PUBLIC DISCLOSURE

July 28, 2008

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Gold Canyon Bank
RSSD #3304428

6641 South Kings Ranch Road
Gold Canyon, Arizona 85218

Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, California 94105

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

Institution's CRA Rating

Gold Canyon Bank is rated Satisfactory**.**

The major factors supporting the institution's rating include:

- Reasonable loan-to-deposit ratio.
- Majority of loans made within the assessment area.
- Good penetration to businesses of different sizes and borrowers of different income levels.
- Adequate geographic distribution of small business and consumer loans with no conspicuous gaps in the lending patterns.

INSTITUTION

Description of Institution

Gold Canyon Bank (GCB), a de novo[1] institution headquartered in Gold Canyon, Arizona, commenced operations on April 26, 2006. The bank's total assets as of December 31, 2007, were $27.5 million. GCB has two full-service branch offices: the Kings Ranch main office in Gold Canyon and the Olive Business Park Office in Peoria. The latter branch commenced operations as of November 19, 2007.

GCB is a community bank that offers an array of deposit and loan products to commercial entities and consumers. Commercial loan products, which are the bank's focus, include lines of credit and term loans as well as commercial real estate, construction/development, and equipment loans. Consumer loan products include lines of credit, overdraft protection, as well as secured and unsecured loans. Home equity loans and lines, construction and vehicle loans also are available to individuals.

Below is the December 31, 2007, loan portfolio composition as stated in the Consolidated Reports of Condition and Income, which shows the bank's commercial lending focus.

EXHIBIT 1		
LOAN TYPE	**DOLLAR AMOUNT ('000S)**	**PERCENT OF VALUE**
Commercial/Industrial & Non-Farm Non-Residential Real Estate	$7,323	44.0%
Construction & Land Development	4,843	29.2%
Consumer Loans & Credit Cards	2,380	14.3%
Secured by 1-4 Family Residential Real Estate	2,038	12.3%
Leases	28	0.2%
Total (Gross)	**$16,612**	**100.0%**

The bank faces no legal or financial impediments that would prevent it from helping meet the credit needs of its assessment area consistent with its business strategy, size, financial capacity, and local economic conditions. This is GCB's first performance evaluation under the Community Reinvestment Act (CRA).

[1] Commercial banks operating for five years or less.

Description of Assessment Area

GCB's sole assessment area is located in the Greater Phoenix Area and consists of the whole counties of Maricopa and Pinal. These counties represent the Phoenix-Mesa-Scottsdale, Arizona Metropolitan Statistical Area (Phoenix MSA). The assessment area is located in the lower-middle portion of the state. The region's landscape is strewn with areas containing urban, mountainous, and desert characteristics. Maricopa County measures 9,222 square miles with a population of approximately 3.8 million and is home to Phoenix, the state's capital. The Phoenix Sky Harbor international Airport is the fifth busiest in the world with over 1,300 daily flights.[2] In contrast, Pinal County, due southwest of Maricopa, encompasses 5,374 square miles and has a population of about 300,000. The eastern portion of Pinal County is mountainous with elevations up to 6,000 feet while the western portion primarily consists of desert valleys.[3]

The bank has a limited presence within a fairly competitive assessment area. As of June 30, 2007, there were 71 Federal Deposit Insurance Corporation (FDIC) insured institutions operating 824 branch offices in Maricopa County and 38 branch offices in Pinal County. Gold Canyon Bank held \$13.9 million in deposits and ranked 61st with a modest 0.02 percent of deposit market share.[4] In terms of competition in the lending arena, 223 CRA lenders[5] reported over 200,000 small business loans in the area during 2007 which represents only a portion of the market. In addition, large regional and other banks have local offices that specialize in consumer products and present strong competition for these credit facilities.

Exhibit 2 contains key demographic and business information, based on 2000 U.S. Census and 2007 Dun & Bradstreet data, used to help develop a performance context for the assessment area.

[2] Arizona Department of Commerce, Profile; Maricopa County, Arizona available from www.azcommerce.com (accessed 7/31/08).
[3] Arizona Department of Commerce, Profile; Pinal County, Arizona available from www.azcommerce.com (accessed 7/31/08).
[4] References to FDIC insured institutions and deposit market shares for the area were obtained from the FDIC, Summary of Deposits, June 30, 2007 (accessed July 28, 2008); available from http://www4.fdic.gov/sod.
[5] Based upon the number of large institutions reporting CRA data within the bank's assessment area.

EXHIBIT 2
ASSESSMENT AREA DEMOGRAPHICS
PHOENIX-MESA-SCOTTSDALE MSA

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	43	6.2	28,907	3.6	10,936	37.8	158,683	19.5
Moderate-income	199	28.6	227,365	27.9	34,584	15.2	152,341	18.7
Middle-income	238	34.2	300,373	36.9	15,664	5.2	177,516	21.8
Upper-income	210	30.2	257,619	31.6	5,821	2.3	325,724	40.0
Tract not reported	6	0.9	0	0.0	0	0.0	0	0.0
Total AA	*696*	*100.0*	*814,264*	*100.0*	*67,005*	*8.2*	*814,264*	*100.0*

Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	48,586	13,232	1.6	27.2	31,143	64.1	4,211	8.7
Moderate-income	418,372	195,092	24.0	46.6	160,185	38.3	63,095	15.1
Middle-income	494,400	318,361	39.2	64.4	134,560	27.2	41,479	8.4
Upper-income	370,017	285,400	35.1	77.1	56,267	15.2	28,350	7.7
Tract not reported	10	0	0.0	0.0	10	100.0	0	0.0
Total AA	*1,331,385*	*812,085*	*100.0*	*61.0*	*382,165*	*28.7*	*137,135*	*10.3*

Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to $1 Million		Greater than $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	6,793	5.6	5,190	4.9	1,363	11.0	240	8.4
Moderate-income	31,200	25.9	26,431	25.2	3,992	32.2	777	27.1
Middle-income	37,688	31.3	33,729	32.1	3,032	24.4	927	32.4
Upper-income	44,505	37.0	39,597	37.7	3,991	32.2	917	32.0
Tract not reported	68	0.1	40	0.0	25	0.2	3	0.1
Total AA	*120,254*	*100.0*	*104,987*	*100.0*	*12,403*	*100.0*	*2,864*	*100.0*
Percentage of Total Businesses:			**87.3**		**10.3**		**2.4**	

2000 Median Family Income Phoenix-Mesa-Scottsdale MSA	$51,126	Single Family (Resales) Median Price [6] Pinal County 4Q07 Maricopa County 2007	 $174,000 $257,000
2007 HUD Adjusted Median Family Income Phoenix-Mesa-Scottsdale MSA	$59,100	2007 Unemployment Rate[7] Phoenix-Mesa-Scottsdale MSA	3.3%

During the two-year period ending December 31, 2007, the region faced challenges which had a destabilizing effect on the economy. Home prices and household incomes in the two counties that make up the assessment area experienced marked declines. However, the percentage decline in incomes was larger than the decrease in median home prices which, in aggregate, made homes less affordable.[8] In addition, macroeconomic market disruptions in 2007 had a negative impact on credit availability. Although the bank's focus is not residential mortgage lending, these and other factors negatively impacted commercial entities which represent the bank's target market.

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[6] Arizona State University, Realty Studies (accessed July 29, 2008); available from http://www.poly.asu.edu/realty/rss.html
[7] FDIC, Regional and Economic Condition –RECON (accessed July 29, 2008); available from http://www4.fdic.gov/RECON/index.asp
[8] U.S. Census Bureau, American Fact Finder, *Fact Sheet Arizona, 2006 & 2007 American Community Surveys*, available from http://factfinder.census.gov.

Anecdotal evidence suggests these conditions affected small businesses whose owners often use home equity credit to fund business expenses. Notwithstanding the effects of these challenges on new and existing small business owners, economic swings can have a substantial effect on low- and moderate-income populations that face relatively high obstacles obtaining credit compared to those in higher income categories.

Somewhat mitigating the effects of the conditions noted above, the assessment area has a diverse economic base which is supported by various industry sectors including financial services, manufacturing, and wholesale and retail distribution. There also is a growing high technology and agricultural industry in Maricopa County which is the state's center for economic activity.[9] Furthermore, as the center for the state's political activities, government agencies comprise a significant percentage of the payrolls in the region. In 2006 payrolls grew nearly four times the national average. However, the landscape cooled in 2007 as payroll growth slowed to more modest 2004 levels.[10] Although government and large companies are a major source of employment in the area, small businesses also are an important economic engine. As noted in Exhibit 2, Dun & Bradstreet reported that the majority of businesses within the Phoenix MSA have gross annual revenues of $1.0 million or less. Based on information gleaned from community contacts, meeting the financial needs of these smaller businesses is important to the health of the local economy. Working capital, inventory, and equipment loans, including those in small dollar amounts, can help meet these needs.

Scope of Examination

The CRA evaluation was conducted using the Interagency Small Institution Examination Procedures. The evaluation was based upon the following performance criteria:

- Loan volume compared to deposits (Loan-to-Deposit Ratio)
- Lending inside versus outside of the assessment area (Lending in Assessment Area);
- Lending to businesses of different sizes and borrowers of different income levels (Lending Distribution by Business Revenue and Borrower Income); and,
- Dispersion of lending throughout the assessment area (Lending Distribution by Geography).

Responsiveness to consumer complaints was not evaluated as the bank did not receive any CRA-related complaints during this review period.

The evaluation was based on small business and consumer loans (credit cards and other consumer loans to individuals) originated from the date the bank was established on April 26, 2006, through December 31, 2007. A total of 45 small business loans were used to evaluate the *Lending in Assessment Area* criterion. Additionally, a total of 44 small business loans and 75 consumer loans were used to evaluate the *Lending by Business Revenue and Borrower Income and Lending Distribution by Geography* criteria.

[9] Economy.com's Précis Metro, Phoenix Metro Area, December 2007
[10] Ibid.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio of 70 percent is adequate. The average peer bank state and national loan-to-deposit ratios for the seven quarterly periods that make up the review, equaled approximately 100 percent and 86 percent, respectively. While below these peer ranges, the bank's ratio evidences a clear willingness to lend.

Lending in Assessment Area

The concentration of loans inside the assessment area is outstanding as a substantial majority of the loans were originated within these boundaries as shown in the exhibit below.

EXHIBIT 3
LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA

LOAN TYPE	Inside				Outside			
	#	%	$ ('000s)	%	#	%	$ ('000s)	%
Small Business	44	97.8%	9,172	92.5%	1	2.2%	749	7.5%
Consumer Loans	75	100.0%	2,726	100.0%	N/A	N/A	N/A	N/A
Total	**119**	**99.2%**	**11,898**	**94.1%**	**1**	**0.8%**	**749**	**5.9%**

Lending by Business Revenue and Borrower Income

Overall, the bank's lending evidences good penetration among businesses of different revenues and borrowers of different income levels.

Lending distribution by business revenue is good. As shown in the table below, the bank extended a substantial majority of small business loans to entities with gross annual revenues of $1.0 million or less that surpassed the aggregate's penetration level of 38.0 percent. Additionally, more than half of the loans extended by GCB were in relatively small dollar amounts which were less than or equal to $100,000 which addresses the needs of smaller businesses.

EXHIBIT 4 LENDING BY BUSINESS REVENUE						
Businesses with Revenue < = $1 million		**Originations Regardless of Revenue Size**			**Aggregate Lending**	
Bank Loans	All Businesses	<=$100K	>$100K and <=$250K	>250K and <=$1Million	All Loans	Loans to Revenue <= $1 Million
70.5%	87.3%	52.3%	20.5%	27.3%	215,376	38.0%

The level of lending to borrowers of different income levels, including low- and moderate-income borrowers also is good. As shown in the table below, except for the middle-income borrowers, the level of consumer lending generally approximates or exceeds the percentage breakout of families across these income categories. Lending performance relative to moderate-income families was especially strong.

EXHIBIT 5 LENDING BY BORROWER INCOME		
Borrower Income Category	**Bank's Consumer Lending**	**Families**
Low-Income	17.6%	19.5%
Moderate-Income	28.4%	18.7%
Middle-Income	13.5%	21.8%
Upper-Income	40.5%	40.0%

Geographic Distribution of Loans

Overall, loans were reasonably distributed throughout the bank's assessment area.

Small business loans were well dispersed amongst all four income geographies. As shown in the table below, the bank's lending was good; comparing favorably to the aggregate's lending distribution and small business concentrations, particularly in low- and moderate-income census tracts.

EXHIBIT 6 SMALL BUSINESS LOANS			
Census Tract Category	**Bank Loans**	**Business Entities**	**Aggregate Lending**
Low-Income	4.6%	5.6%	3.3%
Moderate-Income	25.0%	25.9%	19.2%
Middle-Income	31.8%	31.3%	31.1%
Upper-Income	38.6%	37%	46.4%

The distribution of the bank's consumer loan products reflects adequate dispersion among census tracts of different income levels. Except for low-income areas, the bank's lending compared generally favorably to the breakout of families in these tracts; particularly in moderate-income tracts where lending was more than twice the percentage of families. Although there were no consumer loans extended in low-income geographies, it is noted that there were fewer opportunities due to the low number of low income areas proximate to the main branch office where a significant percentage of loans are concentrated. As mentioned earlier, the bank had only one branch office until November of 2007 which was near the end of the review period.

EXHIBIT 7
GEOGRAPHIC DISTRIBUTION OF CONSUMER LOANS

Census Tracts	Bank Consumer Lending	Families
Low-Income	0.0%	19.5%
Moderate-Income	38.7%	18.7%
Middle-Income	18.7%	21.8%
Upper-Income	42.7%	40.0%

Response to Complaints

GCB has received no CRA-related complaints since inception. Accordingly, this component was not reviewed.

Fair Lending or Other Illegal Credit Practices Review

There was no evidence of discriminatory or other illegal credit practices identified during the fair lending review.

GLOSSARY OF TERMS

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

(i) Low-or moderate-income geographies;
(ii) Designated disaster areas; or
(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
   a. Rates of poverty, unemployment, and population loss; or
   b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution and borrower distribution), and qualitative factors (for example, responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution and borrower distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units**.**

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.