• Arizona's economy continued to perform well, however job growth slowed to just above the national average. The unemployment rate also ticked up, primarily attributed to higher labor force participation rather than actual weakness. Home price gains were robust on a limited supply of new and existing homes for sale. Single family permits steadily increased, but at a rate still well below pre-crisis levels.

• The average Arizona bank return on average assets was among the lowest nationally. Compared to most other states, Arizona banks on average had higher net interest and noninterest income ratios, but returns were lowered by significantly higher overhead ratios. Year-to-date return on average assets dipped slightly year-over-year as earnings did not keep pace with asset growth. Asset growth slowed, particularly among higher yielding assets. Lower yielding assets such as securities and liquid investments increased, benefiting risk-based capital, liquidity, and commercial real estate concentration ratios.

Key Economic Metrics (ranking #1 = highest in the nation)

<table>
<thead>
<tr>
<th>Year-over-Year Job Growth: 1.9%</th>
<th>Unemployment: 5.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rank: #12</td>
<td>Rank: #4</td>
</tr>
</tbody>
</table>

- **Arizona**
- **Nation**

 imágenes de gráficos con datos:

- Year-over-Year Job Growth: 1.9%
- Unemployment: 5.1%
- Year-over-Year Home Price Growth: 9.1%
- Single Family Permits / 1,000 Residents: 3.6

The opinions expressed in this publication are those of the authors. Opinions are intended only for informational purposes, and are not formal opinions of, nor binding on, the Federal Reserve Bank of San Francisco or the Board of Governors of the Federal Reserve System.
**Key Banking Metrics** (averages across banks; ranking #1 = highest in the nation)

### Year-to-Date Return on Average Assets: 0.71%
- **Rank:** #47
- **Graph:**
  - **Arizona**
  - **Nation**

### Year-over-Year Net Loan Growth: 7.9%
- **Rank:** #20
- **Graph:**
  - **Arizona**
  - **Nation**

### Nonperforming Assets / Total Assets: 0.72%
- **Rank:** #24
- **Graph:**
  - **Arizona**
  - **Nation**

### Total Risk-Based Capital: 16.7%
- **Rank:** #20
- **Graph:**
  - **Arizona**
  - **Nation**

### CRE Concentration: 168%
- **Rank:** #16
- **Graph:**
  - **Arizona**
  - **Nation**

### Securities and Liquid Invest. / Total Assets: 29.2%
- **Rank:** #21
- **Graph:**
  - **Arizona**
  - **Nation**

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**Source:** Call Report data for commercial banks based upon headquarters location. Averages are calculated on a “trimmed” basis by removing the highest 10% and lowest 10% of ratio values prior to averaging to prevent distortion from outliers. All charts display quarterly data, except for return on average assets which displays the same quarter in each year. Growth rates are not adjusted for mergers. Graphics and data exclude “De Novo” banks (banks less than five years old). As of the latest period, the count of banks included in these statistics were 15 for the state and 4,978 for the nation.

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