First Quarter 1999

The overall performance of commercial banks over the past year reflected favorable economic conditions in the nation and the tri-state area. The year-to-year figures display healthy growth in all loan categories and deposits. During the first quarter of 1999, regional banks remained highly profitable, earning an average return on assets (ROA) of 1.2 percent.*

Despite a regional decline in business lending in the first quarter, commercial loan markets do not appear to have been unusually weak in the tri-state area during recent months. In the region, the average annual growth rate in commercial loans over the last two quarters was 9.8 percent, just below the 12.3 percent average growth rate for the nation. Over the year, real estate activity in the region was quite strong. This activity may not be fully reflected on bank balance sheets for several reasons. First, local bankers note that pension fund and insurance companies have recently become more active in commercial real estate lending. Bankers in the region also report that much of the mortgage credit originated by banks is being packaged and sold in secondary markets. Finally, refinancings still represented a significant portion of total real estate lending in the first quarter, but refinanced loans do not increase total real estate credit outstanding.

The industry trend of midsize and lower-tier credit card issuers exiting the market continued to create difficulties in interpreting data on consumer loans. In the first quarter, PNC Bank completed the sale of its credit card portfolio to MBNA. In addition, Mellon Bank sold its credit card business to Citibank, citing its desire to focus on businesses with greater growth potential. While we excluded PNC and Mellon from our sample to provide a more accurate picture of consumer lending in the region, this adjustment may also have created a misleading impression that consumer lending was stronger in the region than in the nation during the first quarter. The quarterly decline in consumer loans both in the nation and in the tri-state area primarily reflects post-holiday seasonal factors.

* In our sample, we excluded First Union Corporation's Pennsylvania subsidiary, CoreStates Bank, First Union Bank of Delaware, 10 Pennsylvania banks, and one bank in New Jersey due to corporate reorganizations. In addition, this quarter Mellon Bank of Delaware and PNC Bank of Pennsylvania were excluded due to their sale of credit-card portfolios (see text for more details). One small bank in Rhode Island was excluded as a data outlier.

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All Commercial Banks

	Tri-State			*Nation*		
	99Q1	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**
No. of Banks	240	248	256	7898	8001	8359
		% change from			% change from	
	99Q1	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**
Total Assets*	213.0	-1.8	6.2	5005.1	-2.5	6.4
Total Loans*	133.3	-0.3	7.9	2970.1	2.5	8.9
Business*	34.0	-1.8	10.1	883.7	9.4	14.1
Real Estate*	71.6	2.6	5.4	1252.8	-1.0	5.6
Consumer*	15.5	-0.7	4.9	413.4	-9.0	3.7
Total Deposits*	157.9	-5.1	3.3	3427.9	-5.9	5.4
Ratios (in %)	**99Q1**	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**
Net Income/ Avg Assets (ROA)	1.2	1.2	1.3	1.2	1.2	1.2
Net Interest Inc/ Avg Assets (NIM)	4.0	4.0	4.1	4.2	4.2	4.3
Loans/Deposits	74.1	73.3	73.0	71.2	70.4	71.0
Equity/Assets	10.0	10.0	10.2	10.4	10.4	10.5
Liquid Assets/ Liquid Liabilities	163.4	161.5	179.9	208.3	243.9	235.9
Nonperforming Loans/Total Loans	1.0	1.0	1.0	1.1	1.1	1.1
Noninterest Expenses/Avg Assets	3.2	3.2	3.0	3.3	3.4	3.3

Data exclude limited-purpose Delaware banks and banks less than five years old. All percentage changes are compound annualized rates. Ratios are averages of individual commercial bank ratios.
*Levels are in $ billions.

First Quarter 1999

All Commercial Banks

	Pennsylvania			*New Jersey*			*Delaware*		
	99Q1	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**
Number of Banks	177	184	189	54	56	58	9	8	9
		% change from			**% change from**			**% change from**	
	99Q1	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**
Total Assets*	116.8	-4.3	5.5	86.6	0.9	8.4	9.6	5.1	-3.7
Total Loans*	74.9	-2.5	5.0	52.1	3.3	13.8	6.3	-3.0	-1.4
Business*	18.3	-7.1	6.6	14.5	4.8	15.8	1.2	5.8	0.7
Real Estate*	39.1	0.3	5.6	28.8	6.7	5.9	3.7	-2.9	-0.6
Consumer*	10.6	3.5	6.3	3.9	-2.2	4.5	1.0	-30.0	-6.8
Total Deposits*	84.4	-7.2	1.9	66.4	-3.1	5.6	7.1	3.3	-1.8
Ratios (in %)	**99Q1**	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**
Net Income/Avg Assets (ROA)	1.2	1.2	1.3	1.1	1.1	1.2	1.0	1.0	2.0
Net Interest Inc/Avg Assets (NIM)	3.9	4.0	4.1	4.0	4.0	4.2	4.4	4.4	4.6
Loans/Deposits	76.9	76.1	75.8	64.2	63.2	63.2	76.8	77	77.7
Equity/Assets	10.4	10.5	10.6	8.8	8.7	9.1	9.8	9.6	10.5
Liquid Assets/Liquid Liabilities	169.1	167.9	183.2	146.6	144.5	172	149.4	133.1	159.9
Nonperforming Loans/ Total Loans	0.9	1.0	1.0	1.1	1.0	1.1	1.3	1.4	1.0
Noninterest Expenses/ Avg Assets	3.0	3.0	3.0	3.6	3.7	3.3	4.6	4.8	3.7

Commercial Banks with Less than $1 Billion in Assets

	Tri-State			*Nation*		
	99Q1	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**
No. of Banks	214	222	233	7564	7666	8051
	% change from			**% change from**		
	99Q1	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**
Total Assets*	52.8	1.3	1.4	916.1	-2.1	-2.1
Total Loans*	31.6	5.8	0.9	551.7	1.4	-1.6
Total Deposits*	43.5	-0.2	0.9	766.9	-3.8	-2.9
Ratios (in %)	**99Q1**	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**
Net Inc/Avg Assets (ROA)	1.2	1.1	1.2	1.2	1.2	1.2
Equity/Assets	10.3	10.3	10.5	10.5	10.4	10.6

Commercial Banks with More than $1 Billion in Assets

	Tri-State			*Nation*		
	99Q1	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**
No. of Banks	26	26	23	334	335	308
	% change from			**% change from**		
	99Q1	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**
Total Assets*	160.2	-2.8	7.9	4088.9	-2.6	8.5
Total Loans*	101.7	-2.1	10.3	2418.4	2.8	11.6
Total Deposits*	114.4	-6.8	4.2	2661	-6.5	8.1
Ratios (in %)	**99Q1**	**98Q4**	**98Q1**	**99Q1**	**98Q4**	**98Q1**
Net Inc/ Avg Assets (ROA)	1.3	1.4	1.5	1.4	1.4	1.4
Equity/Assets	7.7	7.9	7.9	8.7	8.5	8.7

Data exclude limited-purpose Delaware banks and banks less than five years old. All percentage changes are compound annualized rates. Ratios are averages of individual commercial bank ratios.
*Levels are in $ billions.