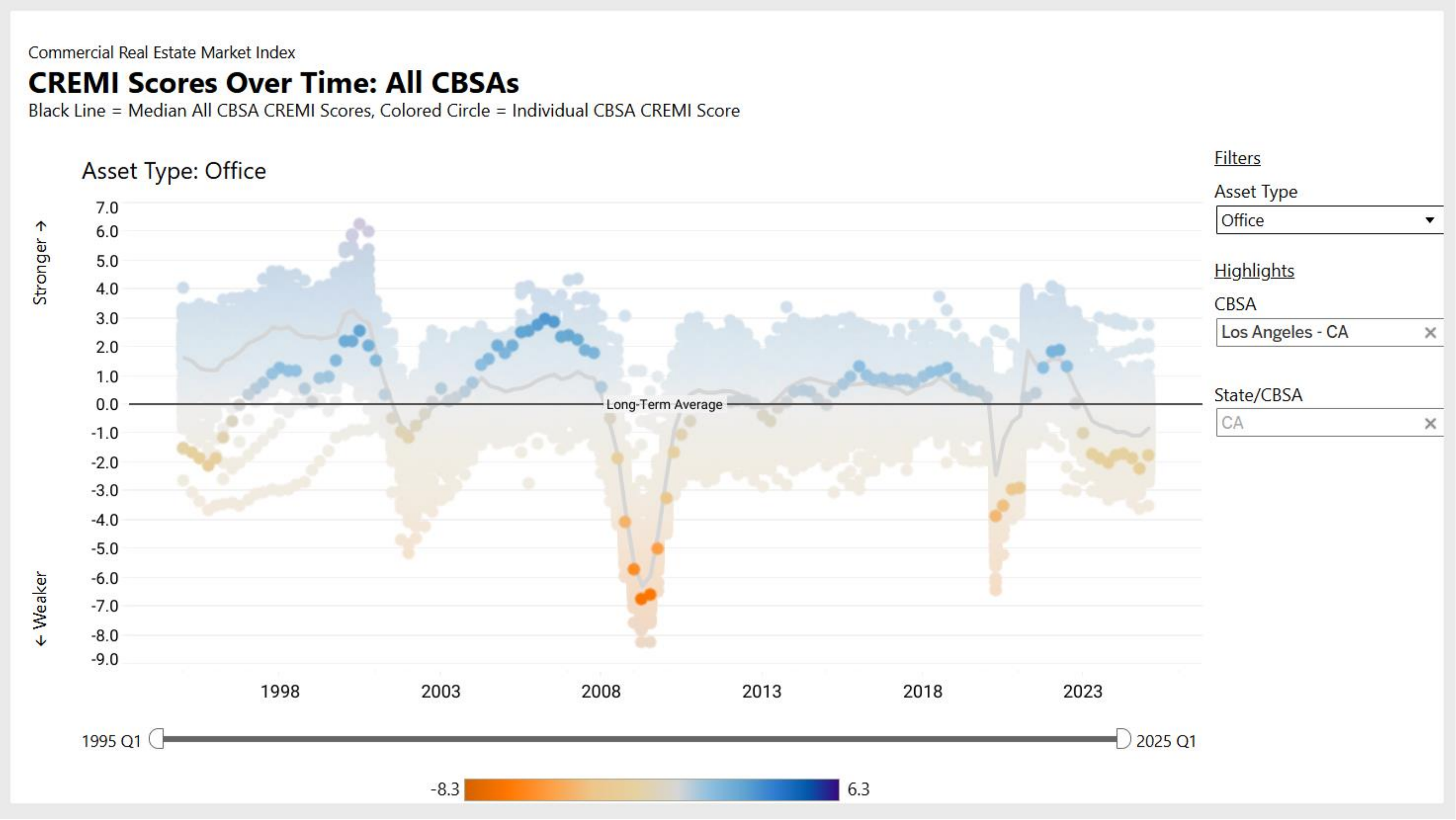
- Guidance on prudent loan accommodations and workouts
- Examples of how to classify and account for modified loans

SR 20-12

- Guidance on measuring expected credit losses and maintaining appropriate allowances
- Information on evaluating reasonableness of ACL methodologies

Resource: Commercial Real Estate (CRE) Market Index

https://www.atlantafed.org/research/data-and-tools/commercial-real-estate-market-index



Tabletop Discussion

Scenario: Bank ABC grew its CRE lending aggressively during 2021-2022, and the portfolio exceeds 300% of the bank's capital, largely concentrated in multifamily and retail properties in one metro area. While most loans are performing, management is concerned about potential vulnerabilities if market conditions deteriorate.

Discussion Prompts:

- What early warning signs would prompt you to more closely look at this concentration exposure?
- How does the board and management stay informed of local economic conditions and what relevant adjustments to strategic plans might they consider?

Questions?

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