First Quarter 2020 Highlights
Summary Table of Bank Structure and Conditions — First Quarter 2020

<table>
<thead>
<tr>
<th>Small Banks</th>
<th>Large Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ Billion</td>
</tr>
<tr>
<td></td>
<td>2020Q1</td>
</tr>
<tr>
<td>Total Assets</td>
<td>2,472.4</td>
</tr>
<tr>
<td>Total Loans</td>
<td>1,727.6</td>
</tr>
<tr>
<td>C&amp;I</td>
<td>268.3</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1,277.6</td>
</tr>
<tr>
<td>Consumer</td>
<td>68.4</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>2,029.8</td>
</tr>
<tr>
<td>Ratios (in %)</td>
<td></td>
</tr>
<tr>
<td>Net Income/Avg. Assets (ROA)</td>
<td>1.19</td>
</tr>
<tr>
<td>Net Interest Inc./Avg. Assets (NIM)</td>
<td>3.44</td>
</tr>
<tr>
<td>Noninterest Inc./Avg. Assets</td>
<td>0.98</td>
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<tr>
<td>Noninterest Exp./Avg. Assets</td>
<td>2.82</td>
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<tr>
<td>Loans/Deposits</td>
<td>85.11</td>
</tr>
<tr>
<td>Equity/Assets</td>
<td>11.62</td>
</tr>
<tr>
<td>Nonperforming Loans/Total Loans</td>
<td>0.77</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ratios (in %)</th>
<th>2020Q1</th>
<th>2019Q4</th>
<th>2019Q1</th>
<th>2020Q1</th>
<th>2019Q4</th>
<th>2019Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income/Avg. Assets (ROA)</td>
<td>0.93</td>
<td>1.20</td>
<td>1.29</td>
<td></td>
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<tr>
<td>Net Interest Inc./Avg. Assets (NIM)</td>
<td>2.57</td>
<td>2.64</td>
<td>2.69</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Noninterest Inc./Avg. Assets</td>
<td>1.40</td>
<td>1.44</td>
<td>1.50</td>
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<td></td>
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<tr>
<td>Noninterest Exp./Avg. Assets</td>
<td>2.38</td>
<td>2.36</td>
<td>2.38</td>
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<tr>
<td>Loans/Deposits</td>
<td>65.70</td>
<td>68.24</td>
<td>69.34</td>
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<tr>
<td>Equity/Assets</td>
<td>10.23</td>
<td>11.22</td>
<td>11.10</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Nonperforming Loans/Total Loans</td>
<td>0.84</td>
<td>0.84</td>
<td>0.94</td>
<td></td>
<td></td>
<td></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, 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

Percent

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

2019Q1  2019Q2  2019Q3  2019Q4  2020Q1
Total Loan Growth Was Healthy for Small Banks and Grew Sharply at Large 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.
CHART 4
Commercial & Industrial Loans Accelerated at Large Banks

Percent

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

2019Q1 2019Q2 2019Q3 2019Q4 2020Q1
CHART 5
Total Deposits Increased Significantly at Large Banks

Percent

Large Banks

Small Banks — Tristate

Small Banks — U.S.

2019Q1  2019Q2  2019Q3  2019Q4  2020Q1
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

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

Data points for quarters 2019Q1 to 2020Q1 are shown.

Federal Reserve Bank of Philadelphia
CHART 8
Capitalization Held Steady at Small National Banks and Decreased Elsewhere

Percent

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

2019Q1 2019Q2 2019Q3 2019Q4 2020Q1
CHART 9
Loan Loss Provisions Grew at All Banks

Percent

2019Q1  2019Q2  2019Q3  2019Q4  2020Q1

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