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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

PHOENIX

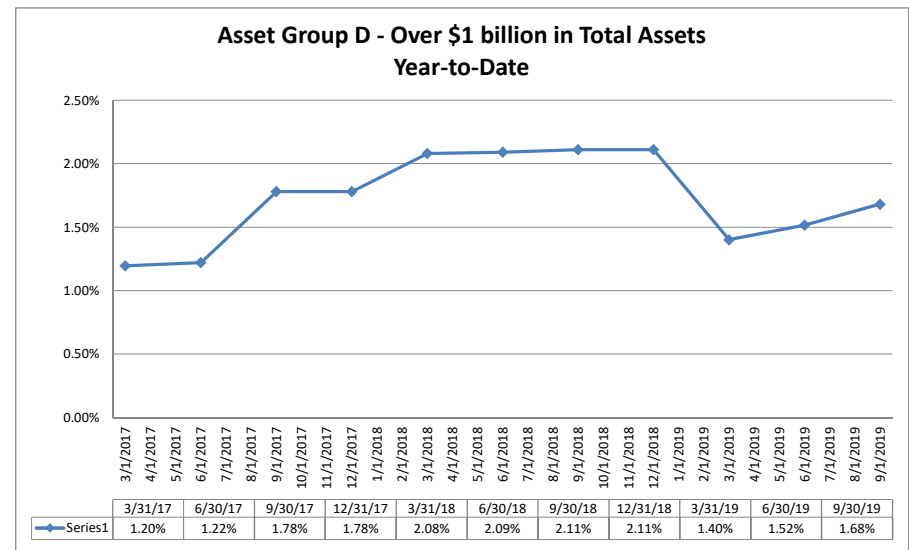
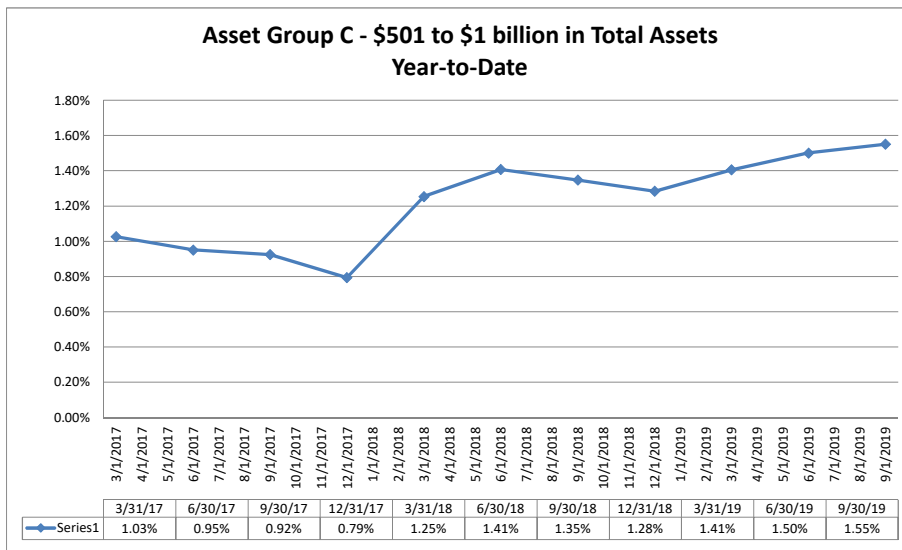
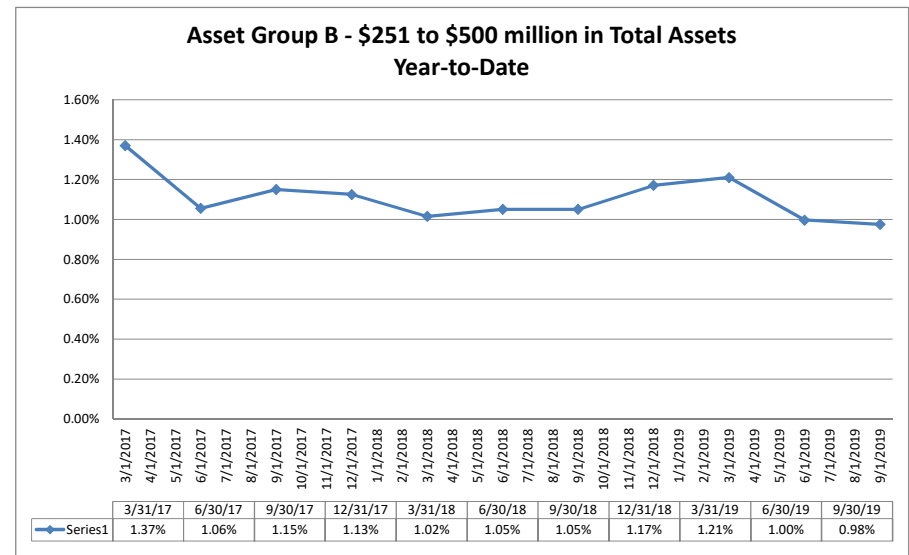
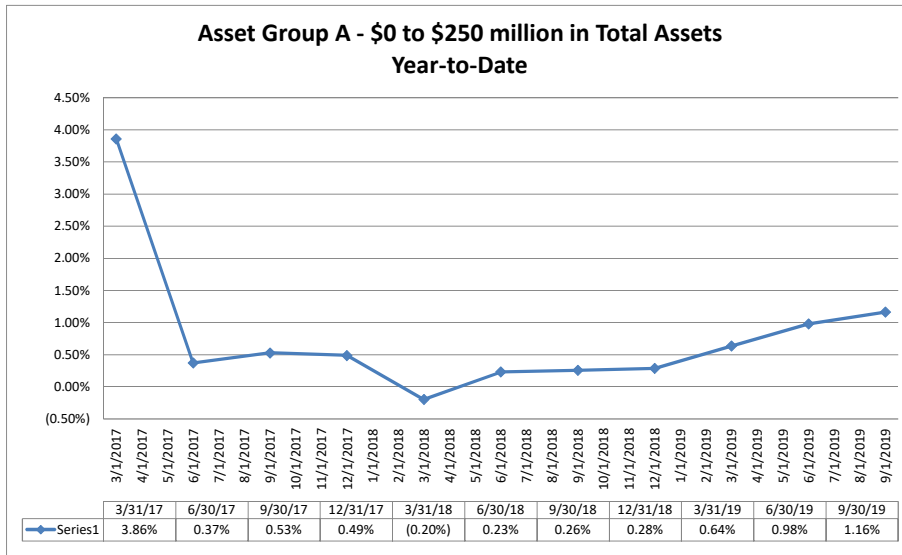
5415 E. High Street, Suite 350
Phoenix, AZ 85054
(480) 444-3424

ASSET SIZE DEFINITION

Group A	\$0-\$250 million
Group B	\$251 million-\$500 million
Group C	\$501 million-\$1 billion
Group D	Over \$1 billion-\$10 billion

Performance Analysis

Summary Trends of Historical Asset Group Averages: Return on Average Assets



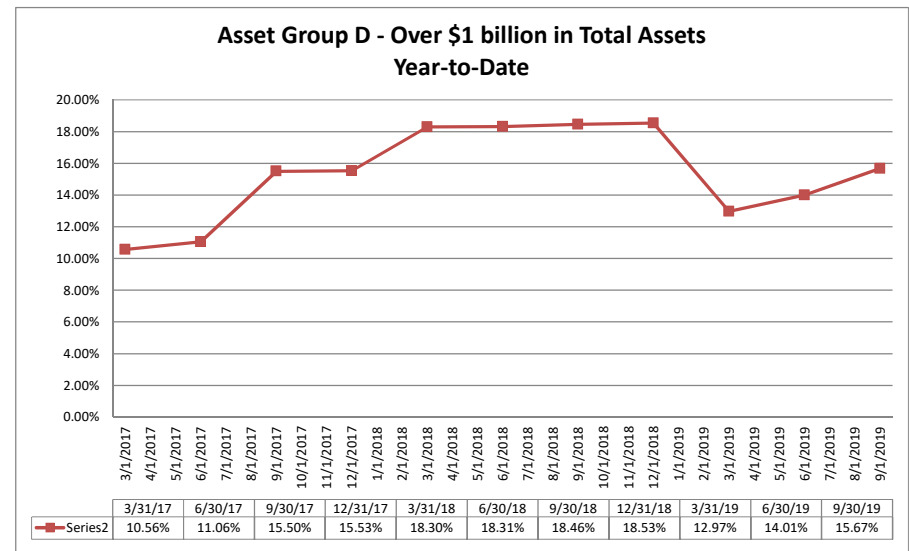
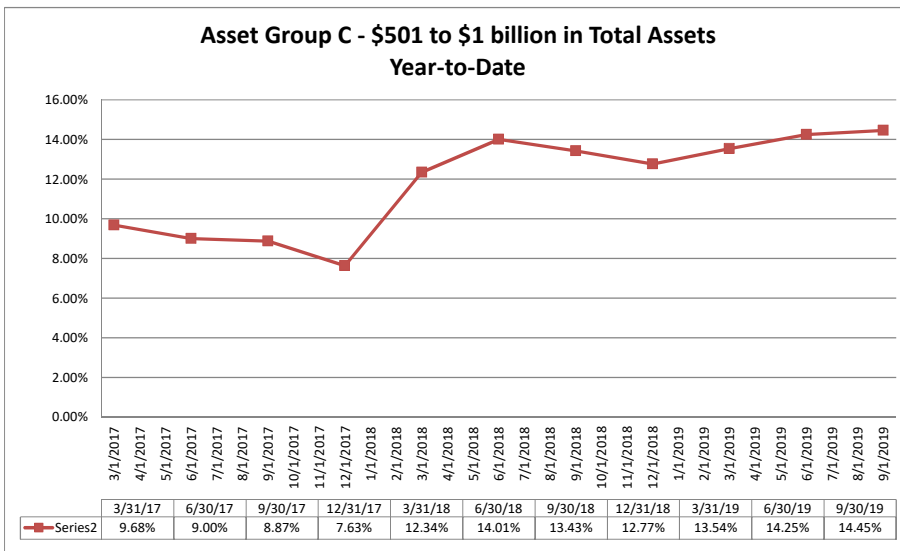
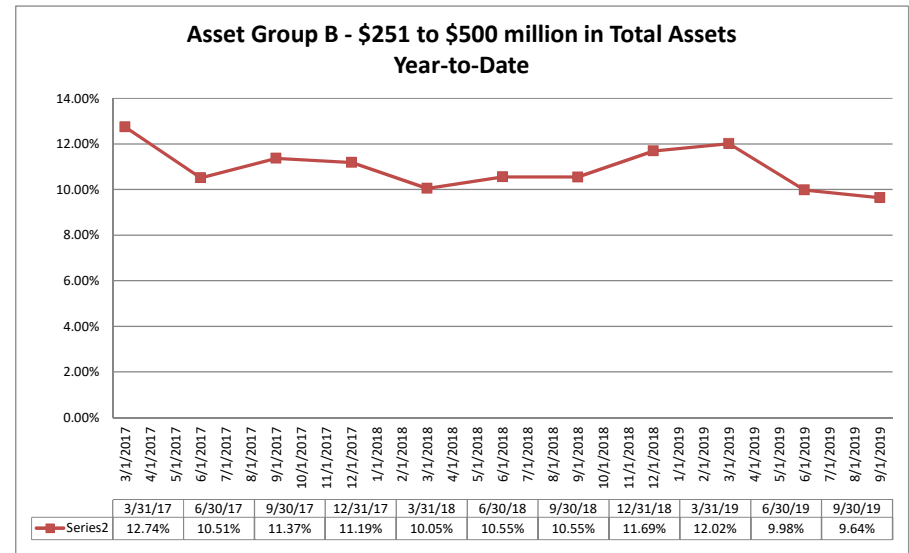
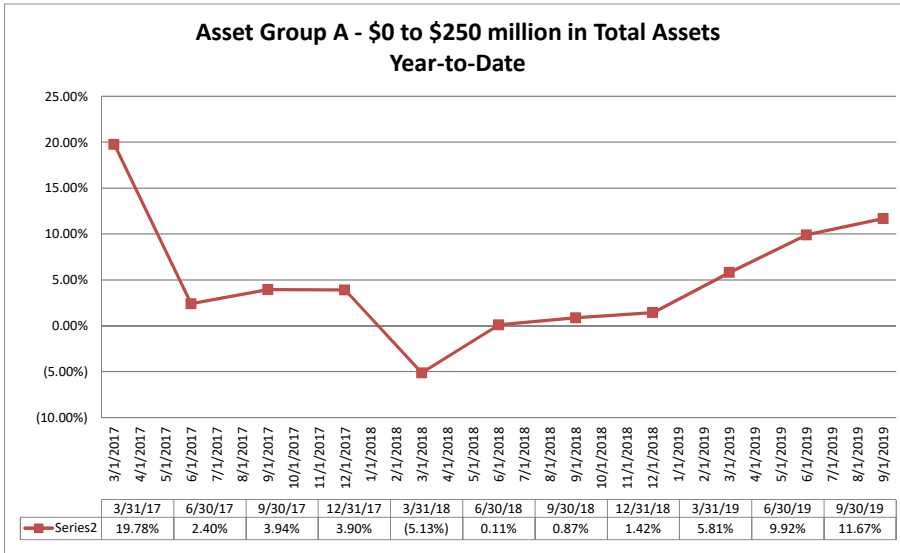
Source: SNL Financial

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.

Summary Trends of Historical Asset Group Averages: Return on Average Equity



Source: SNL Financial

Note: Report includes only bank-level data.

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

Performance Analysis

September 30, 2019

Run Date: November 8, 2019

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	\$76,653	(\$99)	(0.53%)	(5.40%)	107.91%	\$95	(\$533)	(1.00%)	(9.47%)	115.32%	\$99
	Canyon Community Bank, National Association	\$96,409	(\$99)	(0.41%)	(3.41%)	112.83%	\$90	(\$217)	(0.30%)	(2.50%)	113.86%	\$82
	Republic Bank of Arizona	\$106,096	\$72	0.26%	1.82%	91.25%	\$109	\$430	0.53%	3.66%	83.01%	\$105
	Mission Bank	\$124,281	\$284	0.93%	10.08%	71.41%	\$62	\$780	0.87%	9.67%	74.45%	\$63
	Gateway Commercial Bank	\$125,099	\$337	1.09%	7.79%	54.81%	\$98	\$963	1.04%	7.67%	57.57%	\$100
	Goldwater Bank, N.A.	\$195,515	\$3,079	7.18%	76.64%	84.26%	\$146	\$6,286	5.28%	61.42%	87.45%	\$123
	Metro Phoenix Bank	\$223,764	\$1,009	1.82%	12.10%	56.77%	\$100	\$2,735	1.71%	11.26%	56.99%	\$101
	Average of Asset Group A	\$135,402	\$655	1.48%	14.23%	82.75%	\$100	\$1,492	1.16%	11.67%	84.09%	\$96
Asset Group B - \$251 to \$500 million in total assets												
	Commerce Bank of Arizona, Inc.	\$251,412	\$564	0.97%	8.82%	81.32%	\$96	\$1,642	0.96%	8.79%	80.27%	\$93
	Pinnacle Bank	\$269,171	\$296	0.45%	4.42%	110.73%	\$108	\$913	0.50%	4.60%	93.46%	\$102
	Horizon Community Bank	\$344,670	\$739	0.87%	9.94%	76.05%	\$96	\$2,242	0.93%	10.31%	75.49%	\$98
	1st Bank Yuma	\$355,019	\$1,384	1.54%	15.04%	66.21%	\$96	\$3,988	1.51%	14.85%	63.41%	\$97
	Average of Asset Group B	\$305,068	\$746	0.96%	9.56%	83.58%	\$99	\$2,196	0.98%	9.64%	78.16%	\$98
Asset Group C - \$501 million to \$1 billion in total assets												
	State Bank of Arizona	\$676,824	\$2,478	1.46%	12.69%	59.39%	\$97	\$6,736	1.33%	11.93%	59.69%	\$96
	Arizona Bank & Trust	\$695,236	\$3,222	1.85%	17.00%	55.48%	\$113	\$9,112	1.77%	16.97%	55.53%	\$116
	Average of Asset Group C	\$686,030	\$2,850	1.66%	14.85%	57.44%	\$105	\$7,924	1.55%	14.45%	57.61%	\$106
Asset Group D - Over \$1 billion in total assets												
	BNC National Bank	\$1,083,134	\$5,202	2.02%	19.28%	68.78%	\$88	\$10,024	1.32%	13.14%	72.79%	\$78
	Western Alliance Bank	\$26,344,662	\$130,125	2.00%	18.14%	42.37%	\$153	\$374,674	2.04%	18.20%	42.11%	\$148
	Average of Asset Group D	\$13,713,898	\$67,664	2.01%	18.71%	55.58%	\$120	\$192,349	1.68%	15.67%	57.45%	\$113

Source: SNL Financial

Note: Report includes only bank-level data.

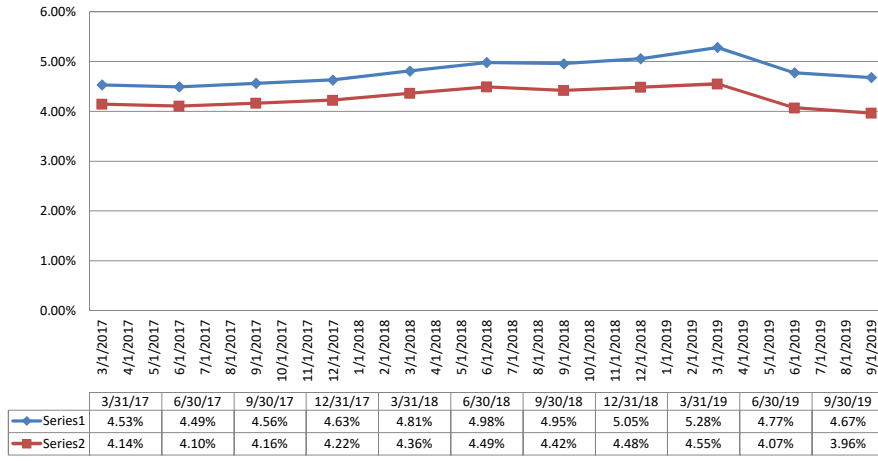
NA = data was not available.

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

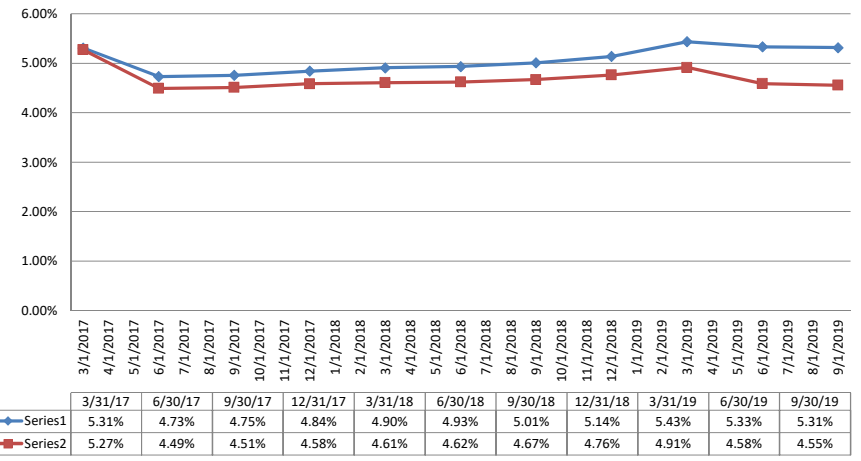
Balance Sheet & Net Interest Margin

Summary Trends of Historical Asset Group Averages: Yield on Earning Assets & Net Interest Margin (FTE)

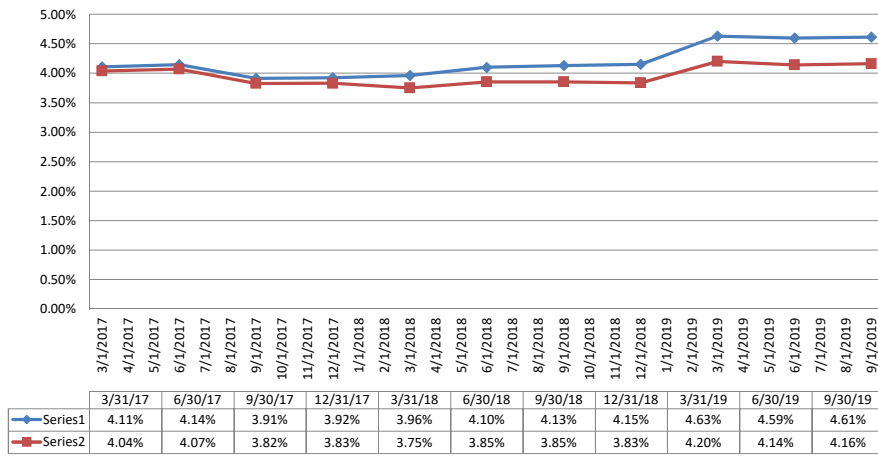
Asset Group A - \$0 to \$250 million in Total Assets
Year-to-Date



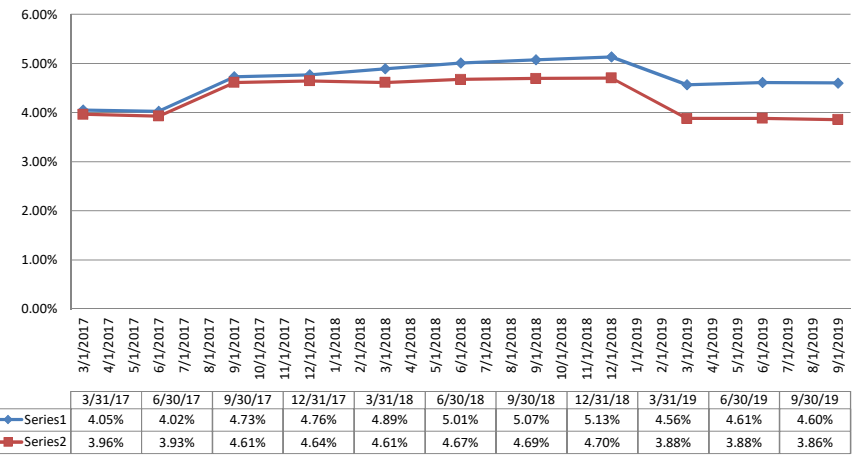
Asset Group B - \$251 to \$500 million in Total Assets
Year-to-Date



Asset Group C - \$501 to \$1 billion in Total Assets
Year-to-Date



Asset Group D - Over \$1 billion in Total Assets
Year-to-Date



Source: SNL Financial

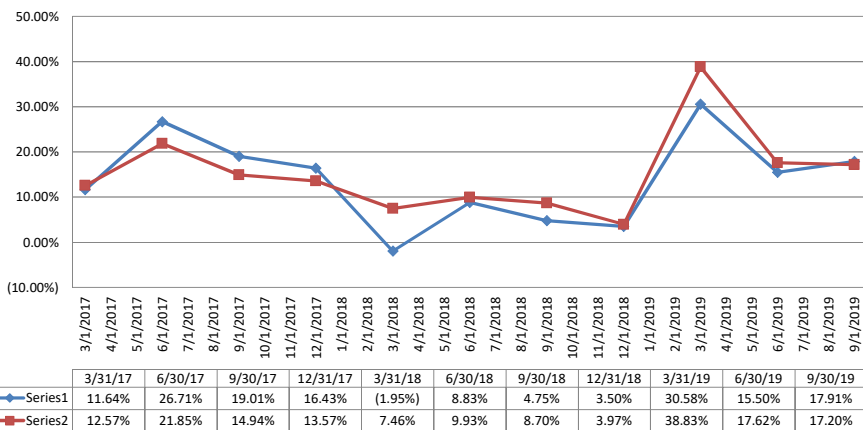
Note: Report includes only bank-level data.

NA = data was not available.

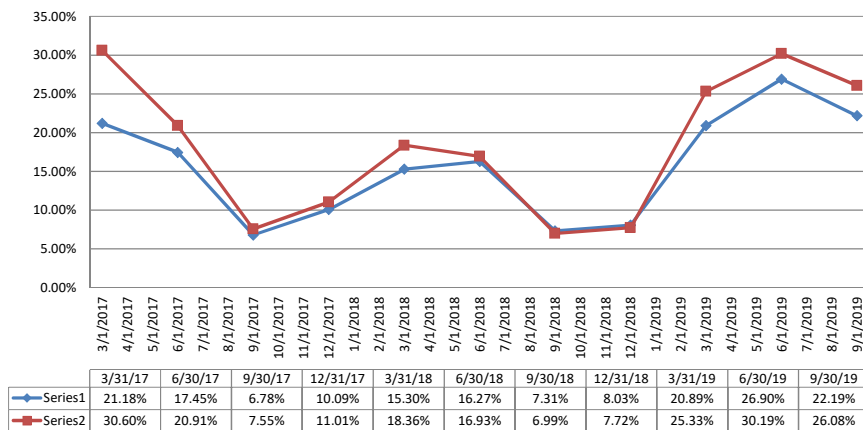
NM = per SNL Financial, the data was not provided as the ratios are too high/low to be meaningful.

Summary Trends of Historical Asset Group Averages: Asset Growth Rate & Deposit Growth Rate

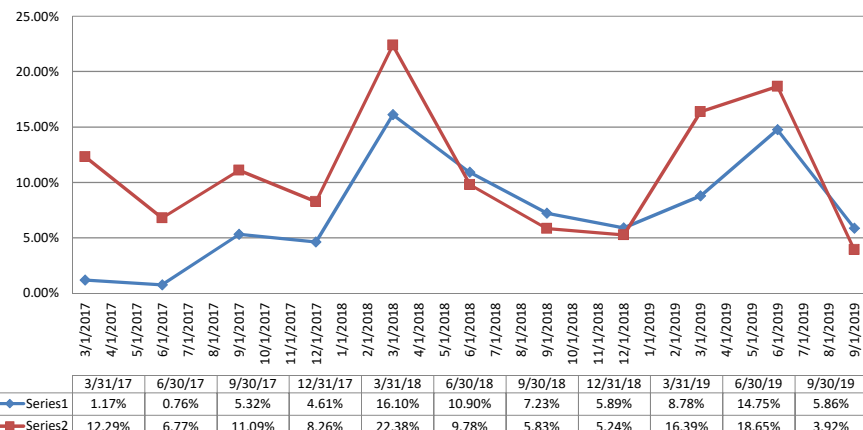
Asset Group A - \$0 to \$250 million in Total Assets
Year-to-Date



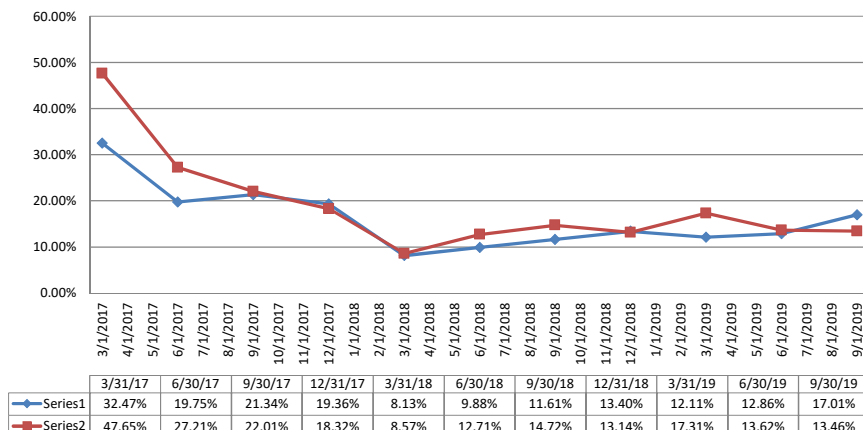
Asset Group B - \$251 to \$500 million in Total Assets
Year-to-Date



Asset Group C - \$501 to \$1 billion in Total Assets
Year-to-Date



Asset Group D - Over \$1 billion in Total Assets
Year-to-Date



Source: SNL Financial

Note: Report includes only bank-level data.

NA = data was not available.

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Balance Sheet & Net Interest Margin

September 30, 2019

Run Date: November 8, 2019

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	\$76,653	\$47,680	\$69,281	68.82%	37.84%	\$2,555	4.94%	1.07%	0.34%	4.60%	43.06%	51.81%
	Canyon Community Bank, National Association	\$96,409	\$39,313	\$81,508	48.23%	44.58%	\$5,074	3.10%	0.34%	0.26%	2.88%	2.19%	0.84%
	Republic Bank of Arizona	\$106,096	\$67,754	\$88,390	76.65%	37.86%	\$5,305	5.00%	1.37%	1.04%	4.09%	2.55%	0.22%
	Mission Bank	\$124,281	\$62,503	\$111,997	55.81%	50.38%	\$3,271	4.48%	0.18%	0.12%	4.39%	10.88%	9.51%
	Gateway Commercial Bank	\$125,099	\$73,405	\$97,159	75.55%	31.32%	\$8,340	4.38%	1.34%	0.93%	3.54%	3.78%	1.18%
	Goldwater Bank, N.A.	\$195,515	\$162,841	\$154,347	105.50%	9.08%	\$555	4.71%	2.19%	1.76%	2.97%	46.50%	38.92%
	Metro Phoenix Bank	\$223,764	\$178,897	\$186,409	95.97%	22.29%	\$5,594	6.10%	1.26%	0.94%	5.27%	16.41%	17.94%
	Average of Asset Group A	\$135,402	\$90,342	\$112,727	75.22%	33.34%	\$4,385	4.67%	1.11%	0.77%	3.96%	17.91%	17.20%
Asset Group B - \$251 to \$500 million in total assets													
	Commerce Bank of Arizona, Inc.	\$251,412	\$178,120	\$221,032	80.59%	30.50%	\$5,238	5.37%	1.16%	0.83%	4.62%	25.29%	33.78%
	Pinnacle Bank	\$269,171	\$193,263	\$241,593	80.00%	30.41%	\$4,341	5.24%	1.53%	1.23%	4.13%	28.34%	31.68%
	Horizon Community Bank	\$344,670	\$242,795	\$301,586	80.51%	24.78%	\$4,008	5.51%	1.50%	1.09%	4.48%	21.32%	23.90%
	1st Bank Yuma	\$355,019	\$242,484	\$314,557	77.09%	26.29%	\$5,072	5.13%	0.31%	0.18%	4.98%	13.81%	14.95%
	Average of Asset Group B	\$305,068	\$214,166	\$269,692	79.55%	28.00%	\$4,665	5.31%	1.13%	0.83%	4.55%	22.19%	26.08%
Asset Group C - \$501 million to \$1 billion in total assets													
	State Bank of Arizona	\$676,824	\$412,684	\$586,972	70.31%	35.79%	\$5,640	4.35%	0.68%	0.52%	3.88%	4.38%	6.93%
	Arizona Bank & Trust	\$695,236	\$500,345	\$578,694	86.46%	25.35%	\$10,863	4.88%	0.92%	0.49%	4.44%	7.34%	0.91%
	Average of Asset Group C	\$686,030	\$456,515	\$582,833	78.39%	30.57%	\$8,252	4.61%	0.80%	0.51%	4.16%	5.86%	3.92%
Asset Group D - Over \$1 billion in total assets													
	BNC National Bank	\$1,083,134	\$637,257	\$890,875	71.53%	29.68%	\$3,997	3.89%	1.05%	0.83%	3.09%	15.53%	5.02%
	Western Alliance Bank	\$26,344,662	\$20,152,861	\$22,697,899	88.79%	13.66%	\$14,333	5.30%	1.32%	0.62%	4.62%	18.48%	21.90%
	Average of Asset Group D	\$13,713,898	\$10,395,059	\$11,794,387	80.16%	21.67%	\$9,165	4.60%	1.19%	0.73%	3.86%	17.01%	13.46%

Source: SNL Financial

Note: Report includes only bank-level data.

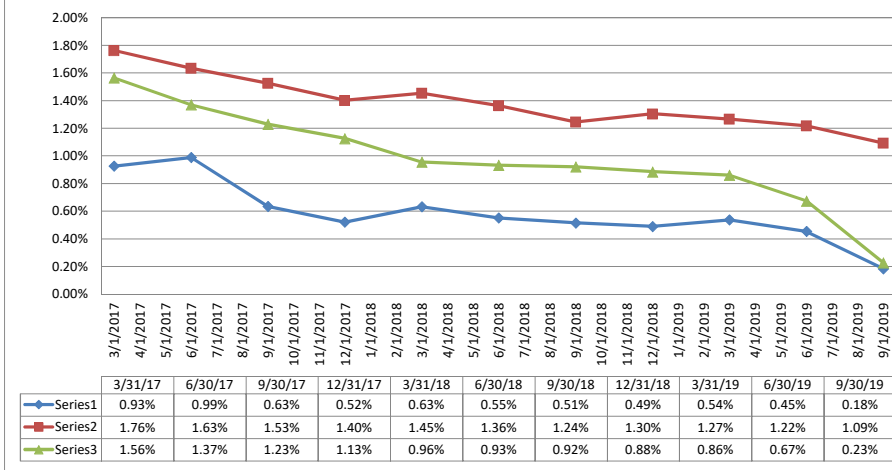
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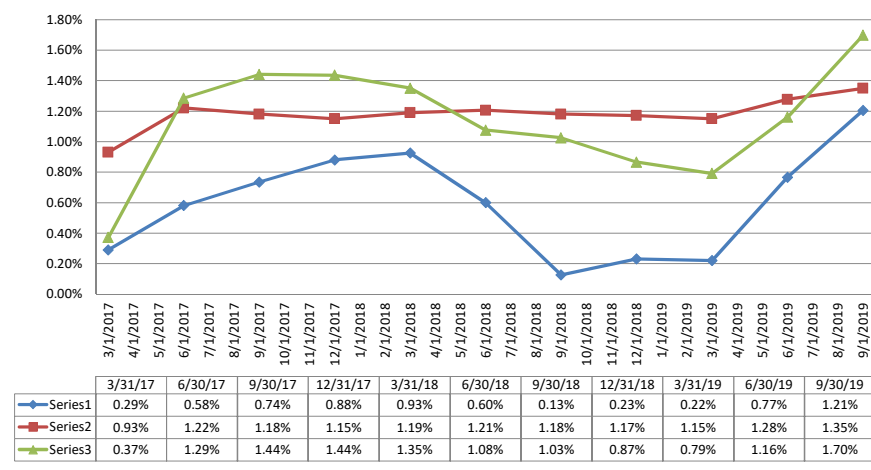
Asset Quality

Summary Trends of Historical Asset Group Averages: Non accruals/Loans, Reserves/Loans & NPAs/Total Assets

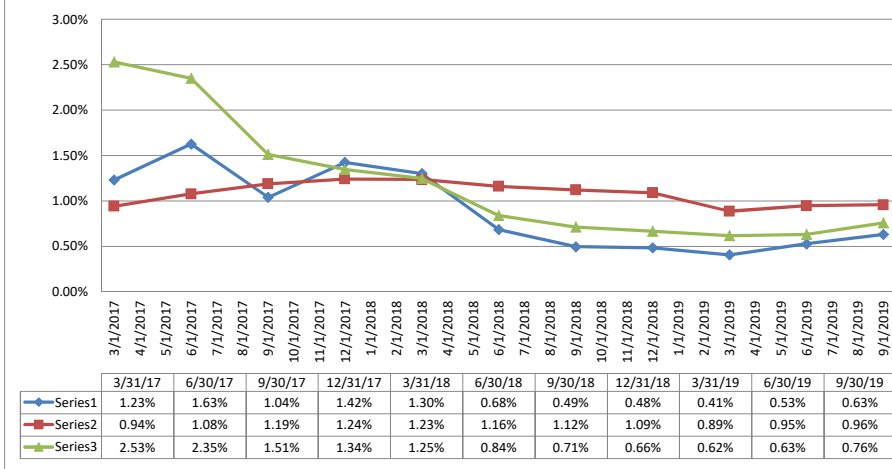
Asset Group A - \$0 to \$250 million in Total Assets
As of Date



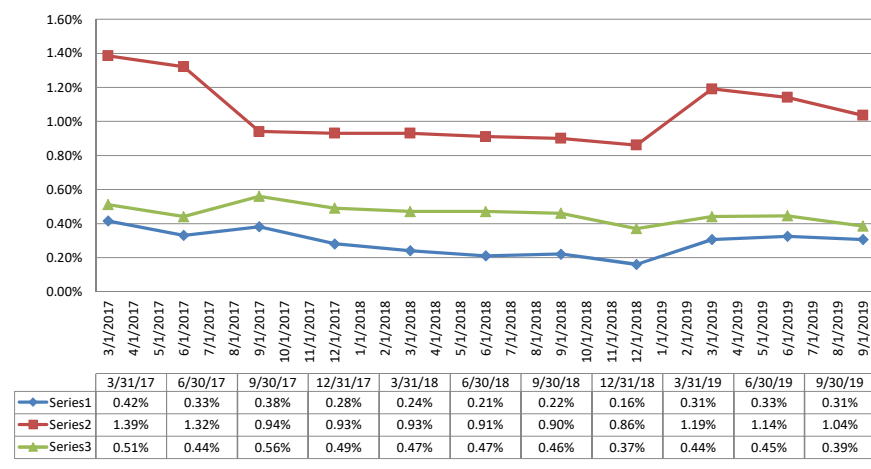
Asset Group B - \$251 to \$500 million in Total Assets
As of Date



Asset Group C - \$501 to \$1 billion in Total Assets
As of Date



Asset Group D - Over \$1 billion in Total Assets
As of Date



Source: SNL Financial

Note: Report includes only bank-level data.

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Asset Quality
September 30, 2019
Run Date: November 8, 2019

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	\$76,653	\$22	0.05%	1.33%	NM	0.28%	0.03%
	Canyon Community Bank, National Association	\$96,409	\$0	0.00%	1.19%	NM	0.00%	0.00%
	Republic Bank of Arizona	\$106,096	\$0	0.00%	1.78%	222.74%	3.19%	0.51%
	Mission Bank	\$124,281	\$306	0.49%	1.06%	214.52%	4.43%	0.43%
	Gateway Commercial Bank	\$125,099	\$0	0.00%	0.99%	NM	0.00%	0.00%
	Goldwater Bank, N.A.	\$195,515	\$1,135	0.70%	0.24%	34.27%	7.67%	0.58%
	Metro Phoenix Bank	\$223,764	\$68	0.04%	1.05%	NM	0.22%	0.04%
	Average of Asset Group A	\$135,402	\$219	0.18%	1.09%	157.18%	2.26%	0.23%
Asset Group B - \$251 to \$500 million in total assets								
	Commerce Bank of Arizona, Inc.	\$251,412	\$6,082	3.41%	1.65%	35.84%	36.92%	4.23%
	Pinnacle Bank	\$269,171	\$2,122	1.10%	1.35%	84.79%	10.49%	1.15%
	Horizon Community Bank	\$344,670	\$587	0.24%	1.39%	151.69%	11.59%	1.12%
	1st Bank Yuma	\$355,019	\$160	0.07%	1.01%	240.73%	2.74%	0.29%
	Average of Asset Group B	\$305,068	\$2,238	1.21%	1.35%	128.26%	15.44%	1.70%
Asset Group C - \$501 million to \$1 billion in total assets								
	State Bank of Arizona	\$676,824	\$2,051	0.50%	1.10%	75.93%	8.21%	0.93%
	Arizona Bank & Trust	\$695,236	\$3,796	0.76%	0.81%	101.70%	5.37%	0.58%
	Average of Asset Group C	\$686,030	\$2,924	0.63%	0.96%	88.82%	6.79%	0.76%
Asset Group D - Over \$1 billion in total assets								
	BNC National Bank	\$1,083,134	\$2,264	0.36%	1.25%	198.98%	3.38%	0.37%
	Western Alliance Bank	\$26,344,662	\$50,146	0.25%	0.82%	181.10%	3.82%	0.40%
	Average of Asset Group D	\$13,713,898	\$26,205	0.31%	1.04%	190.04%	3.60%	0.39%

Source: SNL Financial

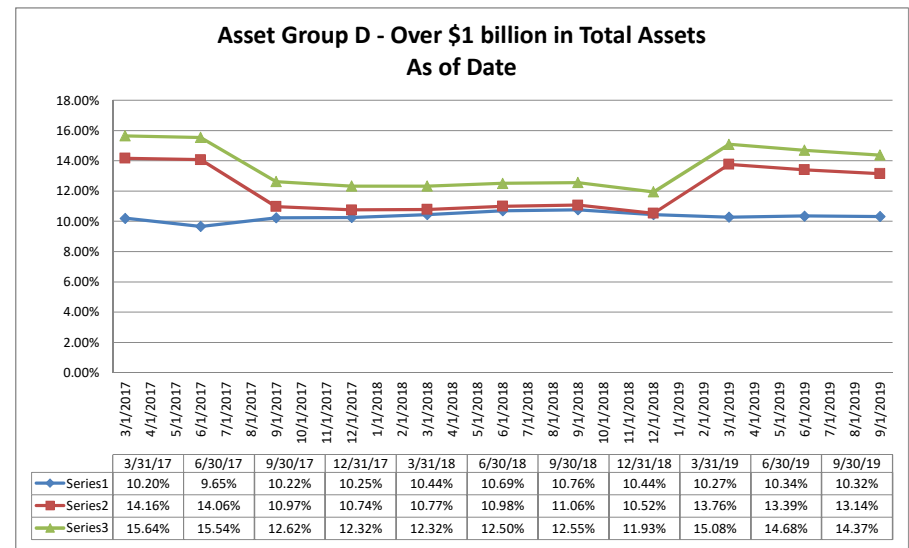
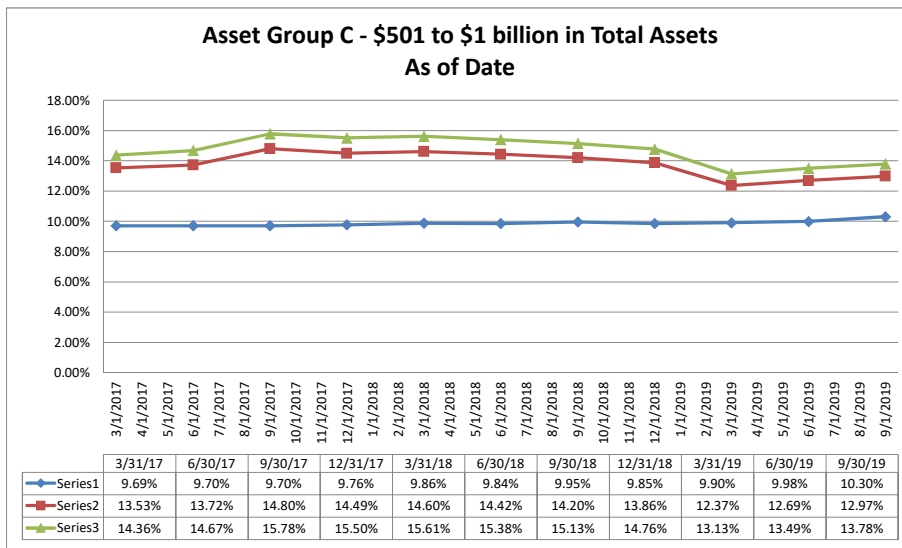
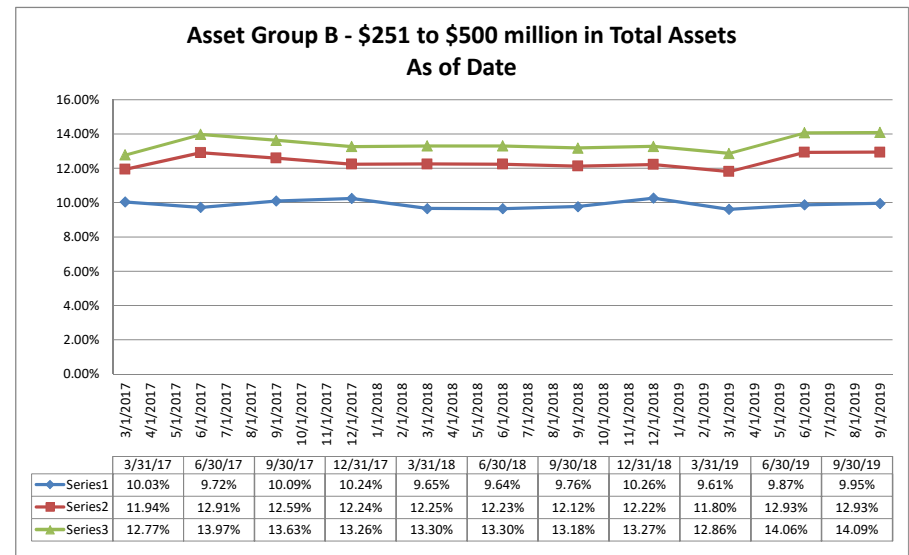
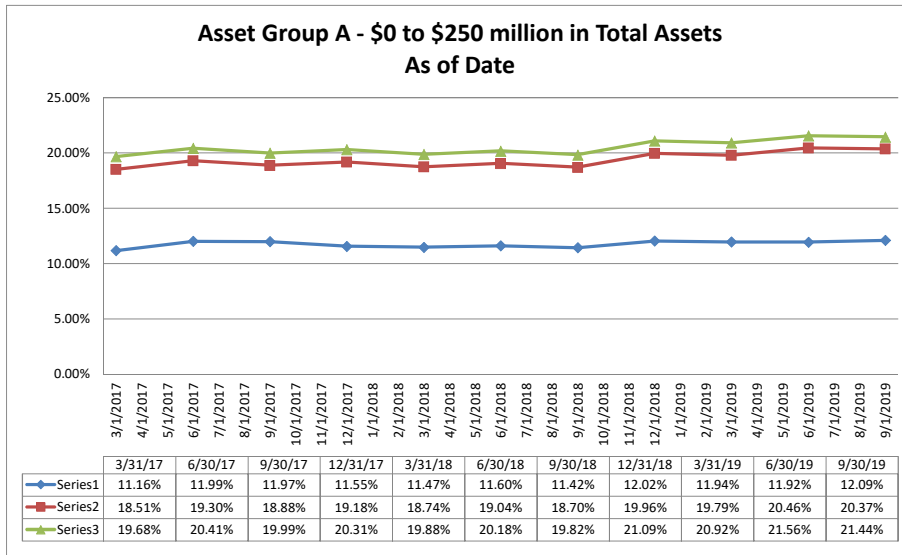
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Capital Adequacy

Summary Trends of Historical Asset Group Averages: Leverage Ratio, Tier 1 Risk Based Ratio & Risk Based Capital Ratio



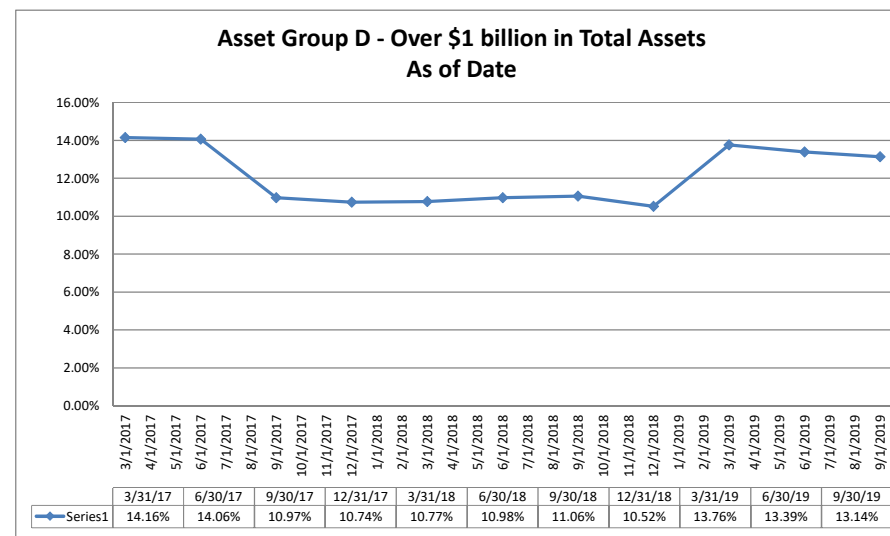
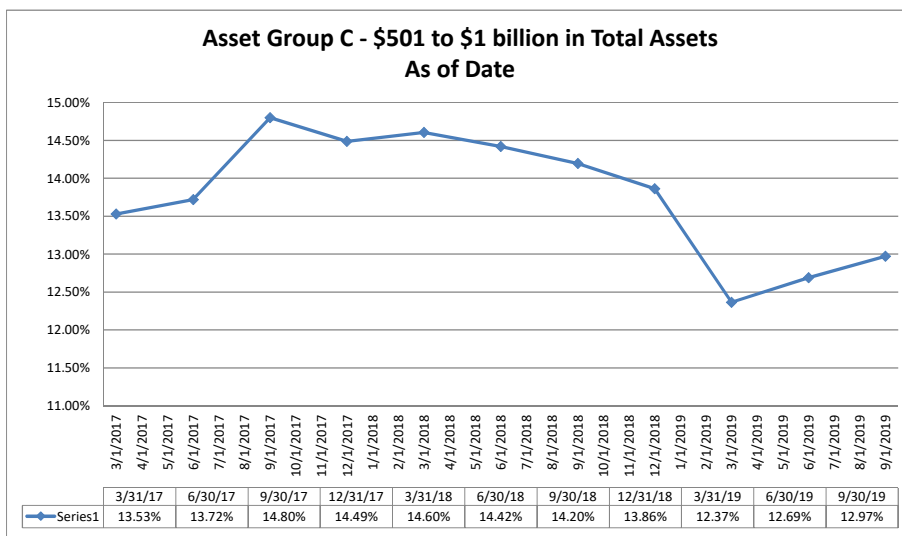
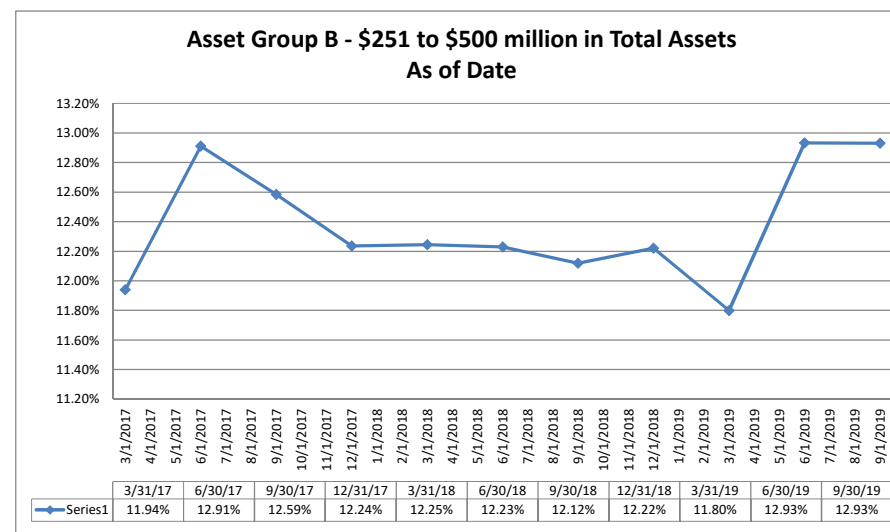
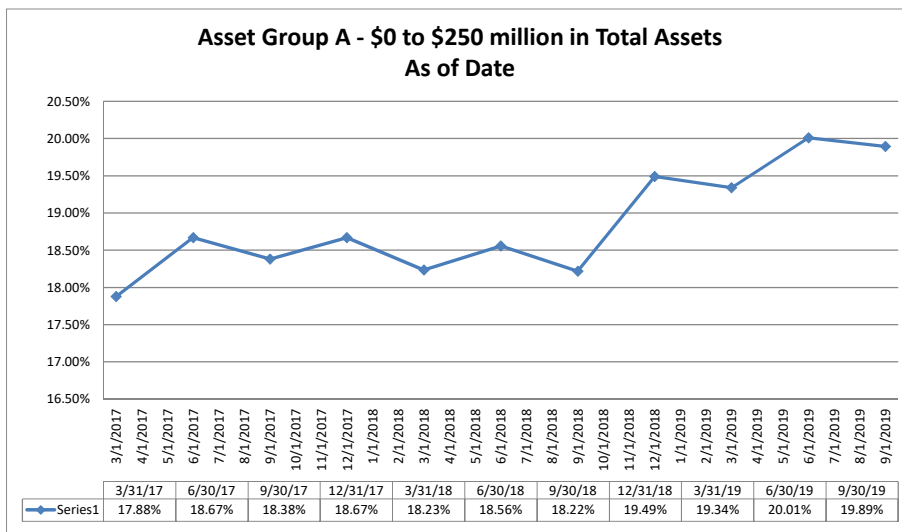
Source: SNL Financial

Note: Report includes only bank-level data.

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Summary Trends of Historical Asset Group Averages: Common Equity Tier 1 Risk Based Ratio



Source: SNL Financial

Note: Report includes only bank-level data.

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Capital Adequacy
September 30, 2019
Run Date: November 8, 2019

		As of Date							
Region	Institution Name	Total Assets (\$000)	Total Equity Capital (\$000)	Tier 1 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	\$76,653	\$7,284	\$7,224	\$7,224	9.70%	14.11%	15.37%	14.11%
	Canyon Community Bank, National Association	\$96,409	\$11,594	\$11,694	\$11,694	12.05%	34.42%	35.67%	34.42%
	Republic Bank of Arizona	\$106,096	\$15,773	\$15,749	\$15,749	14.43%	23.09%	24.35%	23.09%
	Mission Bank	\$124,281	\$11,491	\$10,878	\$10,878	8.86%	14.54%	15.46%	14.54%
	Gateway Commercial Bank	\$125,099	\$17,484	\$17,434	\$17,434	14.11%	18.58%	19.37%	18.58%
	Goldwater Bank, N.A.	\$195,515	\$17,589	\$17,578	\$14,332	10.24%	18.06%	18.97%	14.72%
	Metro Phoenix Bank	\$223,764	\$33,869	\$33,868	\$33,868	15.26%	19.79%	20.92%	19.79%
	Average of Asset Group A	\$135,402	\$16,441	\$16,346	\$15,883	12.09%	20.37%	21.44%	19.89%
Asset Group B - \$251 to \$500 million in total assets									
	Commerce Bank of Arizona, Inc.	\$251,412	\$25,827	\$25,695	\$25,695	11.06%	12.97%	14.22%	12.97%
	Pinnacle Bank	\$269,171	\$26,925	\$26,798	\$26,798	10.13%	14.52%	15.77%	14.52%
	Horizon Community Bank	\$344,670	\$30,015	\$29,804	\$29,804	8.76%	11.45%	12.70%	11.45%
	1st Bank Yuma	\$355,019	\$37,537	\$35,054	\$35,054	9.83%	12.78%	13.68%	12.78%
	Average of Asset Group B	\$305,068	\$30,076	\$29,338	\$29,338	9.95%	12.93%	14.09%	12.93%
Asset Group C - \$501 million to \$1 billion in total assets									
	State Bank of Arizona	\$676,824	\$79,195	\$71,664	\$71,664	10.66%	14.44%	15.37%	14.44%
	Arizona Bank & Trust	\$695,236	\$77,802	\$68,523	\$68,523	9.94%	11.50%	12.19%	11.50%
	Average of Asset Group C	\$686,030	\$78,499	\$70,094	\$70,094	10.30%	12.97%	13.78%	12.97%
Asset Group D - Over \$1 billion in total assets									
	BNC National Bank	\$1,083,134	\$110,663	\$108,777	\$108,777	10.51%	15.95%	17.12%	15.95%
	Western Alliance Bank	\$26,344,662	\$2,925,750	\$2,600,306	\$2,600,306	10.12%	10.33%	11.62%	10.33%
	Average of Asset Group D	\$13,713,898	\$1,518,207	\$1,354,542	\$1,354,542	10.32%	13.14%	14.37%	13.14%

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.

Definitions



Total assets	All assets owned by the company as of the date indicated, as carried on the balance sheet and defined under the indicated accounting principles.	Cost of funds (%)	Interest incurred on liabilities as a percent of average non-interest-bearing deposits and interest-bearing liabilities.
Net income	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.	Net interest margin (FTE) (%)	Net interest income, on a fully taxable-equivalent basis if available, as a percent of average earning assets.
Return on average assets (%)	Return on average assets; net income as a percent of average assets.	Asset growth rate (%)	Growth in total assets. Annualized is equal to (current period total assets minus previous period total assets) divided by previous period total assets.
Return on average equity (%)	Return on average equity; net income as a percent of average equity.	Deposit growth rate (%)	Growth in deposits. Annualized is equal to ((current period deposits minus previous period deposits) times (domestic and foreign office)) divided by previous period deposits.
Efficiency ratio (FTE) (%)	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.	Total loans and leases nonaccrual	Amount of loans and finance leases, gross of reserves, on which interest is no longer accruing.
Salary expense ÷ employees	Salary and benefits expense divided by number of full-time equivalent employees at end of period.	Nonaccrual loans ÷ total loans (%)	Nonaccrual loans, net of guaranteed loans, as a percent of total gross loans.
Total loans and leases	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.	Reserves ÷ loans (%)	Reserves for loan losses as a percent of loans before reserves.
Total deposits	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.	Reserves ÷ nonperforming loans (%)	Loan loss reserves as a percent of nonperforming loans.
Liquidity ratio (%)	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.	Nonperforming assets / total assets (%)	Nonperforming assets (nonperforming loans and leases, renegotiated loans and leases, and real estate owned) as a percent of assets.
Total assets ÷ employees	Total assets divided by number of full-time equivalent employees at end of period.	Nonperforming assets + loans 90PD ÷ tangible equity + loan loss reserves (%)	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.
Loans ÷ deposits (%)	Loans held for investment, before reserves, as a percent of total insured deposits.	Total equity capital	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.
Yield on earning assets (%)	Return earned on interest-earning assets, expressed as a percent. Total interest and dividend income divided by average earning assets.	Tier 1 capital	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.
Cost of interest-bearing liability (%)	Interest incurred on liabilities as a percent of average interest-bearing liabilities. Total interest expense divided by average interest-bearing liabilities.	Leverage ratio (%)	Tier 1 leverage ratio according to regulatory capital guidelines. Usually defined as Tier 1 capital as a percent of tangible assets.
		Tier 1 risk-based ratio (%)	Tier 1 capital as a percent of total risk-adjusted assets.
		Risk-Based Capital Ratio (%)	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.
		Common Equity Tier Risk Based Ratio (%)	Tier 1 common capital as a percent of risk-weighted assets.