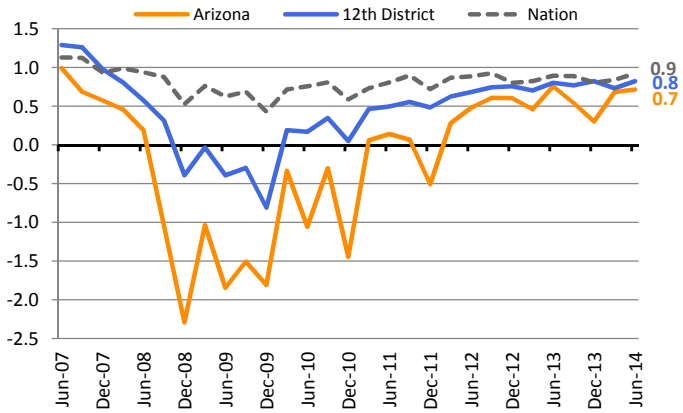
Banks at a Glance: Arizona

Federal Reserve Bank of San Francisco
Banking Supervision & Regulation
October 2014
Data as of 06/30/14

Overview:

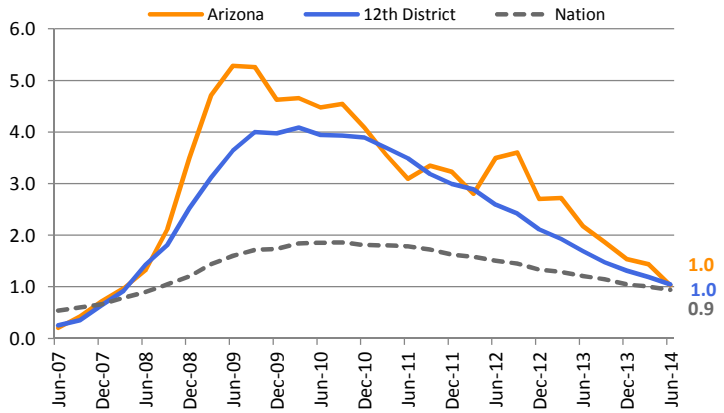
- For banks in Arizona, the average annualized ROAA at 0.72% for 1H14 (see following page) was up 5 basis points year-over-year. Gains were mainly due to reduced loan loss provisions, as returns were hurt by relatively high, albeit declining, overhead expense ratios.
- The average nonperforming assets ratio improved sharply since the recession to slightly below the District average.
- Average annual loan growth remained positive at 6.1%, lagging the District metric, and slightly above the national average. The relatively slow loan growth contributed to an increase in risk-based capital ratios in the quarter, although these remained modestly below District and national averages.

Average 1-Quarter Return on Avg. Assets (%)



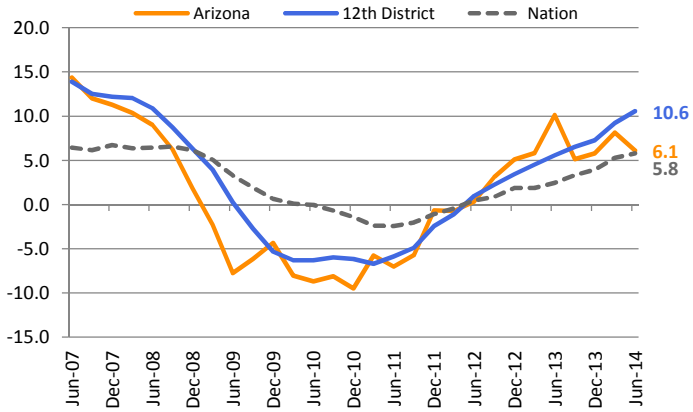
Quarterly net income / average assets, annualized

Avg. Nonperforming Assets / Total Assets (%)

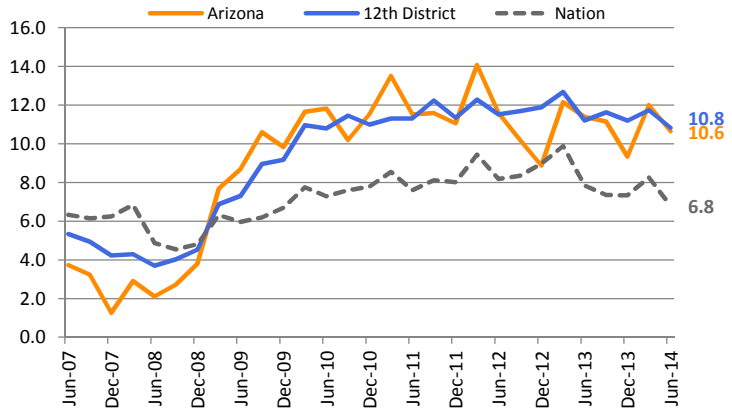


Nonperforming: 90 + days past due + nonaccrual + other real estate owned

Avg. Net Loan Growth Rate, Year-over-Year (%)

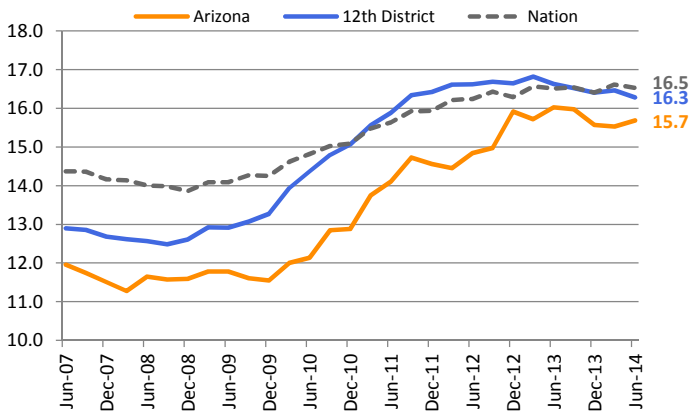


Avg. Short-Term Investments / Total Assets (%)



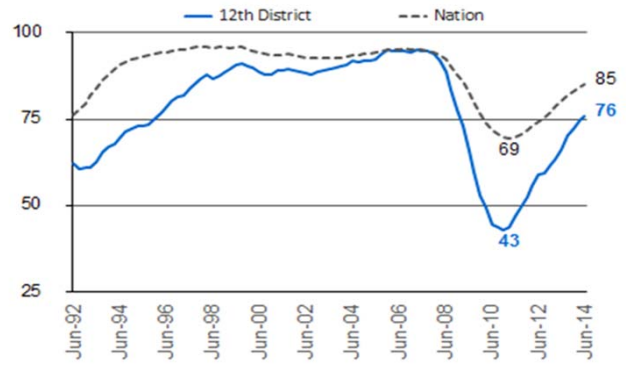
Short term investments: < = 1 year

Average Total Risk-Based Capital Ratio (%)



Total capital / risk based assets

Banks & Thrifts in Satisfactory or Better Condition, per Supervisory CAMELS Ratings (%)



Trends based on examination completion dates (mail dates); updated 7/16/14

Note: Ratios represent 25% trimmed means (highest and lowest 25% of ratios are trimmed before averaging), ROAA is return on average assets

Banking Trends *(commercial banks only)* *Data as of 06/30/14*

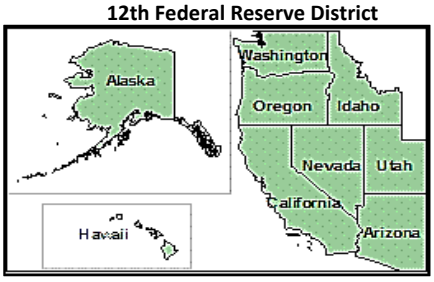
I. Summary Items	Arizona			United States		
	Jun-14	Mar-14	Jun-13	Jun-14	Mar-14	Jun-13
median bank asset size (millions)	$164	$143	$173	$167	$167	$161
number of banks	22	22	24	5,693	5,741	5,917
-state member	0	0	0	827	828	820
-national	9	9	9	1,109	1,130	1,193
-nonmember	13	13	15	3,757	3,783	3,904
memo: number < 5 yrs. old	0	0	0	17	25	56

II. Balance Sheet Highlights	Average Arizona Bank (trimmed 25%)			Average U.S. Bank (trimmed 25%)		
	Jun-14	Mar-14	Jun-13	Jun-14	Mar-14	Jun-13
Selected Loan Concentrations (% Total Risk-Based Capital)	%	%	%	%	%	%
total CRE (excl. owner-occupied nonfarm-nonresidential)	186.9	184.4	176.3	108.4	108.0	106.9
-construction & land development	42.9	45.3	42.9	23.1	22.8	22.5
-nonfarm nonresidential (excl. owner-occupied)	111.1	111.2	108.6	60.6	60.8	60.9
-multi-family	13.9	13.9	13.9	9.3	9.3	8.7
nonfarm nonresidential owner-occupied	167.9	170.3	171.0	68.8	69.3	70.2
1-4 family residential (includes home equity)	100.3	99.2	109.4	133.2	131.8	133.1
agricultural & farmland secured	0.6	0.7	1.3	43.8	42.1	42.5
commercial & industrial	76.0	77.1	85.1	72.7	72.0	72.3
consumer	3.8	4.1	4.9	20.1	20.0	21.2
Liquidity, Funding, and Capital	%	%	%	%	%	%
net loan growth rate (year-over-year)	6.1	8.1	10.1	5.8	5.3	2.5
net loans / assets	67.0	67.3	66.8	61.2	59.8	59.8
core deposits / total assets (w/CDs <= $250K)	79.2	79.8	78.6	80.0	80.7	80.5
net noncore funding dependence (w/CDs > $250K)	-4.7	-7.4	-5.8	1.4	-0.7	0.0
securities / assets	12.2	11.5	11.4	22.3	22.2	22.5
tier 1 leverage ratio	10.8	10.8	10.9	10.1	10.1	10.0
total risk-based capital ratio	15.7	15.5	16.0	16.5	16.6	16.5

III. Performance Measures	Jun-14	Mar-14	Jun-13	Jun-14	Mar-14	Jun-13
Earnings (year-to-date annualized)	%	%	%	%	%	%
return on average assets	0.72	0.68	0.67	0.88	0.84	0.86
net interest income (tax equivalent) / average assets	3.87	3.86	3.82	3.47	3.44	3.42
noninterest revenues / average assets	0.62	0.64	0.80	0.56	0.54	0.59
overhead expenses / average assets	4.06	4.10	4.12	2.86	2.86	2.87
loan loss provisions / average assets	0.04	0.02	0.14	0.05	0.05	0.08
efficiency ratio	79.70	81.48	79.02	69.42	70.15	69.69
Asset Quality	%	%	%	%	%	%
noncurrent loans / total loans	0.82	1.36	1.87	0.98	1.07	1.30
loans past due 30-89 days / total loans	0.56	0.31	0.33	0.59	0.76	0.72
loans past due 30+ days or nonaccrual / total loans	1.50	1.74	2.37	1.81	2.05	2.28
allowance for losses / loans & leases not held for sale	1.61	1.81	1.92	1.48	1.53	1.61
net charge-offs / average loans (YTD annualized)	0.29	-0.01	0.42	0.07	0.03	0.12

Population of banks includes commercial banks only. De Novo (banks <5 years old) are omitted.
Averages are trimmed (upper/lower 25% of observations are removed before averaging).
Sources: Regulatory Condition & Income Reports; Federal Reserve financial & exam databases. CRE = Commercial Real Estate.
For this and other publications, see: http://www.frbsf.org/banking-supervision/publications/

12th Federal Reserve District



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