Banking Brief

Research Department

First Quarter 2023

Part 1. Earnings Ratios
Part 2. Annual Growth Rates
Part 3. Asset Quality Ratios
Part 4. Loan Loss Provisioning and Reserves
Part 5. Capital Ratios
Part 6. Liquidity Ratios
Part 7. Market Conditions
# Summary Table of Bank Structure and Conditions

## First Quarter 2023

<table>
<thead>
<tr>
<th></th>
<th>Small Banks</th>
<th>Tristate Banks</th>
<th>Large Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S.</td>
<td>Tristate</td>
<td>U.S.</td>
</tr>
<tr>
<td></td>
<td>$ Billion</td>
<td>$ Billion</td>
<td>$ Billion</td>
</tr>
<tr>
<td></td>
<td>23Q1</td>
<td>22Q4</td>
<td>22Q1</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>3,120.1</td>
<td>-5.14</td>
<td>5.07</td>
</tr>
<tr>
<td><strong>Total Loans</strong></td>
<td>2,095.9</td>
<td>-5.58</td>
<td>15.59</td>
</tr>
<tr>
<td><strong>C&amp;I</strong></td>
<td>311.0</td>
<td>-3.97</td>
<td>8.49</td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td>1,577.9</td>
<td>-4.84</td>
<td>16.93</td>
</tr>
<tr>
<td><strong>Consumer</strong></td>
<td>98.1</td>
<td>12.82</td>
<td>32.21</td>
</tr>
<tr>
<td><strong>Total Deposits</strong></td>
<td>2,619.3</td>
<td>-6.53</td>
<td>1.67</td>
</tr>
</tbody>
</table>

## Ratios (in %)

<table>
<thead>
<tr>
<th></th>
<th>23Q1</th>
<th>22Q4</th>
<th>22Q1</th>
<th>23Q1</th>
<th>22Q4</th>
<th>22Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income/Avg. Assets (ROA)</strong></td>
<td>1.21</td>
<td>1.21</td>
<td>1.23</td>
<td>1.21</td>
<td>1.23</td>
<td>1.30</td>
</tr>
<tr>
<td><strong>Net Interest Inc./Avg. Assets (NIM)</strong></td>
<td>3.38</td>
<td>3.28</td>
<td>3.01</td>
<td>3.35</td>
<td>3.30</td>
<td>3.06</td>
</tr>
<tr>
<td><strong>Noninterest Inc./Avg. Assets</strong></td>
<td>0.79</td>
<td>0.84</td>
<td>0.99</td>
<td>0.85</td>
<td>0.91</td>
<td>1.11</td>
</tr>
<tr>
<td><strong>Noninterest Exp./Avg. Assets</strong></td>
<td>2.50</td>
<td>2.47</td>
<td>2.47</td>
<td>2.54</td>
<td>2.52</td>
<td>2.49</td>
</tr>
<tr>
<td><strong>Loans/Deposits</strong></td>
<td>80.02</td>
<td>79.82</td>
<td>70.39</td>
<td>89.27</td>
<td>89.05</td>
<td>79.97</td>
</tr>
<tr>
<td><strong>Nonperforming Loans/Total Loans</strong></td>
<td>0.50</td>
<td>0.56</td>
<td>0.57</td>
<td>1.29</td>
<td>1.99</td>
<td>0.93</td>
</tr>
</tbody>
</table>

### 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, 2022, 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, 2022. 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, 2022, including assets of only their commercial bank subsidiaries. U.S. excludes tristate banks. The sample includes 104 small tristate banks, 3,638 small U.S. banks, and 99 large U.S. banks.
Part 1: Earnings Ratios
CHART 1

Return on Average Assets
Percent

Small Banks — Tristate
Small Banks — U.S.
Large Banks
Part 2: Annual Growth Rates
CHART 3

Annual Growth of Quarterly Net Income

Percent

Growth of Quarterly Net Income for Small Banks (U.S.) and Large Banks, showing a comparative analysis from 2022Q1 to 2023Q1.
CHART 4

Annual Growth of Total Assets
Percent

-10
-5
0
5
10
15

2022Q1 2022Q2 2022Q3 2022Q4 2023Q1

Small Banks — U.S.
Small Banks — Tristate
Large Banks
**CHART 5**

**Annual Growth of Total Loans**

Percent

![Graph showing annual growth of total loans for small banks in the U.S., large banks, and small banks in the Tristate area.](chart5)
CHART 5a

Annual Growth of RRE Loans
Percent

-5 0 5 10 15 20 25
2022Q1 2022Q2 2022Q3 2022Q4 2023Q1

Small Banks — U.S.
Small Banks — Tristate
Large Banks
CHART 5b

Annual Growth of CRE Loans
Percent

- Small Banks — U.S.
- Small Banks — Tristate
- Large Banks

Year: 2022Q1 to 2023Q1
CHART 5c

Annual Growth of Construction Loans
Percent

Small Banks — U.S.

Small Banks — Tristate

Large Banks

Federal Reserve Bank of Philadelphia
Research Department
Annual Growth of Loans Secured by Multifamily Properties

Percent

CHART 5d

Small Banks — U.S.

Small Banks — Tristate

Large Banks

2022Q1 2022Q2 2022Q3 2022Q4 2023Q1
CHART 5e

Annual Growth of Commercial Mortgages

Percent

Small Banks — U.S.

Small Banks — Tristate

Large Banks

Federal Reserve Bank of Philadelphia
Research Department
Annual Growth of Commercial and Industrial Loans
Percent

- Chart 5f

2022Q1 2022Q2 2022Q3 2022Q4 2023Q1

Small Banks — U.S.
Large Banks
Small Banks — Tristate
CHART 5g

Annual Growth of Consumer Loans

Percent

Small Banks — Tristate

Small Banks — U.S.

Large Banks

2022Q1 2022Q2 2022Q3 2022Q4 2023Q1
CHART 6

Annual Growth of Total Deposits

Percent

<table>
<thead>
<tr>
<th>Percent</th>
<th>2022Q1</th>
<th>2022Q2</th>
<th>2022Q3</th>
<th>2022Q4</th>
<th>2023Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Banks — U.S.</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Small Banks — Tristate</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Large Banks</td>
<td>9%</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Note: The chart shows the annual growth of total deposits for small banks in the U.S. and Tristate regions, as well as large banks, from 2022Q1 to 2023Q1.
Part 3: Asset Quality Ratios
Nonperforming Assets as a Share of Total Assets
Percent

- **Small Banks — Tristate**
- **Small Banks — U.S.**
- **Large Banks**
Nonperforming Loans as a Share of Total Loans
Percent

CHART 8

- Small Banks — Tristate
- Large Banks
- Small Banks — U.S.
Residential Real Estate Nonperforming Loan Ratio
Percent

CHART 9

Large Banks
Small Banks — U.S.
Small Banks — Tristate

Federal Reserve Bank of Philadelphia
Research Department
CHART 10

Commercial Real Estate Nonperforming Loan Ratio
Percent

Large Banks

Small Banks — Tristate

Small Banks — U.S.
CHART 11

Commercial and Industrial Nonperforming Loan Ratio
Percent

- Small Banks — Tristate
- Small Banks — U.S.
- Large Banks
CHART 12

Consumer Nonperforming Loan Ratio

Percent

- Large Banks
- Small Banks — U.S.
- Small Banks — Tristate

- 2022Q1
- 2022Q2
- 2022Q3
- 2022Q4
- 2023Q1
Part 4: Loan Loss Provisioning and Reserves
CHART 13

Loan Loss Reserves as a Share of Total Assets
Percent

Small Banks — U.S.
Small Banks — Tristate
Large Banks
CHART 14

Net Charge-Offs as a Share of Loan Loss Provisions
Percent

Large Banks
Small Banks — U.S.
Small Banks — Tristate
CHART 15

Loan Loss Provision as a Share of Operating Income
Percent

Large Banks
Small Banks — U.S.
Small Banks — Tristate

2022Q1 2022Q2 2022Q3 2022Q4 2023Q1
**CHART 16**

**Loan Loss Coverage Ratio**
Percent

**Small Banks — U.S.**

**Large Banks**

**Small Banks — Tristate**
Part 5: Capital Ratios
**Total Equity as a Share of Total Assets**

Percent

![Chart showing Total Equity as a Share of Total Assets for Small Banks and Large Banks. The chart indicates the trend in equity as a share of assets for Small Banks in the Tristate region and for Small Banks in the U.S., as well as for Large Banks. The data is presented for quarters from 2022Q1 to 2023Q1.](chart)
CHART 18

Tier One Leverage Ratio
Percent

Small Banks — U.S.

Small Banks — Tristate

Large Banks

2022Q1 2022Q2 2022Q3 2022Q4 2023Q1
CHART 19

Risk-Based Capital Ratio
Percent

- Large Banks
- Small Banks — U.S.
- Small Banks — Tristate

2022Q1 2022Q2 2022Q3 2022Q4 2023Q1
Part 6: Liquidity Ratios
CHART 20

Loan-to-Deposit Ratio
Percent

Small Banks — Tristate
Small Banks — U.S.
Large Banks

2022Q1 2022Q2 2022Q3 2022Q4 2023Q1
CHART 21

Core Deposits as a Share of Total Deposits
Percent

- Small Banks — Tristate
- Small Banks — U.S.
- Large Banks

Graph showing the core deposits as a share of total deposits for small banks in Tristate and U.S., and large banks, from 2022Q1 to 2023Q1.
CHART 22

Liquid Assets as a Share of Total Assets
Percent

Large Banks
Small Banks — U.S.
Small Banks — Tristate

2022Q1 2022Q2 2022Q3 2022Q4 2023Q1
Part 7: Market Conditions
CHART 23

New and Existing Total U.S. Home Sales
Thousands

- Existing Home Sales
- New Home Sales

Dec-20 Apr-21 Aug-21 Dec-21 Apr-22 Aug-22 Dec-22
Questions and comments may be directed to James V. DiSalvo at 215-574-3820 or jim.disalvo@phil.frb.org.


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