



Third Quarter 2018 Highlights

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

| | Small Banks | | | | | | Large Banks | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------------------------|---------------|---------------|---------------|
| | U.S. | | | Tristate | | | U.S. | | | |
| | \$ Billion | % Change From | | \$ Billion | % Change From | | \$ Billion | % Change From | | |
| | 2018Q3 | 2018Q2 | 2017Q3 | 2018Q3 | 2018Q2 | 2017Q3 | | 2018Q3 | 2018Q2 | 2017Q3 |
| Total Assets | 2,210.6 | 3.64 | 5.05 | 149.3 | 4.33 | 6.10 | Total Assets | 13,354.5 | 2.40 | 1.50 |
| Total Loans | 1,566.4 | 5.93 | 7.37 | 113.2 | 3.96 | 7.11 | Total Loans | 6,997.5 | 1.69 | 2.87 |
| C&I | 237.9 | 3.04 | 8.18 | 14.9 | 2.03 | 8.84 | C&I | 1,697.8 | 1.48 | 4.45 |
| Real Estate | 1,156.2 | 6.37 | 7.61 | 86.9 | 5.09 | 6.74 | Real Estate | 3,161.9 | 0.95 | 1.40 |
| Consumer | 65.9 | 8.54 | 5.60 | 5.2 | 35.16 | 21.66 | Consumer | 976.6 | 3.99 | 2.12 |
| Total Deposits | 1,832.1 | 5.44 | 5.31 | 122.6 | 14.81 | 7.52 | Total Deposits | 10,216.4 | 2.08 | 1.73 |
| Ratios (in %) | 2018Q3 | 2018Q2 | 2017Q3 | 2018Q3 | 2018Q2 | 2017Q3 | Ratios (in %) | 2018Q3 | 2018Q2 | 2017Q3 |
| Net Income/Avg. Assets (ROA) | 1.13 | 1.08 | 1.05 | 1.02 | 0.97 | 0.94 | Net Income/Avg. Assets (ROA) | 1.11 | 1.04 | 1.03 |
| Net Interest Inc./Avg. Assets (NIM) | 3.47 | 3.45 | 3.36 | 3.21 | 3.20 | 3.16 | Net Interest Inc./Avg. Assets (NIM) | 2.65 | 2.62 | 2.52 |
| Noninterest Inc./Avg. Assets | 0.94 | 0.95 | 0.98 | 1.11 | 1.14 | 1.08 | Noninterest Inc./Avg. Assets | 1.53 | 1.53 | 1.52 |
| Noninterest Exp./Avg. Assets | 2.82 | 2.83 | 2.84 | 2.78 | 2.82 | 2.81 | Noninterest Exp./Avg. Assets | 2.45 | 2.44 | 2.38 |
| Loans/Deposits | 85.50 | 85.40 | 83.85 | 92.37 | 94.69 | 92.72 | Loans/Deposits | 68.49 | 68.56 | 67.73 |
| Equity/Assets | 11.24 | 11.14 | 11.17 | 10.82 | 10.72 | 10.73 | Equity/Assets | 11.12 | 11.16 | 11.16 |
| Nonperforming Loans/Total Loans | 0.74 | 0.75 | 0.82 | 0.65 | 0.67 | 0.78 | Nonperforming Loans/Total Loans | 0.99 | 1.04 | 1.22 |

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 128 small tristate banks, 4,215 small U.S. banks, and 109 large U.S. banks.



Recent Trends in Tristate and U.S. Banking Markets

In the third quarter of 2018, profitability continued to rise at small banks and rose modestly at large banks. The rise in profitability was driven by rising net interest margins (NIMs). Asset growth slowed at tristate banks and at large banks, while asset growth was steady at small banks across the nation. Loan growth slowed at tristate banks and small banks across the nation, but growth remained at healthy levels. The slowing was mainly fueled by slowing real estate (RE) growth. Residential real estate (RRE) and commercial real estate (CRE) loan growth continued to slow from the elevated pace in 2017 but remained strong at small banks in the nation and the tristate area. Commercial and industrial (C&I) loan growth increased both at large banks and small banks outside the tristate area and remained strong at tristate banks. Overall asset quality continued to improve at all banks, more so at large banks.

CHART 1

Profitability Continued to Rise

Return on average assets.

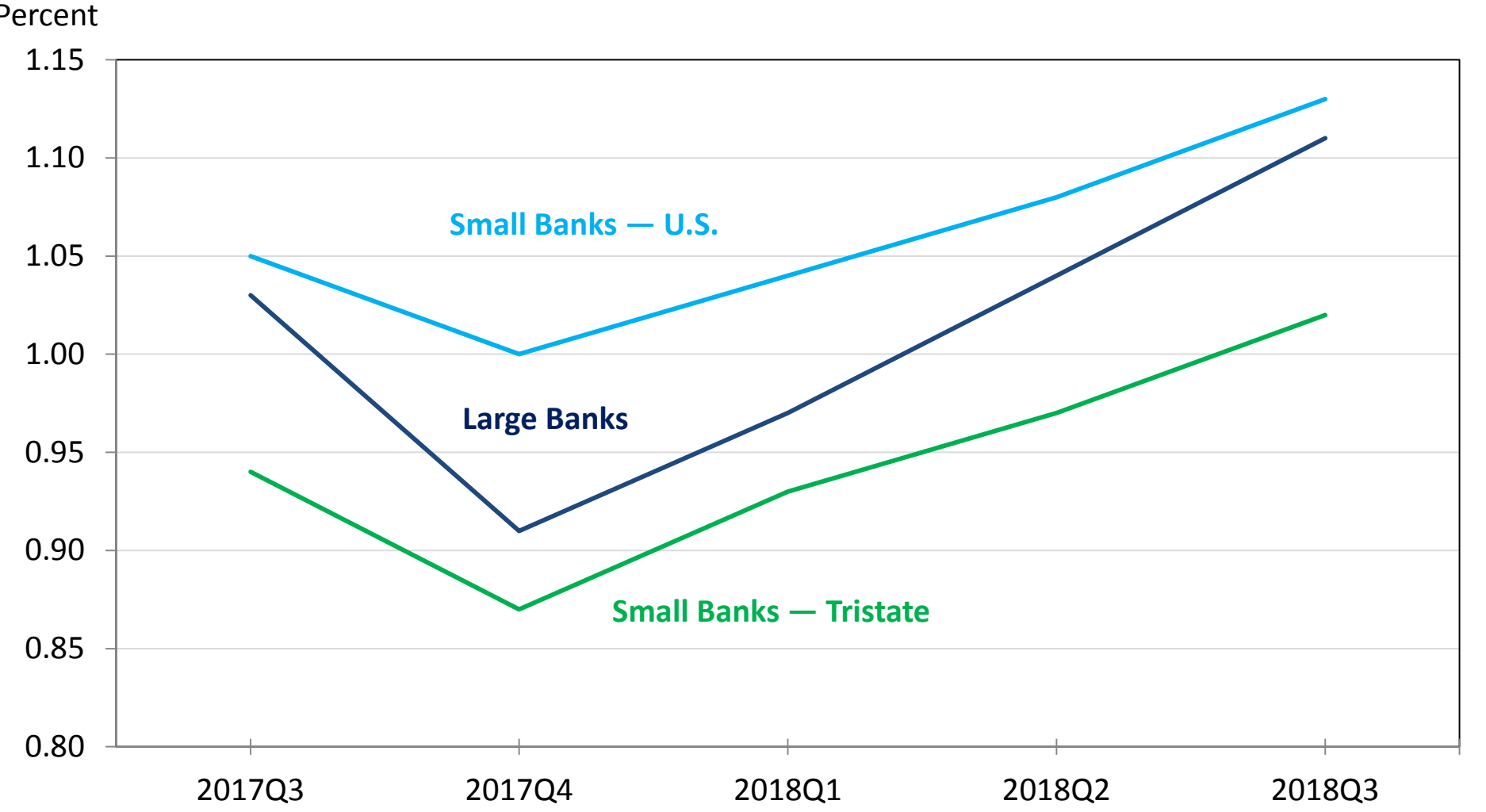


CHART 2

CRE Loan Growth Slowed at All Banks

Annual growth rate of commercial real estate.

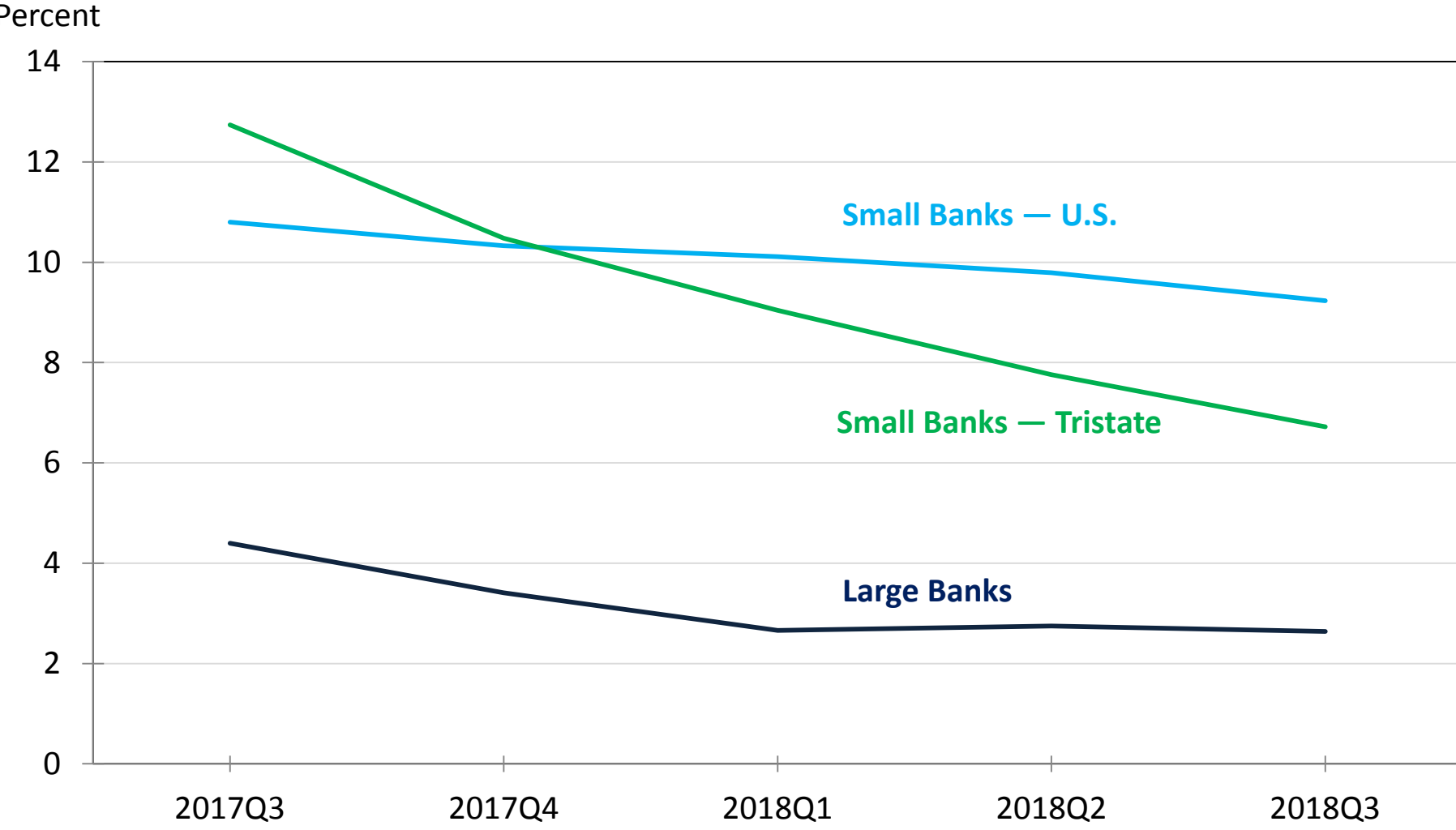


CHART 3

C&I Loan Growth Increased at Large Banks and Small Banks Outside the Tristate Area

Growth rate of commercial and industrial loans.

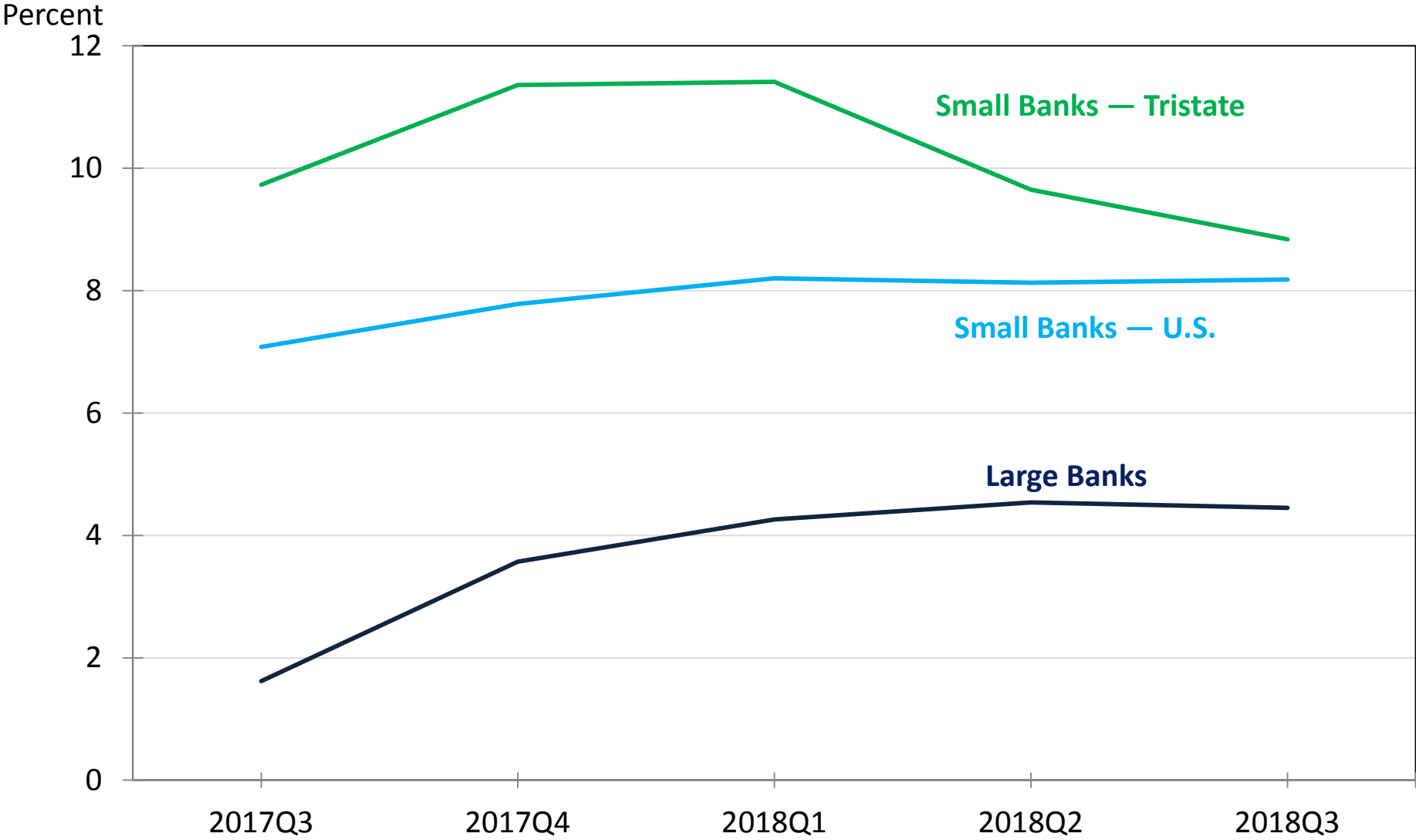
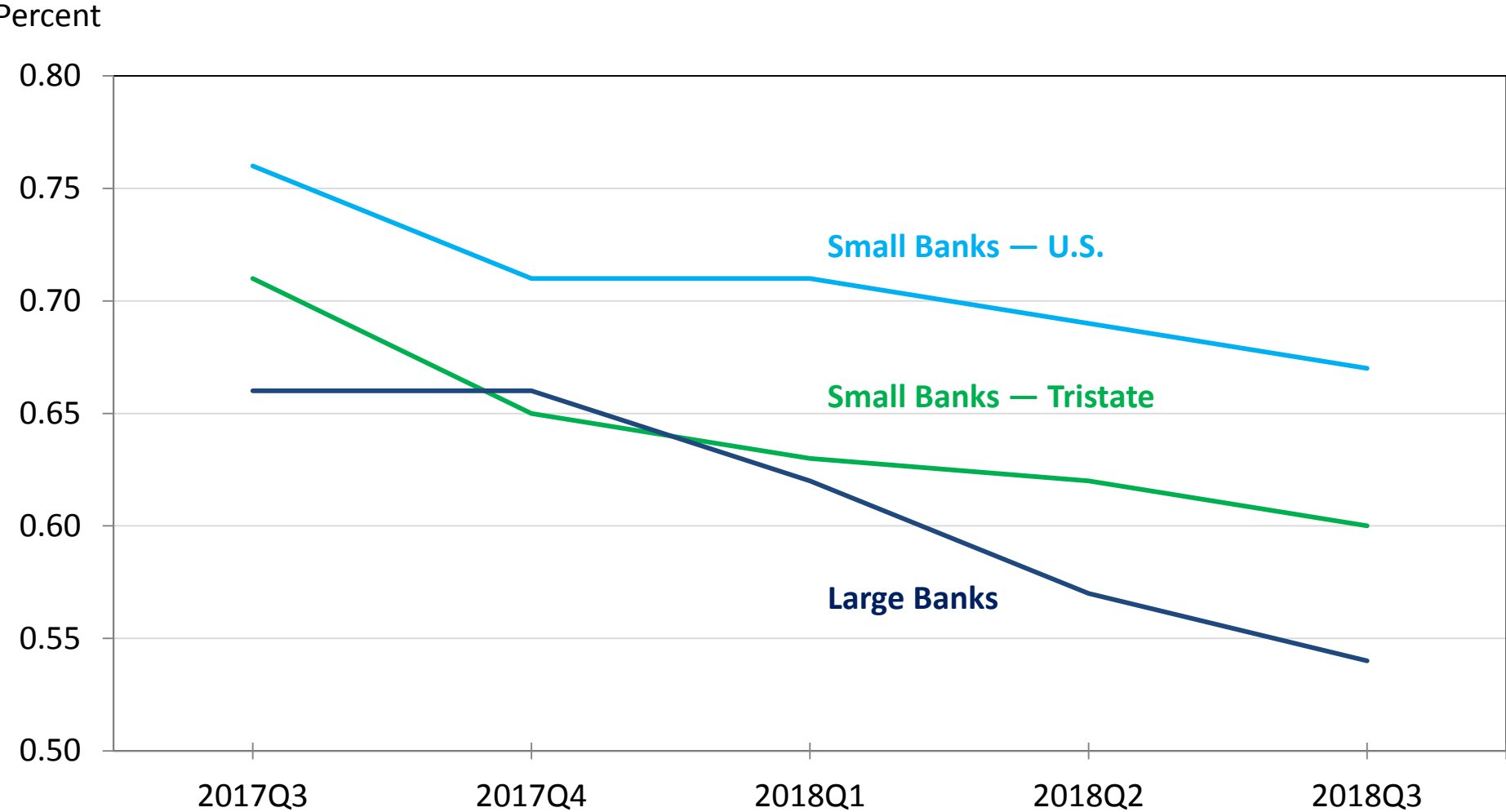


CHART 4

Asset Quality Continued to Improve

Ratio of nonperforming assets to total assets.





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