



# Bankers' Index

AN ANALYSIS OF ARIZONA COMMUNITY BANKS





The Bankers' Index is published by the Arizona office of Moss Adams. For more information on the data presented in this report, contact **Rebecca Radell, Senior Manager,** at **(209) 955-6136**.

## Arizona

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### PHOENIX

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## ASSET SIZE DEFINITION

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<b>Group A</b>	\$0–\$250 million
<b>Group B</b>	\$251 million–\$500 million
<b>Group C</b>	\$501 million–\$1 billion
<b>Group D</b>	Over \$1 billion–\$10 billion

# Performance Analysis

## Performance Analysis

June 30, 2017

Run Date: August 17, 2017

Region	Institution Name	As of Date	Quarter to Date					Year to Date				
		Total Assets (\$000)	Net Income (Loss) (\$000)	Return on Avg Assets (%)	Return on Avg Equity (%)	Efficiency Ratio (FTE) (%)	Salary Exp/ Employees (\$000)	Net Income (Loss) (\$000)	Return on Avg Assets (%)	Return on Avg Equity (%)	Efficiency Ratio (FTE) (%)	Salary Exp/ Employees (\$000)
Asset Group A - \$0 to \$250 million in total assets												
	West Valley National Bank	\$56,094	(\$92)	(0.65%)	(6.73%)	112.85%	\$102	(\$154)	(0.55%)	(5.59%)	110.99%	\$99
	Canyon Community Bank, National Association	\$92,492	\$45	0.20%	1.46%	114.28%	\$48	(\$64)	(0.14%)	(1.04%)	116.61%	\$44
	RepublicBankAz, N.A.	\$95,738	\$89	0.39%	2.62%	84.01%	\$101	\$140	0.31%	2.09%	87.44%	\$105
	Mission Bank	\$99,541	\$140	0.55%	5.78%	79.29%	\$69	\$212	0.42%	4.42%	82.88%	\$70
	Gateway Commercial Bank	\$129,322	\$266	0.88%	7.02%	58.35%	\$100	\$518	0.88%	6.95%	59.98%	\$101
	Metro Phoenix Bank	\$164,852	\$463	1.19%	8.61%	58.75%	\$93	\$1,700	2.29%	18.14%	45.78%	\$98
	Commerce Bank of Arizona, Inc.	\$182,575	\$182	0.40%	4.53%	90.83%	\$81	\$484	0.54%	6.96%	88.59%	\$81
	Goldwater Bank, N.A.	\$193,075	\$438	1.17%	16.35%	96.85%	\$103	(\$1,100)	(1.60%)	(19.99%)	103.38%	\$97
	Pinnacle Bank	\$196,286	\$612	1.25%	10.21%	58.97%	\$111	\$1,144	1.17%	9.66%	61.43%	\$106
	Average of Asset Group A	\$134,442	\$238	0.60%	5.54%	83.80%	\$90	\$320	0.37%	2.40%	84.12%	\$89
Asset Group B - \$251 to \$500 million in total assets												
	Horizon Community Bank	\$260,579	\$676	1.06%	11.46%	78.57%	\$85	\$1,109	0.89%	9.59%	81.29%	\$83
	1st Bank Yuma	\$307,302	\$819	1.08%	10.13%	63.32%	\$84	\$1,826	1.22%	11.42%	61.63%	\$86
	Average of Asset Group B	\$283,941	\$748	1.07%	10.80%	70.95%	\$84	\$1,468	1.06%	10.51%	71.46%	\$84
Asset Group C - \$501 million to \$1 billion in total assets												
	Arizona Bank & Trust	\$566,339	\$1,073	0.73%	6.82%	66.10%	\$110	\$2,559	0.87%	8.18%	64.66%	\$101
	Mohave State Bank	\$603,351	\$1,551	1.04%	9.85%	66.26%	\$81	\$3,054	1.03%	9.82%	63.87%	\$80
	Average of Asset Group C	\$584,845	\$1,312	0.89%	8.34%	66.18%	\$96	\$2,807	0.95%	9.00%	64.27%	\$91
Asset Group D - \$1 billion to \$10 billion in total assets												
	BNC National Bank	\$1,000,485	\$1,720	0.68%	7.25%	78.81%	\$74	\$3,105	0.65%	6.64%	80.80%	\$75
	Regional Average	\$1,000,485	\$1,720	0.68%	7.25%	78.81%	\$74	\$3,105	0.65%	6.64%	80.80%	\$75

Source: SNL Financial

Note: Report includes only bank-level data.

NA = data was not available.

NM = per SNL Financial, the data was not provided as the ratios are too high/low to be meaningful.

# Balance Sheet & Net Interest Margin

## Balance Sheet &amp; Net Interest Margin

June 30, 2017

Run Date: August 17, 2017

Region	Institution Name	As of Date					Year to Date						
		Total Assets (\$000)	Total Lns & Leases (\$000)	Total Deposits (\$000)	Loans/Deposits (%)	Liquidity Ratio (%)	Assets/Employees (\$000)	Yield on Earning Assets (%)	Cost of Interest Bearing Liab (%)	Cost of Funds (%)	Net Interest Margin (FTE) (%)	Asset Growth Rate (%)	Deposit Growth Rate (%)
Asset Group A - \$0 to \$250 million in total assets													
	West Valley National Bank	\$56,094	\$36,388	\$50,579	71.94%	32.27%	\$3,116	3.88%	0.40%	0.19%	3.71%	7.93%	9.61%
	Canyon Community Bank, National Association	\$92,492	\$27,999	\$77,995	35.90%	50.47%	\$3,700	2.59%	0.21%	0.16%	2.46%	36.47%	44.40%
	RepublicBankAz, N.A.	\$95,738	\$58,200	\$81,652	71.28%	43.83%	\$5,319	4.71%	0.94%	0.85%	4.04%	20.93%	28.92%
	Mission Bank	\$99,541	\$62,552	\$89,460	69.92%	32.73%	\$3,211	4.13%	0.15%	0.10%	4.09%	5.67%	5.23%
	Gateway Commercial Bank	\$129,322	\$68,725	\$102,347	67.15%	34.84%	\$8,621	3.97%	0.63%	0.48%	3.55%	30.43%	29.24%
	Metro Phoenix Bank	\$164,852	\$127,274	\$138,117	92.15%	25.45%	\$5,495	5.96%	0.47%	0.36%	5.58%	33.01%	19.48%
	Commerce Bank of Arizona, Inc.	\$182,575	\$149,382	\$155,821	95.87%	16.73%	\$3,969	4.72%	0.40%	0.29%	4.44%	9.44%	(2.23%)
	Goldwater Bank, N.A.	\$193,075	\$156,501	\$150,235	104.17%	15.55%	\$423	5.84%	0.93%	0.79%	5.04%	94.38%	60.52%
	Pinnacle Bank	\$196,286	\$163,093	\$171,197	95.27%	18.17%	\$4,362	4.60%	0.83%	0.66%	4.01%	2.14%	1.46%
	Regional Average	\$134,442	\$94,457	\$113,045	78.18%	30.00%	\$4,246	4.49%	0.55%	0.43%	4.10%	26.71%	21.85%
Asset Group B - \$251 to \$500 million in total assets													
	Horizon Community Bank	\$260,579	\$176,481	\$227,018	77.74%	25.48%	\$3,670	4.50%	0.62%	0.46%	4.06%	19.93%	22.46%
	1st Bank Yuma	\$307,302	\$214,666	\$272,378	78.81%	25.35%	\$4,656	4.96%	0.21%	0.12%	4.92%	14.96%	19.35%
	Regional Average	\$283,941	\$195,574	\$249,698	78.28%	25.42%	\$4,163	4.73%	0.42%	0.29%	4.49%	17.45%	20.91%
Asset Group C - \$501 million to \$1 billion in total assets													
	Arizona Bank & Trust	\$566,339	\$377,618	\$493,419	76.53%	25.23%	\$6,585	4.28%	0.33%	0.19%	4.25%	(5.47%)	6.79%
	Mohave State Bank	\$603,351	\$338,702	\$534,235	63.40%	39.71%	\$4,751	4.01%	0.18%	0.14%	3.89%	6.98%	6.75%
	Regional Average	\$584,845	\$358,160	\$513,827	69.97%	32.47%	\$5,668	4.14%	0.26%	0.17%	4.07%	0.76%	6.77%
Asset Group D - \$1 billion to \$10 billion in total assets													
	BNC National Bank	\$1,000,485	\$463,955	\$883,177	52.53%	42.03%	\$3,819	3.34%	0.32%	0.26%	3.25%	20.15%	33.55%
	Regional Average	\$1,000,485	\$463,955	\$883,177	52.53%	42.03%	\$3,819	3.34%	0.32%	0.26%	3.25%	20.15%	33.55%

Source: SNL Financial

Note: Report includes only bank-level data.

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# Asset Quality

**Asset Quality**
**June 30, 2017**
**Run Date: August 17, 2017**

Region	Institution Name	As of Date						
		Total Assets (\$000)	Tot Loans & Leases Nonaccrual (\$000)	Nonaccrual Loans/Total Loans (%)	Reserves/Loans (%)	Reserves/ NPLs (%)	NPA+ Loans 90PD / Tang Equity + LLRs (%) Texas Ratio	NPAs/Total Assets (%)
Asset Group A - \$0 to \$250 million in total assets								
	West Valley National Bank	\$56,094	\$0	0.00%	1.58%	NA	0.00%	0.00%
	Canyon Community Bank, National Association	\$92,492	\$700	2.50%	2.99%	119.57%	5.28%	0.76%
	RepublicBankAz, N.A.	\$95,738	\$364	0.63%	3.54%	210.31%	6.22%	1.02%
	Mission Bank	\$99,541	\$302	0.48%	1.02%	210.26%	8.95%	0.94%
	Gateway Commercial Bank	\$129,322	\$0	0.00%	0.65%	NA	9.43%	1.16%
	Metro Phoenix Bank	\$164,852	\$0	0.00%	1.20%	293.10%	1.88%	0.32%
	Commerce Bank of Arizona, Inc.	\$182,575	\$4,855	3.25%	1.89%	46.65%	41.72%	5.28%
	Goldwater Bank, N.A.	\$193,075	\$1,631	1.04%	0.17%	16.31%	16.53%	0.96%
	Pinnacle Bank	\$196,286	\$1,620	0.99%	1.66%	72.97%	13.92%	1.89%
	Regional Average	\$134,442	\$1,052	0.99%	1.63%	138.45%	11.55%	1.37%
Asset Group B - \$251 to \$500 million in total assets								
	Horizon Community Bank	\$260,579	\$1,547	0.88%	1.47%	85.31%	21.74%	2.21%
	1st Bank Yuma	\$307,302	\$611	0.28%	0.97%	190.39%	3.44%	0.36%
	Regional Average	\$283,941	\$1,079	0.58%	1.22%	137.85%	12.59%	1.29%
Asset Group C - \$501 million to \$1 billion in total assets								
	Arizona Bank & Trust	\$566,339	\$9,013	2.39%	1.26%	48.80%	21.26%	2.24%
	Mohave State Bank	\$603,351	\$2,924	0.86%	0.89%	21.44%	25.13%	2.46%
	Regional Average	\$584,845	\$5,969	1.63%	1.08%	35.12%	23.20%	2.35%
Asset Group D - \$1 billion to \$10 billion in total assets								
	BNC National Bank	\$1,000,485	\$2,142	0.46%	1.70%	199.39%	3.79%	0.40%
	Regional Average	\$1,000,485	\$2,142	0.46%	1.70%	199.39%	3.79%	0.40%

Source: SNL Financial

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# Capital Adequacy

# Capital Adequacy

June 30, 2017

Run Date: August 17, 2017

Region	Institution Name	As of Date							
		Total Assets (\$000)	Total Equity Capital (\$000)	Tier1 Capital (\$000)	Common Equity Tier 1 Capital (\$000)	Leverage Ratio (%)	Tier 1 Risk Based Ratio (%)	Risk Based Capital Ratio (%)	Common Equity Tier 1 Risk Based Ratio (%)
Asset Group A - \$0 to \$250 million in total assets									
	West Valley National Bank	\$56,094	\$5,424	\$5,332	\$5,332	9.42%	14.42%	15.67%	14.42%
	Canyon Community Bank, National Association	\$92,492	\$12,417	\$12,656	\$12,656	13.76%	35.21%	36.47%	35.21%
	RepublicBankAz, N.A.	\$95,738	\$13,735	\$13,794	\$13,794	15.22%	24.98%	26.27%	24.98%
	Mission Bank	\$99,541	\$9,806	\$9,755	\$9,755	9.62%	13.25%	14.14%	13.25%
	Gateway Commercial Bank	\$129,322	\$15,469	\$15,507	\$15,507	12.78%	17.32%	17.83%	17.32%
	Metro Phoenix Bank	\$164,852	\$26,407	\$25,299	\$25,299	16.42%	20.54%	21.79%	20.54%
	Commerce Bank of Arizona, Inc.	\$182,575	\$20,282	\$20,302	\$20,302	11.17%	13.11%	14.37%	13.11%
	Goldwater Bank, N.A.	\$193,075	\$10,937	\$10,937	\$7,691	7.29%	19.14%	20.20%	13.46%
	Pinnacle Bank	\$196,286	\$24,281	\$23,994	\$23,994	12.26%	15.73%	16.99%	15.73%
	Regional Average	\$134,442	\$15,418	\$15,286	\$14,926	11.99%	19.30%	20.41%	18.67%
Asset Group B - \$251 to \$500 million in total assets									
	Horizon Community Bank	\$260,579	\$23,850	\$24,059	\$24,059	9.40%	13.39%	14.64%	13.39%
	1st Bank Yuma	\$307,302	\$32,836	\$30,094	\$30,094	10.03%	12.43%	13.30%	12.43%
	Regional Average	\$283,941	\$28,343	\$27,077	\$27,077	9.72%	12.91%	13.97%	12.91%
Asset Group C - \$501 million to \$1 billion in total assets									
	Arizona Bank & Trust	\$566,339	\$63,092	\$56,136	\$56,136	9.74%	13.88%	15.07%	13.88%
	Mohave State Bank	\$603,351	\$63,985	\$57,035	\$57,035	9.65%	13.56%	14.27%	13.56%
	Regional Average	\$584,845	\$63,539	\$56,586	\$56,586	9.70%	13.72%	14.67%	13.72%
Asset Group D - \$1 billion to \$10 billion in total assets									
	BNC National Bank	\$1,000,485	\$96,621	\$92,158	\$92,158	9.15%	17.12%	18.37%	17.12%
	Regional Average	\$1,000,485	\$96,621	\$92,158	\$92,158	9.15%	17.12%	18.37%	17.12%

Source: SNL Financial

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# Definitions



<b>Total assets</b>	All assets owned by the company as of the date indicated, as carried on the balance sheet and defined under the indicated accounting principles.
<b>Net income</b>	Net income after taxes, minority interest, and extraordinary and other after-tax items. Noncontrolling interest may be included, per relevant accounting standards. FASB Accounting Standards Codification® (ASC) Section 810-10-65, which includes noncontrolling interests for fiscal years starting after December 15, 2008, for example.
<b>Return on average assets (%)</b>	Return on average assets; net income as a percent of average assets.
<b>Return on average equity (%)</b>	Return on average equity; net income as a percent of average equity.
<b>Efficiency ratio (FTE) (%)</b>	Noninterest expense before foreclosed property expense, amortization of intangibles, and goodwill impairments as a percent of net interest income (fully taxable equivalent, if available) and noninterest revenues, excluding only gains from securities transactions and nonrecurring items.
<b>Salary expense ÷ employees</b>	Salary and benefits expense divided by number of full-time equivalent employees at end of period.
<b>Total loans and leases</b>	The total of loans and lease financing receivables, net of unearned income. Includes loans secured by real estate; loans to depository institutions; loans to finance agricultural production and other loans to farmers; commercial and industrial loans; acceptances of other banks (both US and foreign); loans to individuals for household, family, and other personal expenditures; loans to foreign governments and official institutions; obligations of states and political subdivisions in the United States; other loans (for purchasing or carrying securities, for example, and not including consumer loans); lease financing receivables (net of unearned income); and less any unearned income on loans reflected in items above.
<b>Total deposits</b>	Amounts in customers' banking deposits; any accounts subject to federal banking deposit insurance, including any portions in jumbo deposits that aren't insured but subject to the FDIC deposit regulations.
<b>Liquidity ratio (%)</b>	Liquid assets (cash and balance due to deposit institution plus securities plus federal funding and repurchasing plus trading accounts minus pledged securities divided by total liabilities.
<b>Total assets ÷ employees</b>	Total assets divided by number of full-time equivalent employees at end of period.
<b>Loans ÷ deposits (%)</b>	Loans held for investment, before reserves, as a percent of total insured deposits.
<b>Yield on earning assets (%)</b>	Return earned on interest-earning assets, expressed as a percent. Total interest and dividend income divided by average earning assets.
<b>Cost of interest-bearing liability (%)</b>	Interest incurred on liabilities as a percent of average interest-bearing liabilities. Total interest expense divided by average interest-bearing liabilities.

<b>Cost of funds (%)</b>	Interest incurred on liabilities as a percent of average non-interest-bearing deposits and interest-bearing liabilities.
<b>Net interest margin (FTE) (%)</b>	Net interest income, on a fully taxable-equivalent basis if available, as a percent of average earning assets.
<b>Asset growth rate (%)</b>	Growth in total assets. Annualized is equal to (current period total assets minus previous period total assets) divided by previous period total assets.
<b>Deposit growth rate (%)</b>	Growth in deposits. Annualized is equal to ((current period deposits minus previous period deposits) times (domestic and foreign office)) divided by previous period deposits.
<b>Total loans and leases nonaccrual</b>	Amount of loans and finance leases, gross of reserves, on which interest is no longer accruing.
<b>Nonaccrual loans ÷ total loans (%)</b>	Nonaccrual loans, net of guaranteed loans, as a percent of total gross loans.
<b>Reserves ÷ loans (%)</b>	Reserves for loan losses as a percent of loans before reserves.
<b>Reserves ÷ nonperforming loans (%)</b>	Loan loss reserves as a percent of nonperforming loans.
<b>Nonperforming assets / total assets (%)</b>	Nonperforming assets (nonperforming loans and leases, renegotiated loans and leases, and real estate owned) as a percent of assets.
<b>Nonperforming assets + loans 90PD ÷ tangible equity + loan loss reserves (%)</b>	Nonperforming assets plus loans 90 days or more past due divided by tangible common equity and reserves. This is also known as the common version of the Texas ratio.
<b>Total equity capital</b>	Equity as defined under the indicated accounting principles. Includes par value, paid in capital, retained earnings, and other adjustments to equity. Minority interest may be included, per relevant accounting standards. ASC Section 810-10-65, which includes minority interest for fiscal years starting after December 15, 2008, for example.
<b>Tier 1 capital</b>	For Office of Thrift Supervision (OTS)-regulated institutions, it represents the amount of core capital as defined under the latest OTS guidelines at period-end. For FDIC-regulated institutions it represents the amount of Tier 1 capital as defined by the latest regulatory agency guidelines.
<b>Leverage ratio (%)</b>	Tier 1 leverage ratio according to regulatory capital guidelines. Usually defined as Tier 1 capital as a percent of tangible assets.
<b>Tier 1 risk-based ratio (%)</b>	Tier 1 capital as a percent of total risk-adjusted assets.
<b>Risk-Based Capital Ratio (%)</b>	The regulatory risk-based capital ratio as defined under the latest OTS or FDIC guidelines at period-end. This ratio is usually equal to total risk-based capital divided by total risk-adjusted assets.
<b>Common Equity Tier Risk Based Ratio (%)</b>	Tier 1 common capital as a percent of risk-weighted assets.