



## First Quarter 2018 Highlights

FEDERAL RESERVE BANK OF PHILADELPHIA  
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# Summary Table of Bank Structure and Conditions — First Quarter 2018

	Small Banks						Large Banks			
	U.S.			Tristate			U.S.			
	\$ Billion	% Change From		\$ Billion	% Change From		\$ Billion	% Change From		
	2018Q1	2017Q4	2017Q1	2018Q1	2017Q4	2017Q1	2018Q1	2017Q4	2017Q1	
Total Assets	2,215.9	6.01	5.57	144.1	4.59	6.88	Total Assets	13,277.0	2.85	2.81
Total Loans	1,542.2	5.99	8.33	108.9	6.90	9.18	Total Loans	6,882.8	1.97	4.17
C&I	235.8	6.88	8.36	14.4	5.64	11.22	C&I	1,669.9	8.50	4.27
Real Estate	1,141.7	7.81	8.77	83.4	6.27	8.06	Real Estate	3,117.3	0.59	2.57
Consumer	64.3	1.28	5.93	4.6	17.18	20.63	Consumer	955.7	-9.02	3.36
Total Deposits	1,840.8	7.58	5.28	115.9	1.20	5.83	Total Deposits	10,209.4	3.14	2.87
<b>Ratios (in %)</b>	<b>2018Q1</b>	<b>2017Q4</b>	<b>2017Q1</b>	<b>2018Q1</b>	<b>2017Q4</b>	<b>2017Q1</b>	<b>Ratios (in %)</b>	<b>2018Q1</b>	<b>2017Q4</b>	<b>2017Q1</b>
Net Income/Avg. Assets (ROA)	1.04	1.00	1.03	0.93	0.87	0.90	Net Income/Avg. Assets (ROA)	0.97	0.91	1.00
Net Interest Inc./Avg. Assets (NIM)	3.42	3.39	3.32	3.19	3.16	3.11	Net Interest Inc./Avg. Assets (NIM)	2.58	2.55	2.45
Noninterest Inc./Avg. Assets	0.95	0.96	1.00	1.14	1.11	1.09	Noninterest Inc./Avg. Assets	1.53	1.51	1.54
Noninterest Exp./Avg. Assets	2.82	2.82	2.87	2.83	2.83	2.82	Noninterest Exp./Avg. Assets	2.43	2.42	2.37
Loans/Deposits	83.78	84.09	81.42	94.03	92.75	91.15	Loans/Deposits	67.42	67.61	66.57
Equity/Assets	11.10	11.10	10.89	10.72	10.67	10.43	Equity/Assets	11.04	11.08	11.00
Nonperforming Loans/Total Loans	0.77	0.76	0.87	0.69	0.72	0.88	Nonperforming Loans/Total Loans	1.14	1.22	1.39

Source: Unless otherwise noted, all data are from Federal Financial Institutions Examination Council (FFIEC) Call Reports.

Notes: The data are adjusted for mergers. Quarterly percentage changes are compound annualized rates except where noted. Ratios are aggregates; that is, the numerators and denominators are summed across all banks in the group, then divided.

*Large U.S. banks* are defined as banking organizations such as bank holding companies that are ranked in the top 100 in banking assets as of December 31, 2017, including assets of only their commercial bank subsidiaries. Large banks typically operate in multiple regions. The number of large banks may exceed 100 if during the calendar year some banking organizations' assets grow larger than those of the 100th largest bank at the beginning of the year.

A *banking organization* is an independent bank or all the banks within a highest-level bank holding company; however, banks less than five years old and special-purpose banks, such as credit card banks, are excluded.

*Small tristate banks* are defined as those based in the tristate area that were not in the top 100 in assets as of December 31, 2017.

The *tristate area* consists of Pennsylvania, New Jersey, and Delaware.

*Small U.S. banks* are defined as those based outside the tristate area that were not in the top 100 in assets as of December 31, 2017, including assets of only their commercial bank subsidiaries.

*U.S.* excludes tristate banks.

The sample includes 133 small tristate banks, 4,317 small U.S. banks, and 105 large U.S. banks.

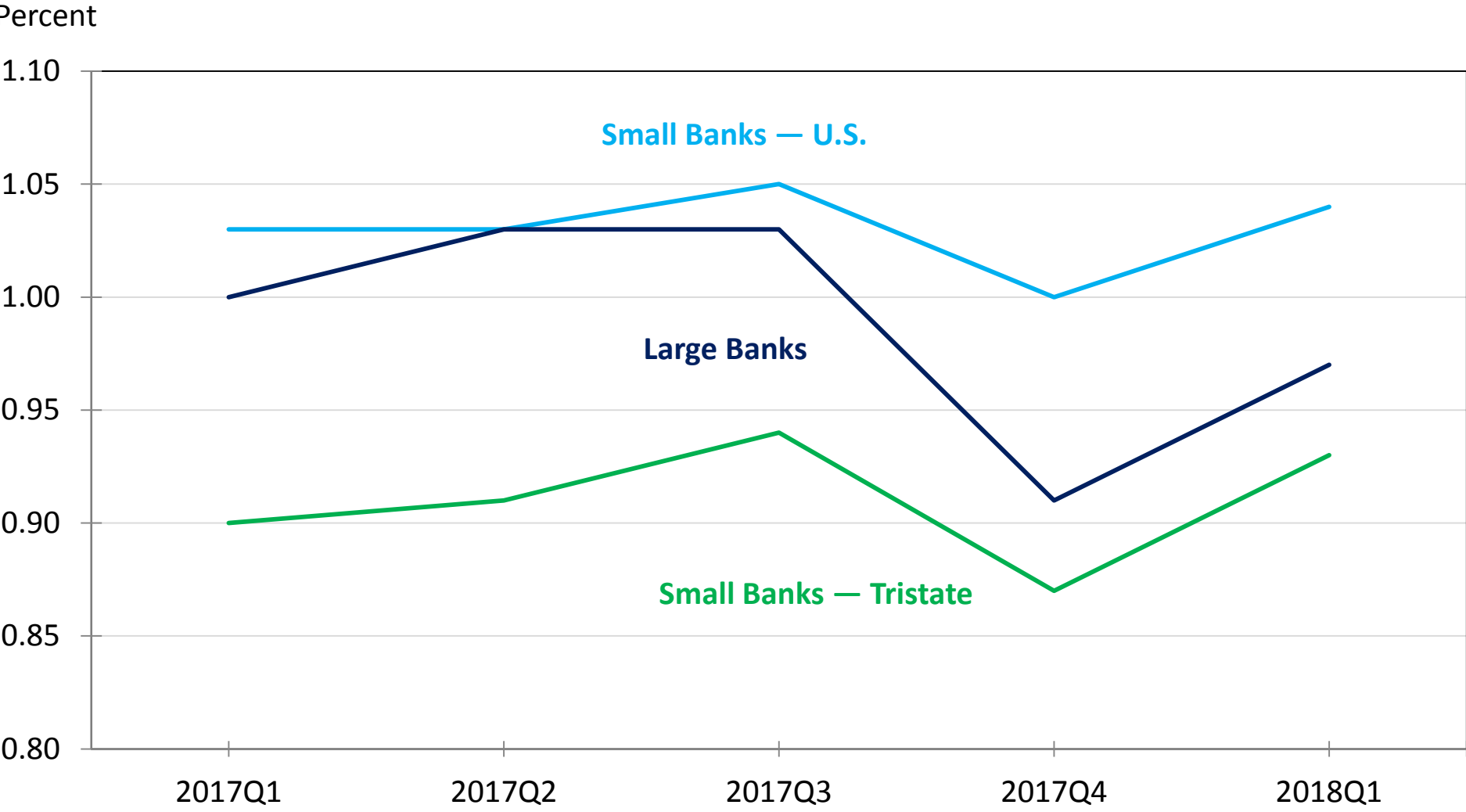
## Recent Trends in Tristate and U.S. Banking Markets

In the first quarter on 2018, profitability declined at large banks and increased slightly at small banks. There was a recovery in return on assets (ROA) at small banks after last quarter's decrease in earnings that was due to the new tax law. Net interest margins (NIMs) increased at large banks, tristate banks, and other small banks in the nation. Asset growth slowed from a very high growth rate at tristate banks and slowed somewhat at large banks and other small banks in the nation. Although CRE lending decreased at both large and small banks in the region and the nation, total loan growth differed among the different groups of banks. Loan growth increased modestly at large banks mainly because of an increase in residential real estate (RRE) and commercial and industrial (C&I) lending. Loan growth slowed from a very high level at tristate banks because of a decrease in CRE and RRE lending, while loan growth was flat at other small banks in the nation. Deposit growth slowed at all banks, with tristate banks deposit growth slowing from a very high level. Asset quality continued to improve at all banks except for a modest rise in nonperforming consumer loans at large banks.

# CHART 1

## Profitability Recovered from Last Quarter's Dip

Return on average assets.

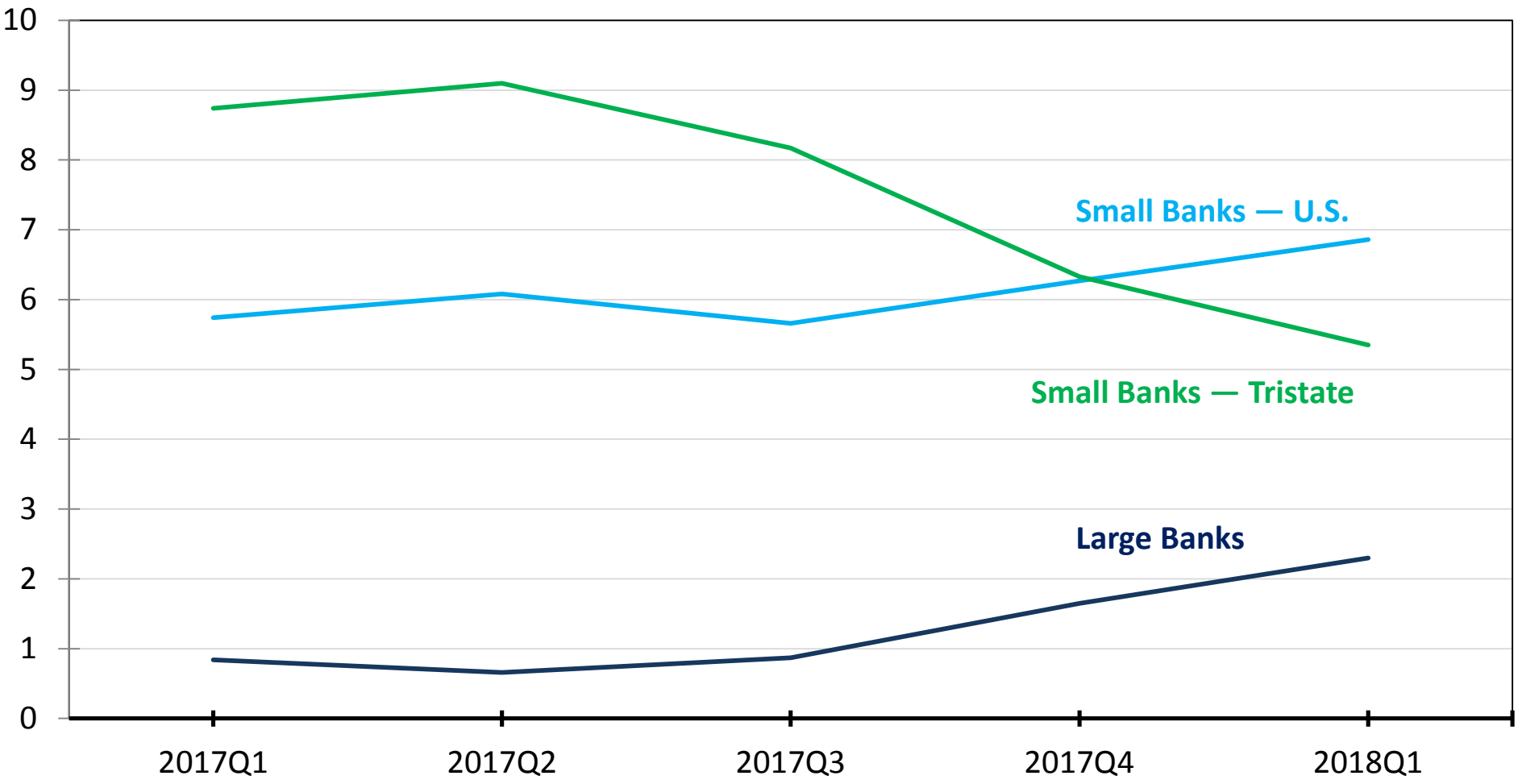


# CHART 2

## RRE Slowed at Tristate Banks and Rose at Large Banks and Other Small Banks

Annual growth rate of residential real estate loans.

Percent

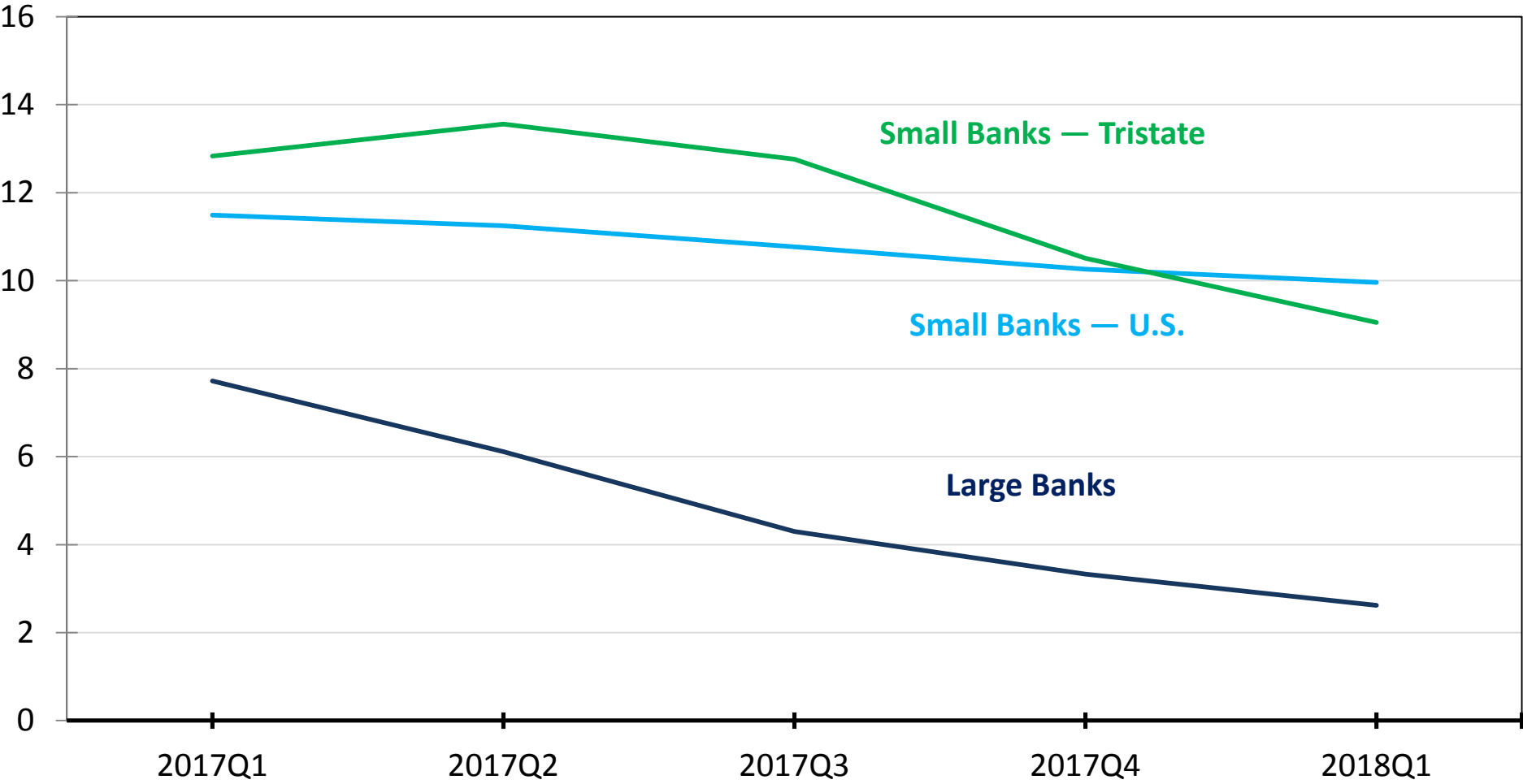


# CHART 3

## CRE Lending Slowed at All Banks

Annual growth rate of commercial real estate loans.

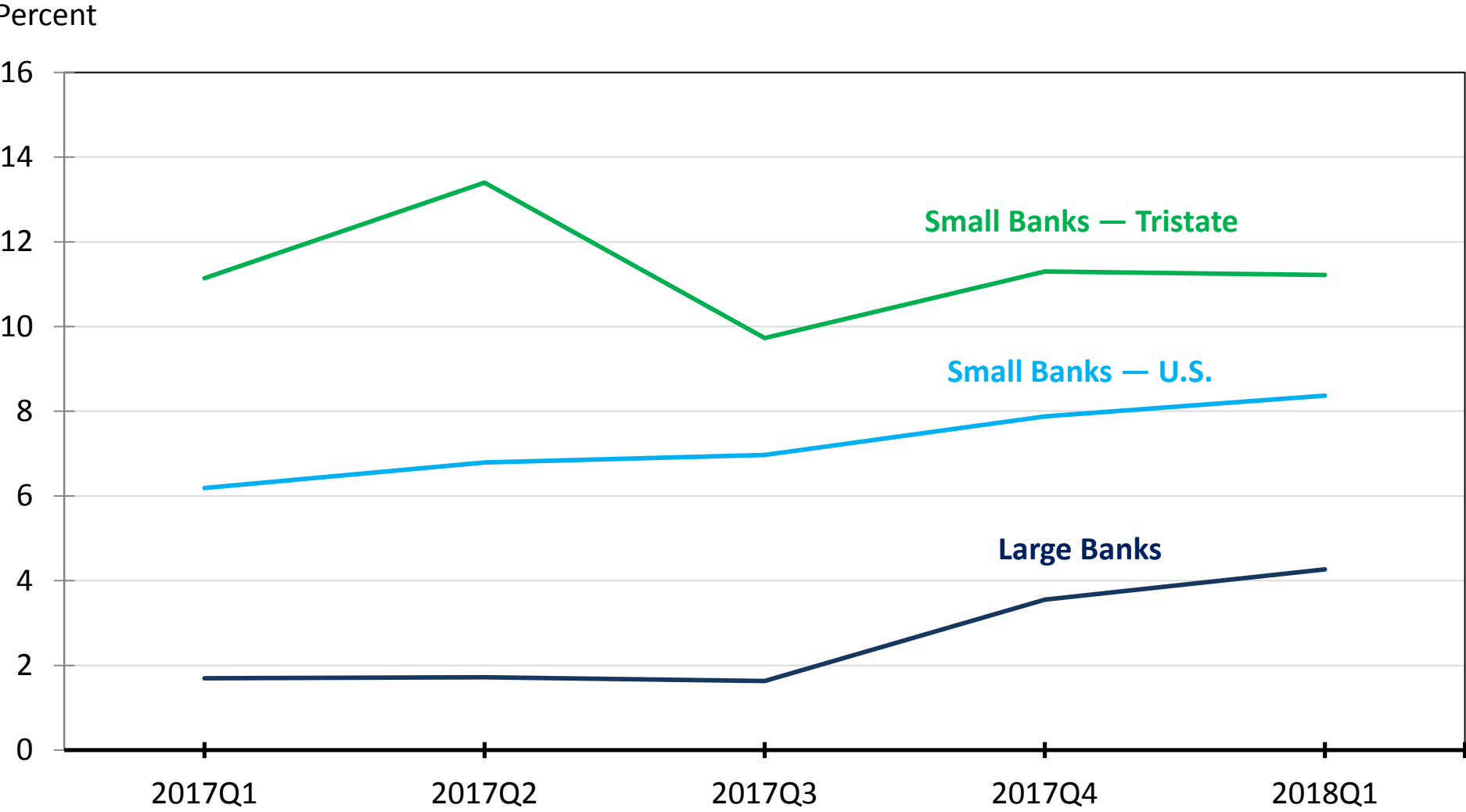
Percent



# CHART 4

## C&I Lending was Flat at Tristate Banks, but Rose at Large Banks and Other Small Banks

Annual growth rate of commercial and industrial loans.



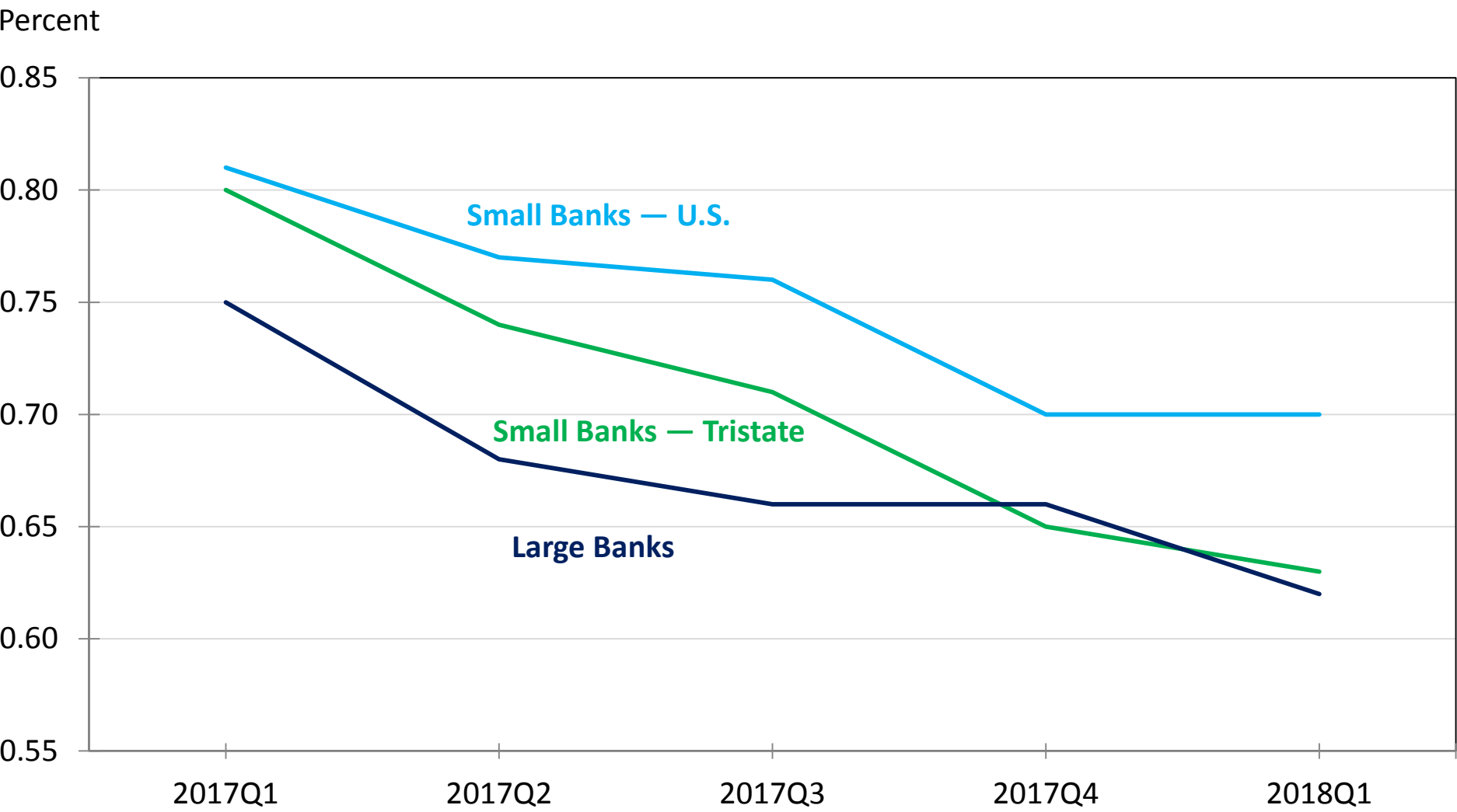
Despite decreasing loan growth rates at tristate banks from very high levels in CRE and RRE, tristate bank loan growth continued to outpace small banks in the rest of the nation and large banks.



# CHART 5

## Asset Quality Improved at All Banks

Nonperforming assets as a share of total assets.



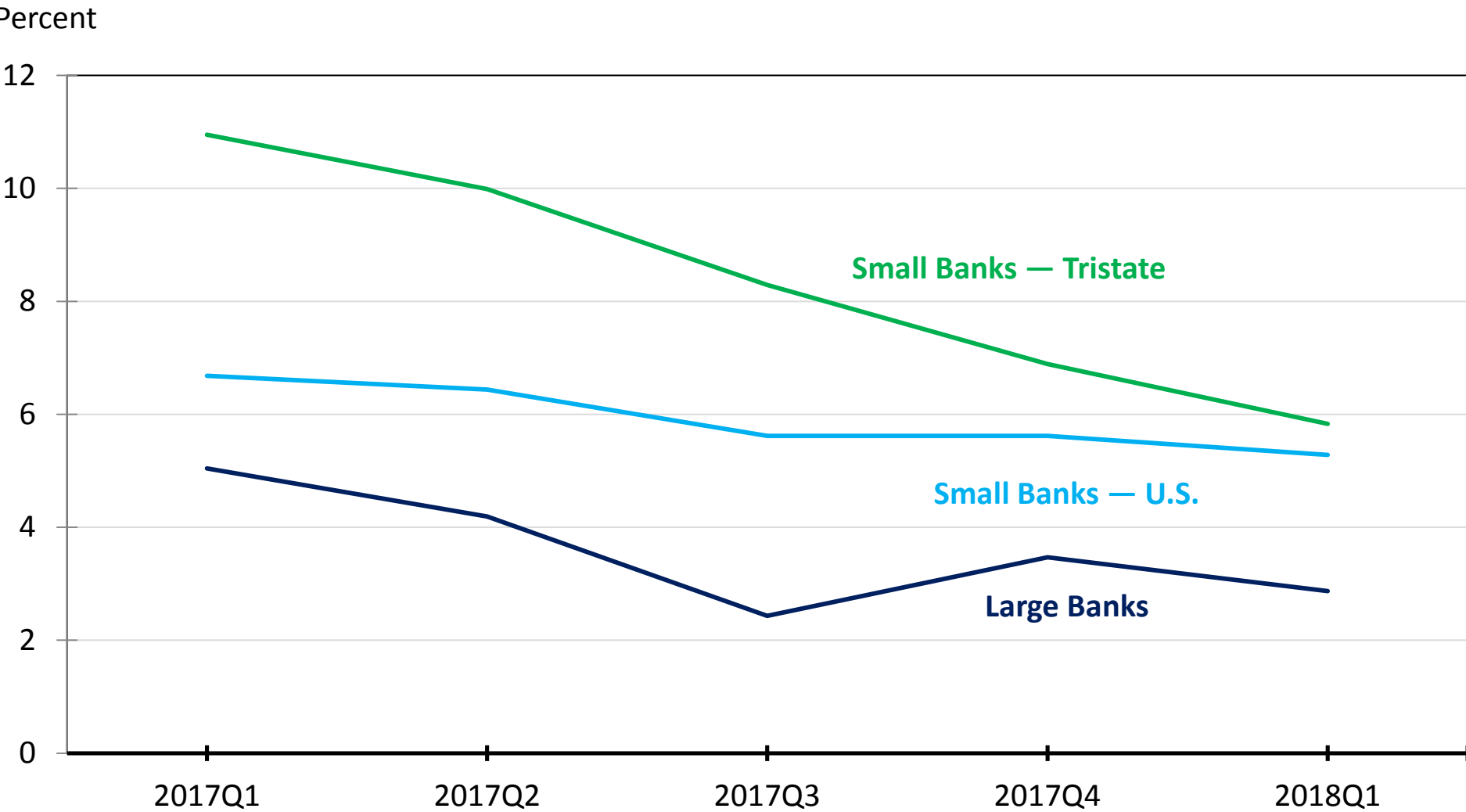
There was a slight increase in the ratio of nonperforming consumer loans to consumer loans at large banks from 0.76 in the first quarter of 2017 to 0.78 in the first quarter of 2018.



# CHART 6

## Deposit Growth Rates Slowed Significantly, Especially at Tristate Banks

Annual growth rate of total deposits.



The American Banker has ascribed lower deposit growth to competition for deposits and deposit rates lagging market rates.



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