Arizona saw improved job growth in the first half of 2018 after modest slowing in 2017, thanks mostly to the construction, education and health services, and manufacturing sectors. The combination of job growth and large labor force additions held unemployment relatively steady. Despite a continued surge of residential construction, home prices rose due to robust in-migration and a limited supply of existing homes for sale.

Owing mostly to tax reform, Arizona banks’ average year-to-date return on average assets ratio increased moderately since year-end 2017. Loan growth continued to be robust. Although capital accretion kept pace with loans, it trailed risk-weighted asset growth, weighing on the average total risk-based capital ratio. Average nonperforming loan ratios decreased across several categories and the average asset liquidity ratio was comparable to mid-2017, with quarterly variation due to seasonality.
Key Banking Metrics (averages across banks; ranking #1 = highest in the nation)

**Year to Date Return on Average Assets: 0.91%**
Rank: #46

**Year-over-Year Net Loan Growth: 8.8%**
Rank: #11

**Nonperforming Assets / Total Assets: 0.40%**
Rank: #42

**Total Risk-Based Capital Ratio: 16.0%**
Rank: #27

**CRE Concentration: 178%**
Rank: #15

**Securities and Liquid Invest. / Total Assets: 29.5%**
Rank: #15

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 4,794 for the nation.

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