Banking Brief
Research Department

Second 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

#### Second Quarter 2023

<table>
<thead>
<tr>
<th></th>
<th><strong>Small Banks</strong></th>
<th><strong>Tristate</strong></th>
<th><strong>Large Banks</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>U.S.</strong></td>
<td><strong>Tristate</strong></td>
<td><strong>U.S.</strong></td>
</tr>
<tr>
<td></td>
<td>$ Billion</td>
<td>% Change From</td>
<td>$ Billion</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>3,140.7</td>
<td>2.76</td>
<td>201.0</td>
</tr>
<tr>
<td><strong>Total Loans</strong></td>
<td>2,148.7</td>
<td>10.58</td>
<td>147.8</td>
</tr>
<tr>
<td><strong>C&amp;I</strong></td>
<td>317.2</td>
<td>8.19</td>
<td>17.3</td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td>1,612.8</td>
<td>9.29</td>
<td>117.3</td>
</tr>
<tr>
<td><strong>Consumer</strong></td>
<td>103.2</td>
<td>22.68</td>
<td>7.9</td>
</tr>
<tr>
<td><strong>Total Deposits</strong></td>
<td>2,620.5</td>
<td>0.28</td>
<td>163.2</td>
</tr>
<tr>
<td><strong>Ratios (in %)</strong></td>
<td><strong>23Q2</strong></td>
<td><strong>23Q1</strong></td>
<td><strong>22Q2</strong></td>
</tr>
<tr>
<td><strong>Net Income/Avg. Assets (ROA)</strong></td>
<td>1.15</td>
<td>1.18</td>
<td>1.17</td>
</tr>
<tr>
<td><strong>Net Interest Inc./Avg. Assets (NIM)</strong></td>
<td>3.28</td>
<td>3.25</td>
<td>2.94</td>
</tr>
<tr>
<td><strong>Noninterest Inc./Avg. Assets</strong></td>
<td>0.76</td>
<td>0.77</td>
<td>0.89</td>
</tr>
<tr>
<td><strong>Noninterest Exp./Avg. Assets</strong></td>
<td>2.43</td>
<td>2.37</td>
<td>2.33</td>
</tr>
<tr>
<td><strong>Loans/Deposits</strong></td>
<td>81.99</td>
<td>80.02</td>
<td>71.21</td>
</tr>
<tr>
<td><strong>Equity/Assets</strong></td>
<td>9.55</td>
<td>9.53</td>
<td>9.10</td>
</tr>
<tr>
<td><strong>Nonperforming Loans/Total Loans</strong></td>
<td>0.52</td>
<td>0.50</td>
<td>0.52</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 compounded 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

2022Q2 2022Q3 2022Q4 2023Q1 2023Q2
CHART 2

Net Interest Margin
Percent

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

2022Q2 2022Q3 2022Q4 2023Q1 2023Q2
Part 2: Annual Growth Rates
CHART 3

Annual Growth of Quarterly Net Income
Percent

Large Banks
Small Banks — U.S.
Small Banks — Tristate
CHART 4

Annual Growth of Total Assets

Percent

2022Q2 2022Q3 2022Q4 2023Q1 2023Q2

Small Banks — U.S.

Small Banks — Tristate

Large Banks
CHART 5

Annual Growth of Total Loans

Percent

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

Yearly growth rates of total loans for Small Banks in the U.S., Small Banks in the Tristate, and Large Banks from 2022Q2 to 2023Q2.
Annual Growth of RRE Loans
Percent

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

CHART 5a
Annual Growth of Construction Loans
Percent

Small Banks — U.S.
Small Banks — Tristate
Large Banks
Annual Growth of Loans Secured by Multifamily Properties

Percent

CHART 5d
CHART 5e

Annual Growth of Commercial Mortgages
Percent

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

Graph showing annual growth of commercial mortgages for small banks in Tristate and U.S., and large banks, from 2022Q2 to 2023Q2.
Annual Growth of Commercial and Industrial Loans

Percent

-50 -40 -30 -20 -10 0 10 20

2022Q2 2022Q3 2022Q4 2023Q1 2023Q2

Large Banks

Small Banks — U.S.

Small Banks — Tristate
CHART 5g

Annual Growth of Consumer Loans

Percent

[Graph showing the annual growth of consumer loans for Small Banks in the U.S., Small Banks in the Tristate, and Large Banks over the quarters of 2022 and 2023.]
Part 3: Asset Quality Ratios
CHART 7

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 — U.S.

Small Banks — Tristate

Large Banks

Small Banks — U.S.

2022Q2 2022Q3 2022Q4 2023Q1 2023Q2
CHART 9

Residential Real Estate Nonperforming Loan Ratio

Percent

2022Q2 2022Q3 2022Q4 2023Q1 2023Q2

Large Banks

Small Banks — U.S.

Small Banks — Tristate
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

Federal Reserve Bank of Philadelphia
Research Department
CHART 12

Consumer Nonperforming Loan Ratio
Percent

Large Banks
Small Banks — U.S.
Small Banks — Tristate
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
Net Charge-Offs as a Share of Loan Loss Provisions

Percent

CHART 14

Large Banks

Small Banks — U.S.

Small Banks — Tristate
CHART 15
Loan Loss Provision as a Share of Operating Income
Percent

-4 -2 0 2 4 6 8 10
2022Q2 2022Q3 2022Q4 2023Q1 2023Q2

Large Banks
Small Banks — U.S.
Small Banks — Tristate
CHART 16

Loan Loss Coverage Ratio
Percent

Small Banks — U.S.
Large Banks
Small Banks — Tristate
Part 5: Capital Ratios
CHART 17

Total Equity as a Share of Total Assets
Percent
CHART 18

Tier One Leverage Ratio
Percent

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

Time Series: 2022Q2 to 2023Q2
Risk-Based Capital Ratio

Large Banks

Small Banks — U.S.

Small Banks — Tristate
Part 6: Liquidity Ratios
CHART 21

Core Deposits as a Share of Total Deposits
Percent

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

2022Q2 2022Q3 2022Q4 2023Q1 2023Q2
CHART 22

Liquid Assets as a Share of Total Assets

Percent

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

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

New and Existing Total U.S. Home Sales
Thousands

Existing Home Sales
New Home Sales


Thousands
Questions and comments may be directed to James V. DiSalvo at 215-574-3820 or jim.disalvo@phil.frb.org.


To receive e-mail notifications on the latest Banking Brief, please go to www.philadelphiafed.org/notifications/.