



First Quarter 2020 Highlights

FEDERAL RESERVE BANK OF PHILADELPHIA
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Summary Table of Bank Structure and Conditions — First Quarter 2020

	Small Banks						Large Banks			
	\$ Billion	U.S.		\$ Billion	Tristate		\$ Billion	U.S.		
		2020Q1	% Change From 2019Q4		2019Q1	2020Q1		% Change From 2019Q4	2019Q1	2020Q1
Total Assets	2,472.4	10.52	8.86	169.3	15.17	10.59	Total Assets*	15,672.9	46.89	13.77
Total Loans	1,727.6	6.74	8.55	126.5	8.77	9.00	Total Loans*	7,961.3	25.53	9.53
C&I	268.3	12.66	9.19	18.9	21.21	17.13	C&I	2,134.8	96.40	18.12
Real Estate	1,277.6	6.03	8.40	92.3	4.60	4.73	Real Estate	3,286.7	2.51	3.30
Consumer	68.4	-0.77	6.06	7.9	26.29	43.71	Consumer*	1,130.0	-13.27	14.92
Total Deposits	2,029.8	8.56	7.60	137.3	12.31	9.99	Total Deposits	12,118.5	46.10	15.61
Ratios (in %)	2020Q1	2019Q4	2019Q1	2020Q1	2019Q4	2019Q1	Ratios (in %)	2020Q1	2019Q4	2019Q1
Net Income/Avg. Assets (ROA)	1.19	1.26	1.24	0.98	1.11	1.14	Net Income/Avg. Assets (ROA)	0.93	1.20	1.29
Net Interest Inc./Avg. Assets (NIM)	3.44	3.48	3.49	3.13	3.16	3.22	Net Interest Inc./Avg. Assets (NIM)	2.57	2.64	2.69
Noninterest Inc./Avg. Assets	0.98	0.98	0.92	1.09	1.08	1.06	Noninterest Inc./Avg. Assets	1.40	1.44	1.50
Noninterest Exp./Avg. Assets	2.82	2.82	2.81	2.73	2.74	2.75	Noninterest Exp./Avg. Assets	2.38	2.36	2.38
Loans/Deposits	85.11	85.47	84.37	92.18	92.92	93.02	Loans/Deposits	65.70	68.24	69.34
Equity/Assets	11.62	11.82	11.58	10.76	11.11	11.08	Equity/Assets	10.23	11.22	11.10
Nonperforming Loans/Total Loans	0.77	0.70	0.73	0.70	0.62	0.66	Nonperforming Loans/Total Loans	0.84	0.84	0.94

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, 2019, 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, 2019.

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, 2019, including assets of only their commercial bank subsidiaries.

U.S. excludes tristate banks.

The sample includes 117 small tristate banks, 3,937 small U.S. banks, and 101 large U.S. banks.

*Data for Large Banks were adjusted due to an internal merger at one institution during the second quarter of 2019 in which credit card loans previously held at a nonbanking subsidiary were brought onto the bank's balance sheet, thus making assets, loans, and consumer loans appear to grow at an extremely and artificially high rate.

Recent Trends in Tristate and U.S. Banking Markets

In the first quarter of 2020, return on average assets fell significantly for large banks, with a more modest decrease for local and national small banks. Similarly, annual growth of quarterly net income decreased among all banks. Annual growth of loans continued at a healthy pace for small banks, while large banks saw a much larger increase. This increase was largely driven by significant growth in commercial and industrial (C&I) loans as businesses drew down existing lines of credit. Deposits continued to grow at a healthy pace for small banks and deposits surged at large banks, as businesses deposited funds they had borrowed and investors shifted funds to banks for safety. Loan quality remained largely unchanged, with small banks seeing a modest increase in nonperforming loans and large banks seeing a modest decrease. In the tristate region, nonperforming commercial real estate (CRE) loans rose, which is notable because of the regional focus on CRE loans. Loan loss provisions as a share of operating income grew at all banks, with large banks seeing the largest spike. The increase in assets resulted in decreases in the equity-to-assets ratio, as banks were instructed by regulators to use their capital cushion to support borrowers.

CHART 1

Return on Average Assets Slowed at Small Banks and Fell at Large Banks

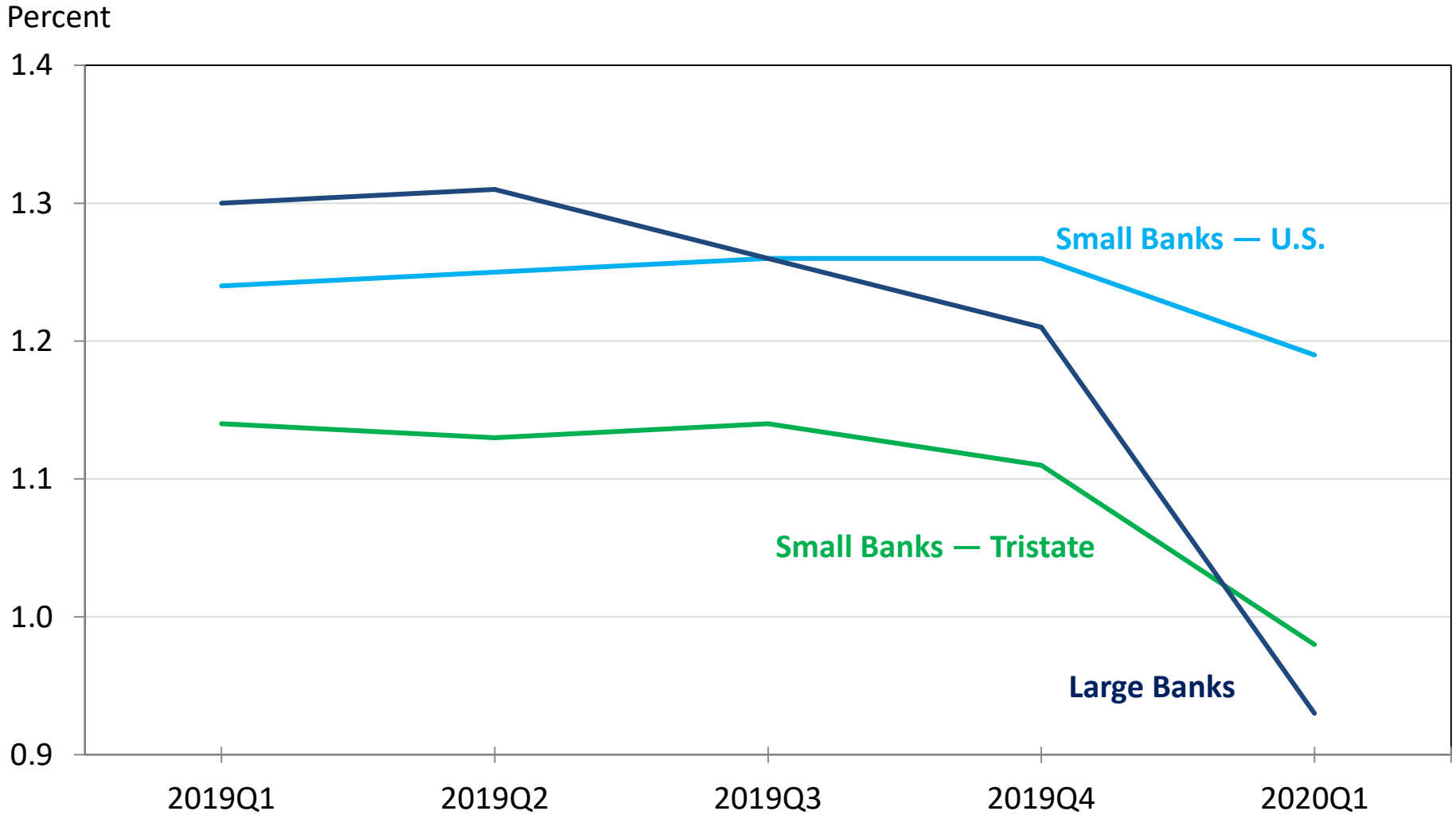


CHART 2 Net Income Trended Downward at All Banks

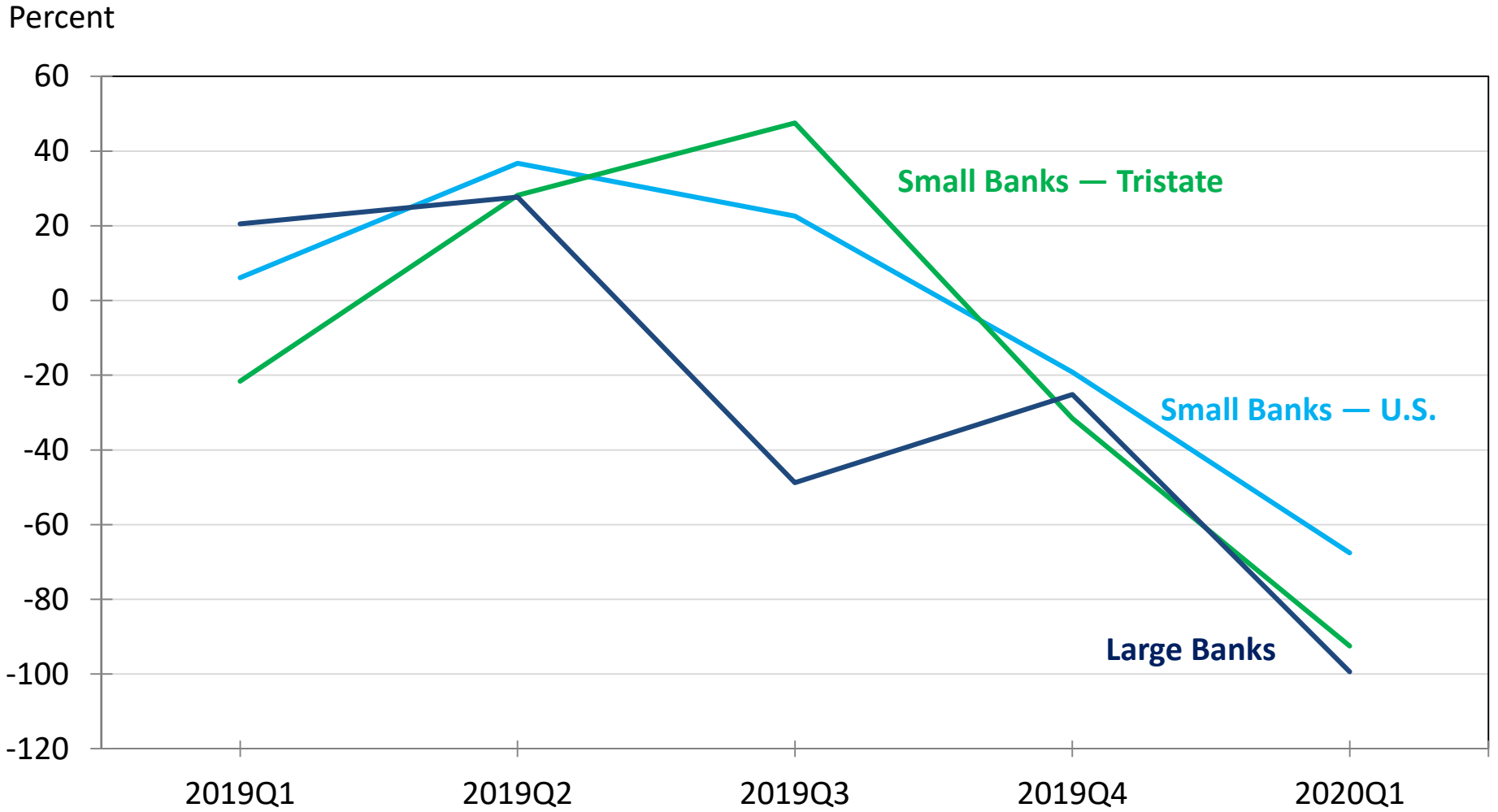
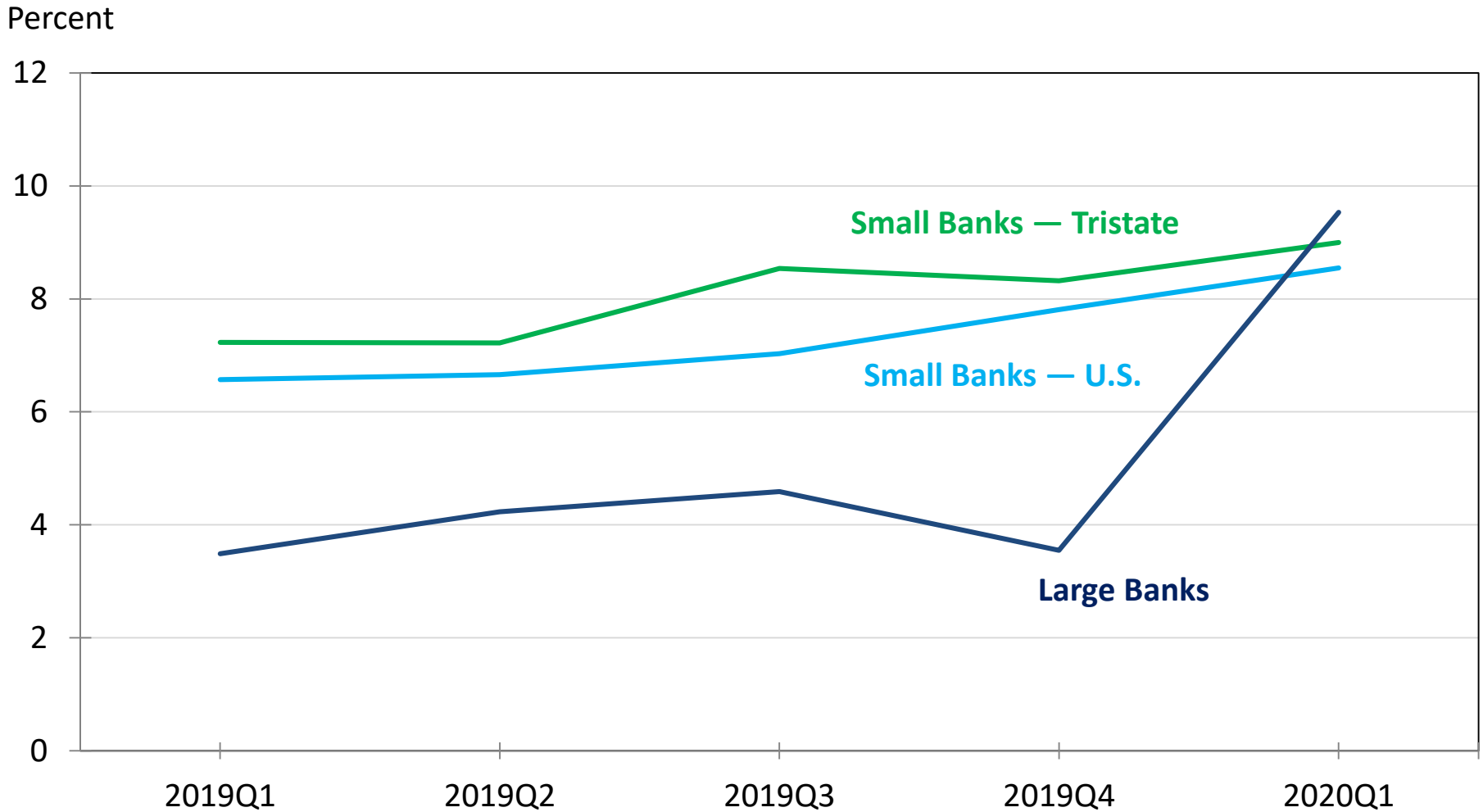


CHART 3

Total Loan Growth Was Healthy for Small Banks and Grew Sharply at Large Banks*



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CHART 4

Commercial & Industrial Loans Accelerated at Large Banks

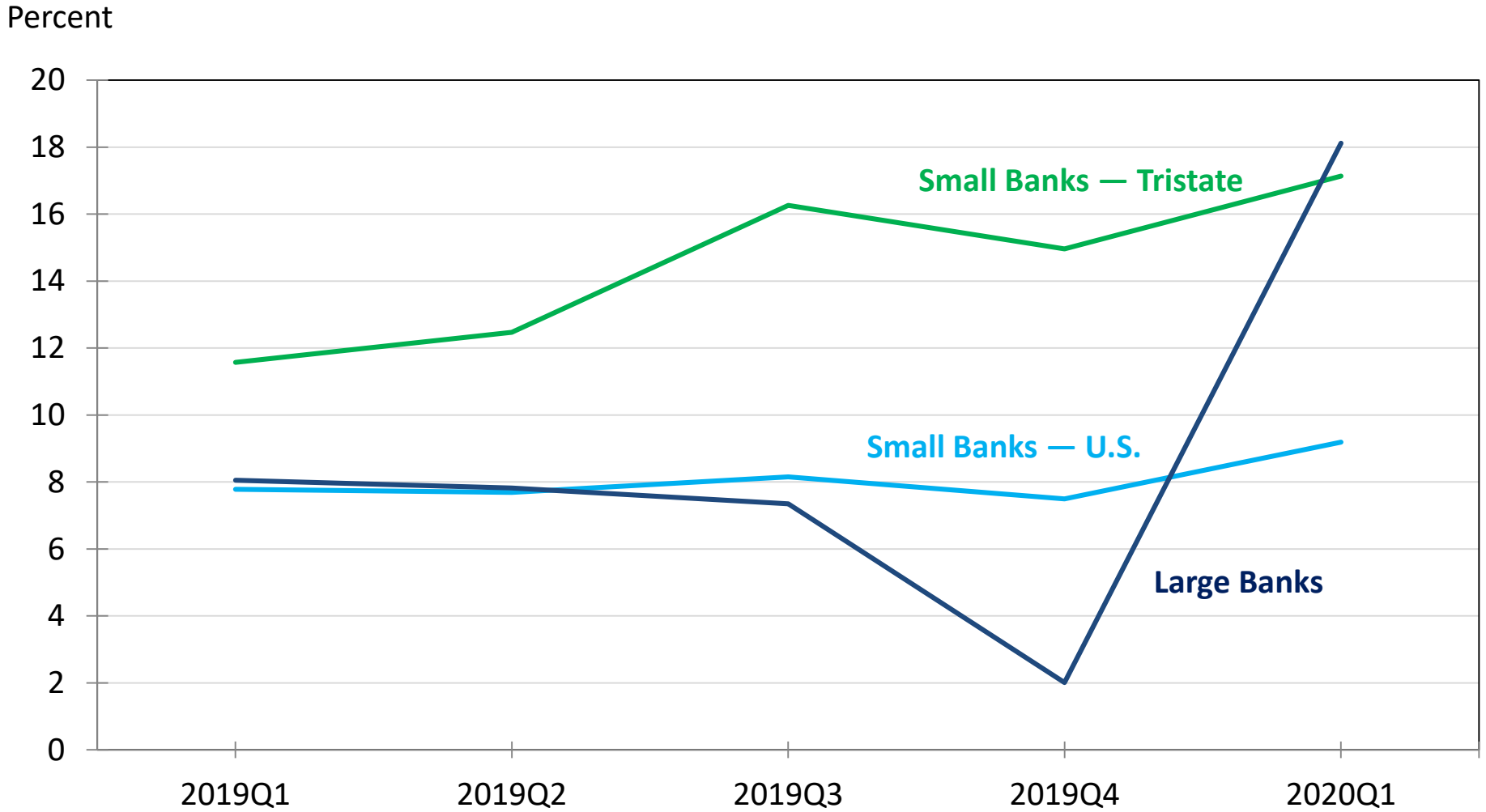


CHART 5

Total Deposits Increased Significantly at Large Banks

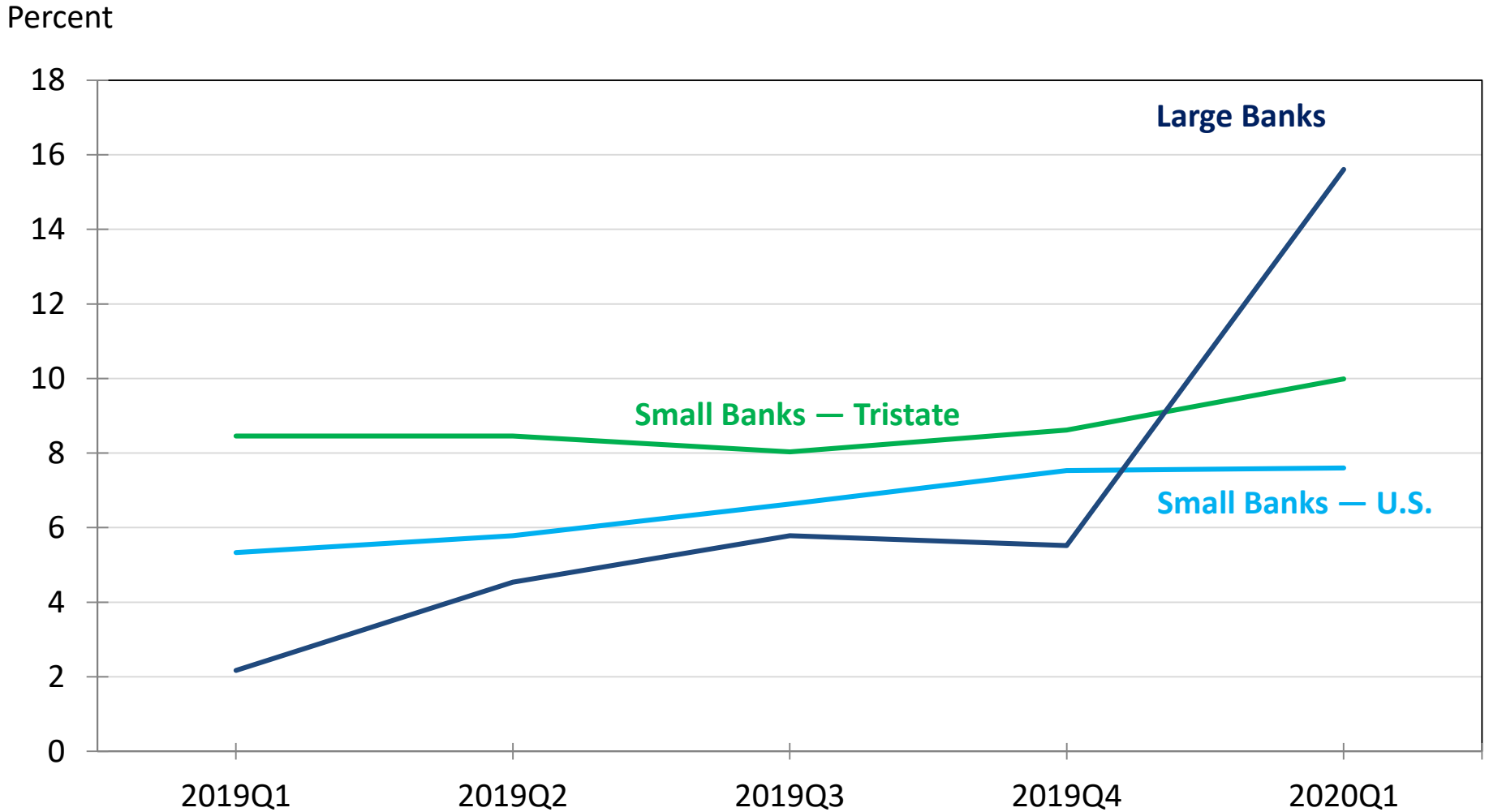


CHART 6

Loan Quality Continued to Improve at Large Banks but Ticked Down at Small Banks

Nonperforming loans as a share of total loans

Percent

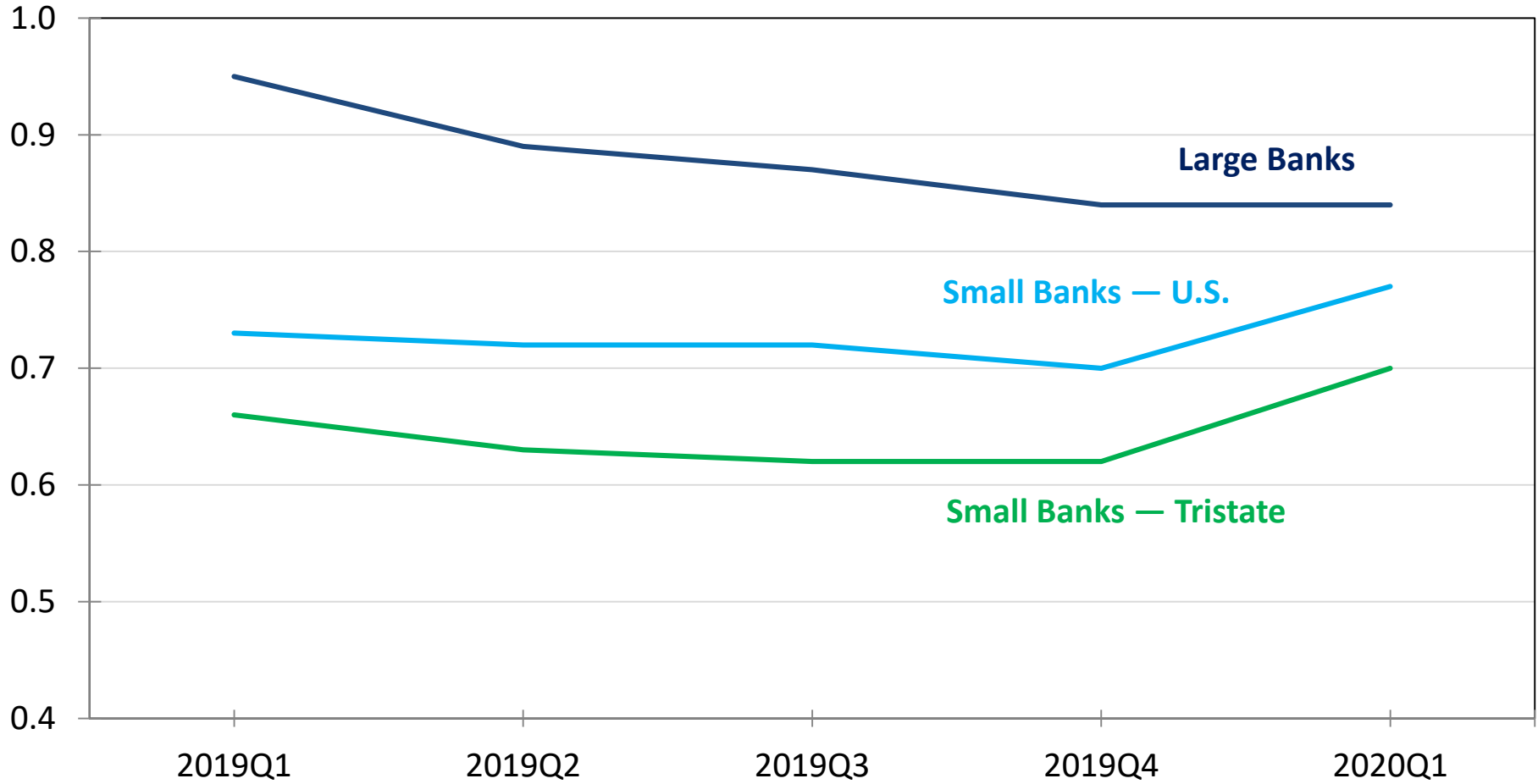


CHART 7

Commercial Real Estate Loan Quality Decreased at Local Banks

Nonperforming loan ratio

Percent

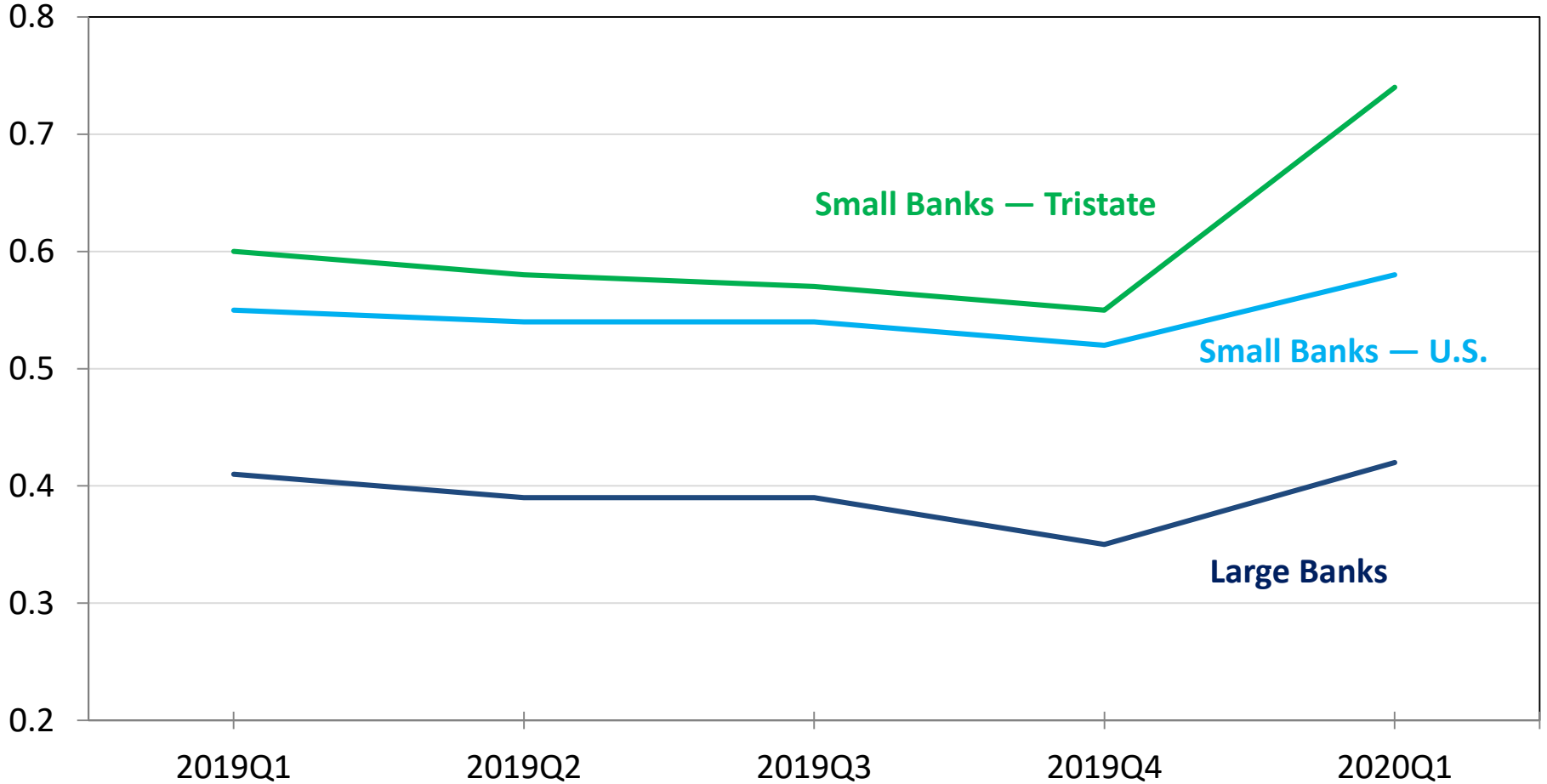


CHART 8

Capitalization Held Steady at Small National Banks and Decreased Elsewhere

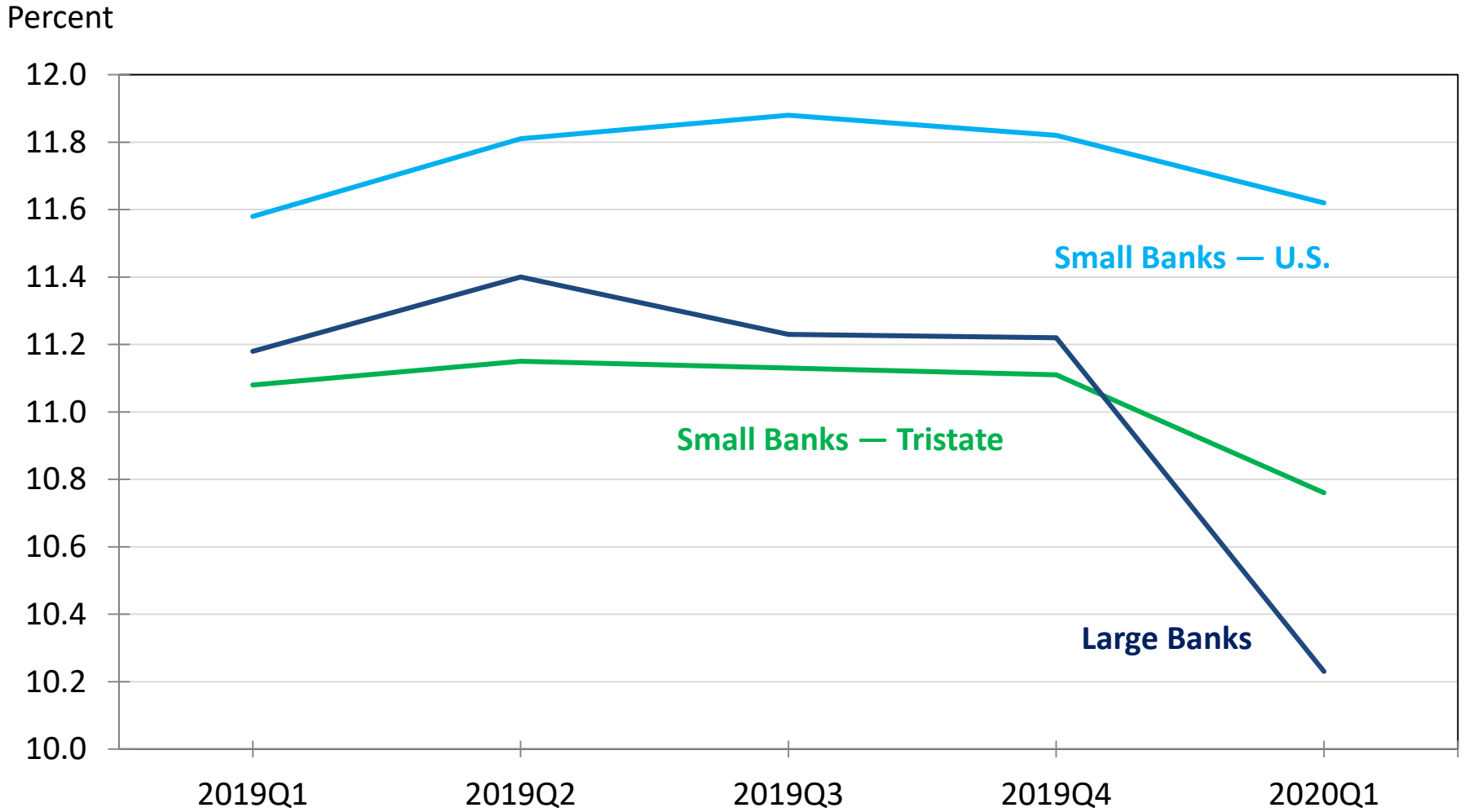
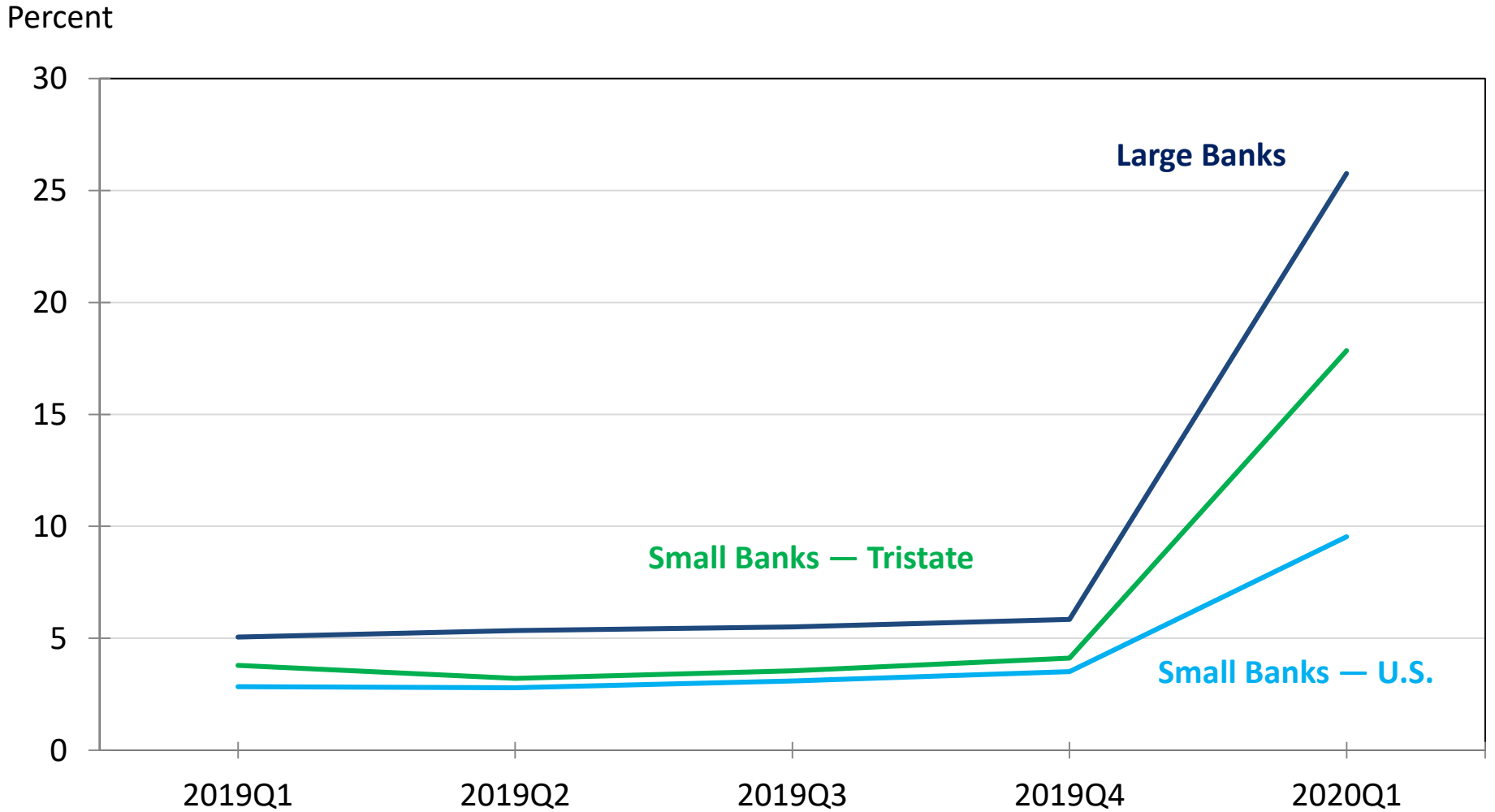


CHART 9

Loan Loss Provisions Grew at All Banks





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