

FDIC State Profile

Arizona

Third Quarter 2018

ECONOMIC INDICATORS (NOT SEASONALLY ADJUSTED, UNLESS NOTED)

Employment Growth Rates (change from year ago, unless noted)	Q3-18	Q2-18	Q3-17	2017	2016
Total Nonfarm (share of trailing four quarter employment in parentheses)	3.0%	2.5%	2.4%	2.4%	2.7%
Manufacturing (6%)	5.1%	5.4%	3.2%	2.6%	1.2%
Other (non-manufacturing) Goods-Producing (6%)	9.7%	8.8%	7.0%	6.9%	4.6%
Private Service-Providing (73%)	2.6%	2.2%	2.3%	2.4%	3.2%
Government (15%)	1.1%	0.2%	0.9%	0.5%	0.3%
Unemployment Rate (% of labor force, seasonally adjusted)	4.6%	4.8%	4.7%	4.9%	5.4%
Other Indicators (change from year ago, unless noted)	Q3-18	Q2-18	Q3-17	2017	2016
Single-Family Home Permits	12.3%	17.2%	21.6%	13.3%	7.3%
Multifamily Building Permits	44.1%	-8.8%	-11.5%	-12.0%	24.7%
Home Price Index	8.8%	9.1%	9.4%	8.6%	6.9%
Nonbusiness Bankruptcy Filings per 1000 people (quarterly annualized level)	2.36	2.53	2.30	2.21	2.17

BANKING TRENDS

General Information	Q3-18	Q2-18	Q3-17	2017	2016
Institutions (#)	15	15	16	15	17
Total Assets (in millions)	26,341	25,589	24,026	24,389	21,408
New Institutions (# < 3 years)	0	0	0	0	0
Subchapter S Institutions	0	0	0	0	0

Asset Quality	Q3-18	Q2-18	Q3-17	2017	2016
Past-Due and Nonaccrual Loans / Total Loans (median %)	0.47	0.77	1.08	0.67	1.22
Noncurrent Loans / Total Loans (median %)	0.25	0.36	0.51	0.54	0.60
ALLL/Total Loans (median %)	1.04	1.15	1.08	1.15	1.23
ALLL/Noncurrent Loans (median multiple)	4.06	3.16	1.73	1.89	1.48
Net Loan Losses / Total Loans (median %)	0.05	0.00	0.05	0.00	0.05

Capital / Earnings	Q3-18	Q2-18	Q3-17	2017	2016
Tier 1 Leverage (median %)	10.23	10.05	10.45	10.25	10.26
Return on Assets (median %)	0.79	1.03	1.18	0.67	0.92
Pretax Return on Assets (median %)	1.05	1.33	1.48	1.10	1.28
Net Interest Margin (median %)	4.34	4.63	4.26	4.20	4.25
Yield on Earning Assets (median %)	4.73	5.10	4.81	4.70	4.59
Cost of Funding Earning Assets (median %)	0.56	0.49	0.31	0.28	0.28
Provisions to Avg. Assets (median %)	0.00	0.00	0.04	0.04	0.07
Noninterest Income to Avg. Assets (median %)	0.72	0.73	0.92	0.79	0.58
Overhead to Avg. Assets (median %)	3.59	3.37	3.71	3.46	3.72

Liquidity/Sensitivity	Q3-18	Q2-18	Q3-17	2017	2016
Net Loans to Assets (median %)	68.74	67.72	69.46	72.37	69.61
Noncore Funding to Assets (median %)	5.69	5.05	9.50	8.57	10.25
Long-term Assets to Assets (median %, call filers)	31.52	32.92	28.69	35.22	30.71
Brokered Deposits (number of institutions)	10	10	9	8	11
Brokered Deposits to Assets (median % for those above)	1.50	1.48	6.52	5.28	4.97

Loan Concentrations (median % of Qualifying Total Capital)	Q3-18	Q2-18	Q3-17	2017	2016
Commercial and Industrial	81	74	77	85	68
Commercial Real Estate	369	336	342	349	344
Construction & Development	37	34	26	28	30
Multifamily Residential Real Estate	13	15	12	13	14
Nonresidential Real Estate	318	285	271	267	281
Residential Real Estate	72	62	58	72	76
Consumer	2	1	2	2	2
Agriculture	1	0	0	1	1

BANKING PROFILE

Largest Deposit Markets (from 2018 Summary of Deposits)	Institutions in Market	Deposits (\$ millions)	Asset Distribution	Institutions
Phoenix-Mesa-Scottsdale, AZ	61	100,557	< \$100 million	2 (13.3%)
Tucson, AZ	19	15,717	\$100 million to \$250 million	7 (46.7%)
Prescott, AZ	13	3,972	\$250 million to \$1 billion	5 (33.3%)
Lake Havasu City-Kingman, AZ	11	3,022	\$1 billion to \$10 billion	0 (0%)
Flagstaff, AZ	8	2,069	> \$10 billion	1 (6.7%)