



Second Quarter 2018 Highlights

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

	Small Banks						Large Banks			
	U.S.			Tristate			U.S.			
	\$ Billion	% Change From		\$ Billion	% Change From		\$ Billion	% Change From		
	2018Q2	2018Q1	2017Q2	2018Q2	2018Q1	2017Q2		2018Q2	2018Q1	2017Q2
Total Assets	2,221.7	5.15	5.27	147.8	9.59	6.38	Total Assets	13,244.7	-1.63	1.83
Total Loans	1,565.7	10.82	7.70	112.1	10.98	8.04	Total Loans	6,946.5	2.78	3.31
C&I	239.3	11.36	8.04	14.9	10.69	9.65	C&I	1,689.2	4.01	4.57
Real Estate	1,155.8	9.77	8.06	85.8	11.18	7.47	Real Estate	3,137.1	0.91	1.70
Consumer	65.3	8.91	5.78	4.8	17.19	18.91	Consumer	966.4	4.35	2.47
Total Deposits	1,833.0	2.12	5.09	118.4	7.94	6.64	Total Deposits	10,139.0	-3.40	1.95
Ratios (in %)	2018Q2	2018Q1	2017Q2	2018Q2	2018Q1	2017Q2	Ratios (in %)	2018Q2	2018Q1	2017Q2
Net Income/Avg. Assets (ROA)	1.08	1.04	1.04	0.97	0.93	0.91	Net Income/Avg. Assets (ROA)	1.04	0.97	1.03
Net Interest Inc./Avg. Assets (NIM)	3.45	3.42	3.34	3.20	3.19	3.13	Net Interest Inc./Avg. Assets (NIM)	2.62	2.58	2.49
Noninterest Inc./Avg. Assets	0.95	0.96	1.00	1.14	1.13	1.07	Noninterest Inc./Avg. Assets	1.53	1.53	1.54
Noninterest Exp./Avg. Assets	2.83	2.82	2.85	2.82	2.83	2.80	Noninterest Exp./Avg. Assets	2.44	2.43	2.38
Loans/Deposits	85.42	83.69	83.34	94.69	94.03	93.46	Loans/Deposits	68.51	67.46	67.61
Equity/Assets	11.17	11.12	11.09	10.72	10.72	10.56	Equity/Assets	11.15	11.04	11.15
Nonperforming Loans/Total Loans	0.74	0.77	0.83	0.67	0.69	0.82	Nonperforming Loans/Total Loans	1.05	1.14	1.27

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, 2016, 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 131 small tristate banks, 4,270 small U.S. banks, and 107 large U.S. banks.

Recent Trends in Tristate and U.S. Banking Markets

In the second 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) and rising loan-to-deposit ratios. Loan growth remained solid at small banks across all loan types, and loan growth continued at a moderate pace for large banks. While residential real estate (RRE) and commercial real estate (CRE) loan growth was solid at small banks in the nation and in the region, growth in those categories at tristate banks slowed from the torrid pace of 2017. Commercial and industrial (C&I) loan growth increased both at large banks and small banks outside the tristate area. Although C&I loan growth moderated at tristate banks, it remained quite strong. Overall asset quality continued to improve at all banks. Nonperforming consumer loans continued to decline at large banks after rising during all of 2017.

CHART 1

Profitability Continued to Rise

Return on average assets.

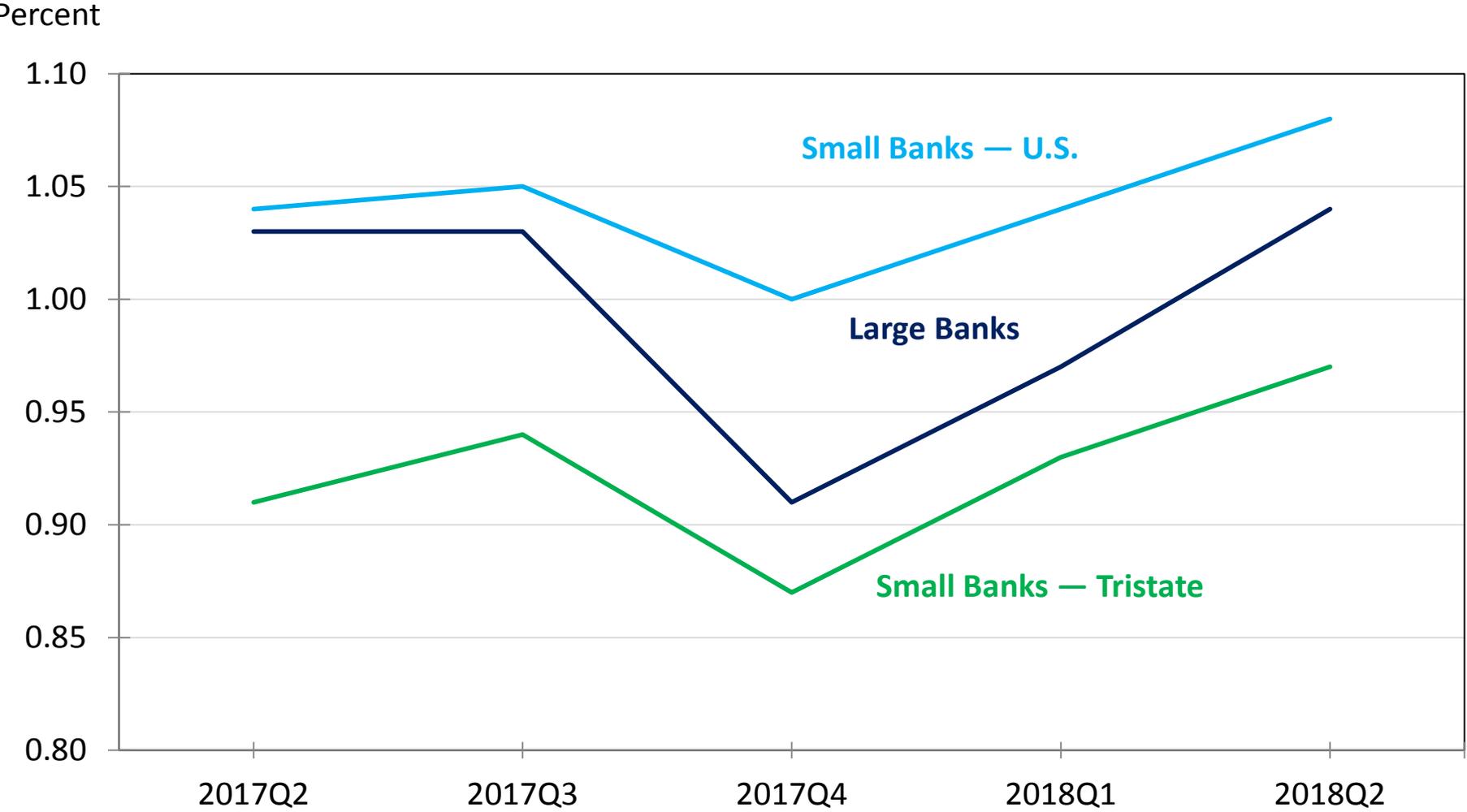


CHART 2

Loan-to-Deposit Ratios Increased at Large and Small Banks

Total loans as a share of total deposits.

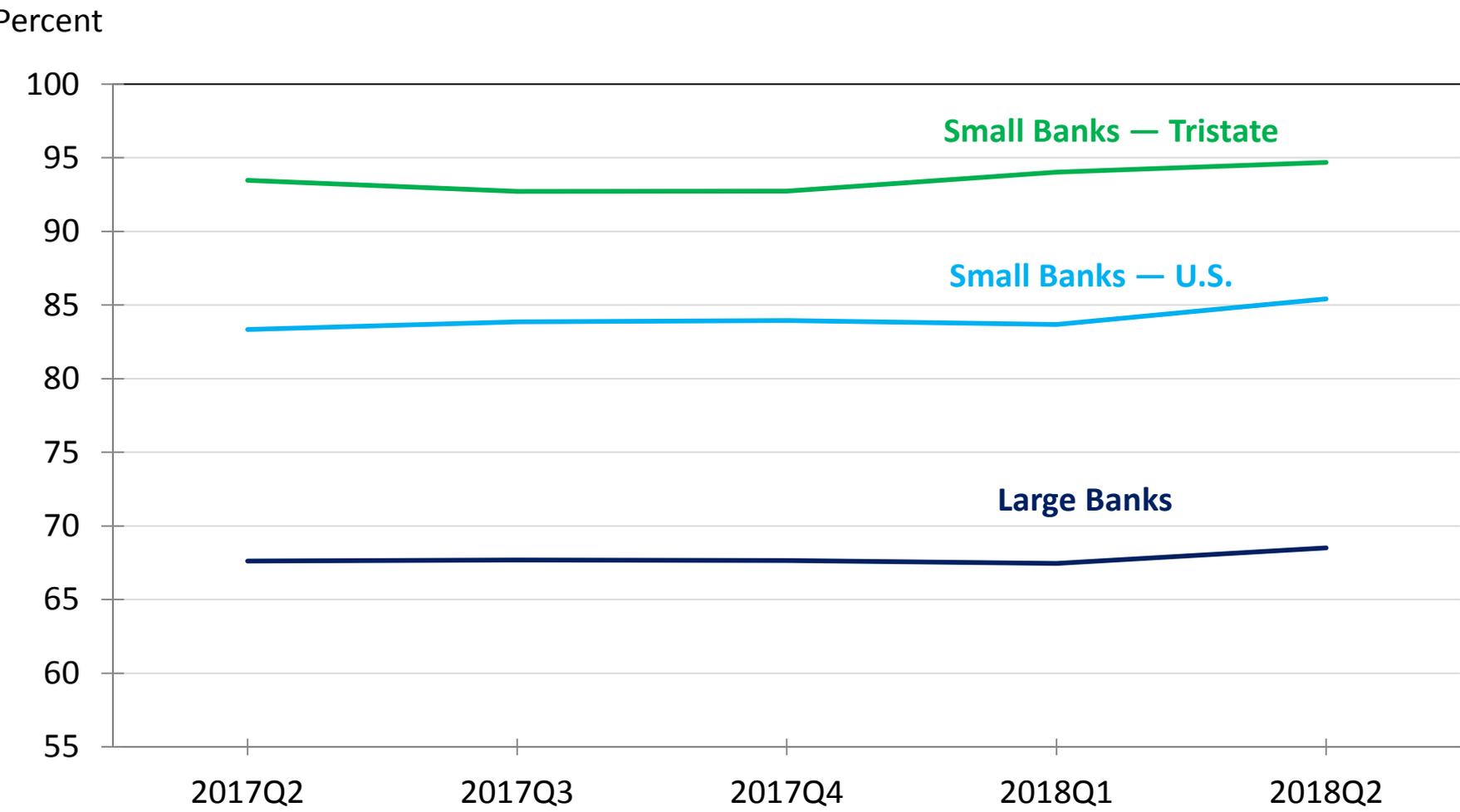


CHART 3

RRE Growth Was Solid at Small Banks but Slowed at Tristate Banks

Annual growth rate of residential real estate loans.

Percent

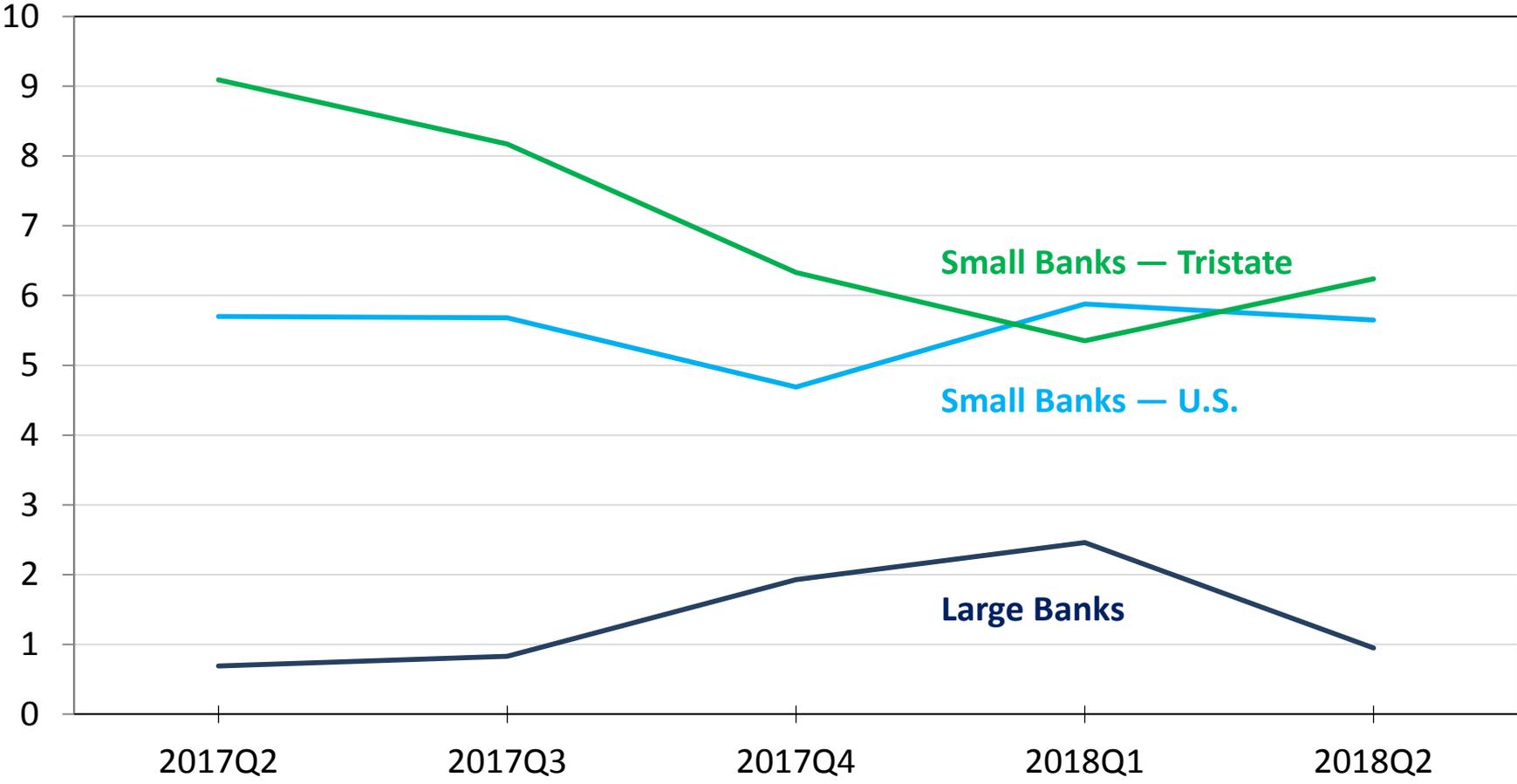
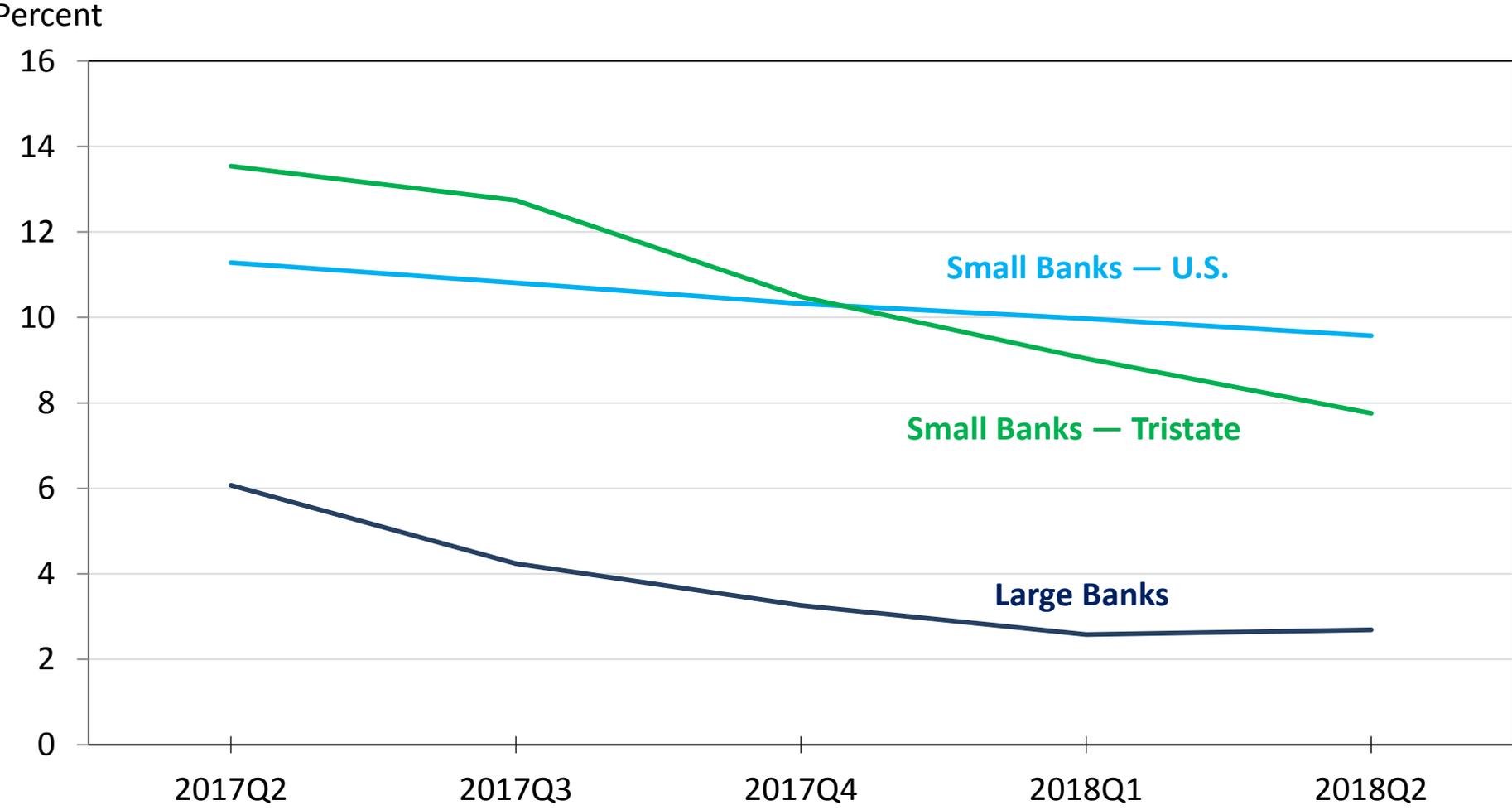


CHART 4

CRE Loan Growth Was Solid at Small Banks but Slowed at Tristate Banks

Annual growth rate of commercial real estate loans.

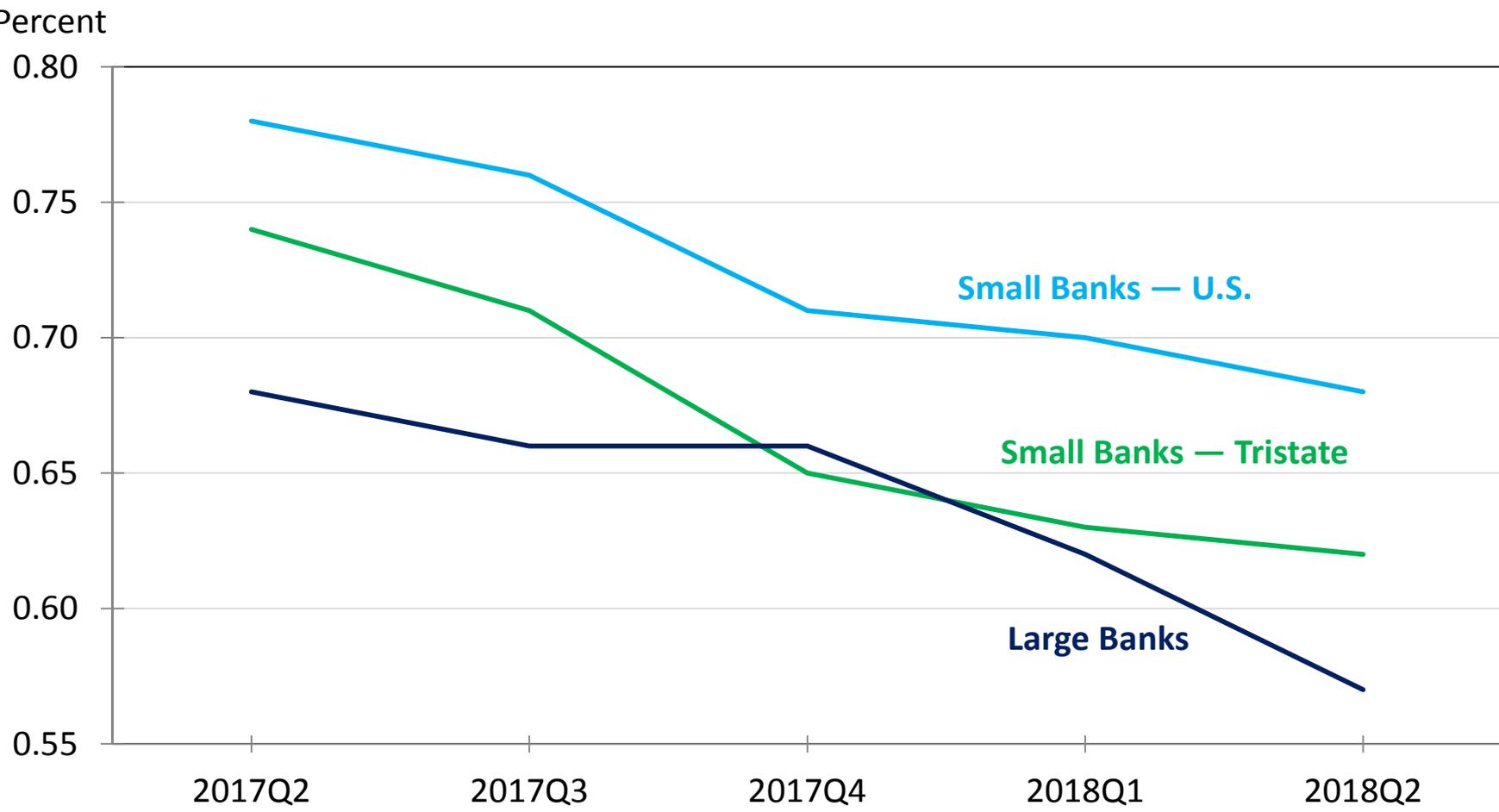


The growth rate of nonfarm nonresidential and multifamily lending slowed at all banks, while construction lending slowed at large banks and tristate banks and increased slightly at small banks outside the tristate area.

CHART 5

Asset Quality Continued to Improve at All Banks

Nonperforming assets as a share of total assets.



Nonperforming consumer loans as a share of total consumer loans flattened at large banks from 0.72 percent in the second quarter of 2017 to 0.73 percent in the second quarter of 2018.



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