Quarterly Trends for Consolidated U.S. Banking Organizations
Fourth Quarter 2017

Federal Reserve Bank of New York

Research and Statistics Group

This report presents consolidated financial statistics for the U.S. commercial banking industry, including bank holding companies (BHCs) and banks. Statistics are based on quarterly regulatory filings and are inclusive of BHC nonbank subsidiaries[1]. Separate statistics are reported on a merger-adjusted basis for the subset of BHCs with >$500bn in total assets as of the current quarter[2], for BHCs with $50bn-500bn in total assets, and for the remainder of the industry.

Highlights

- Declines in post-tax earnings for some banks outweighed gains for other banks, registering as a decline in average ROA and ROE in 2017Q4. The tax reform led to losses (gains) in revaluations of deferred tax assets (liabilities). We illustrate that equivalent pre-tax ratios remained stable over this period.

- Non-performing loans as a percentage of total loans continued their post-crisis trend, decreasing to 1.23% in 2017:Q4, from 1.26% in 2017:Q3. At the same time, non-performing consumer loans increased slightly to 1.07% in 2017:Q3 from 1.03% in the previous quarter. This was mainly driven by increases in non-performing automobile and credit card loans.

- Net charge-offs increased slightly from 0.49% in 2017:Q3 to 0.55% in 2017:Q4. This was primarily due to an uptick in net charge-offs on consumer loans, rising from 2.25% in 2017:Q3 to 2.38% in 2017:Q4.

- Net charge-offs and non-performing loan rates for agricultural loans remained high relative to recent history.

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[1] Industry statistics are calculated by summing consolidated financial data across all reporting U.S. parent BHCs and intermediate holding companies (IHCs) (from the FR Y-9C report), plus values for "standalone" banks not controlled by a BHC, or whose parent BHC does not report on a consolidated basis (from the FFIEC 031/041 reports). The data exclude savings bank holding companies, branches and agencies of foreign banks, or nonbanks not held by a U.S. BHC or IHC.

[2] Six BHCs exceed this $500bn size threshold: J.P. Morgan Chase, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, and Morgan Stanley.

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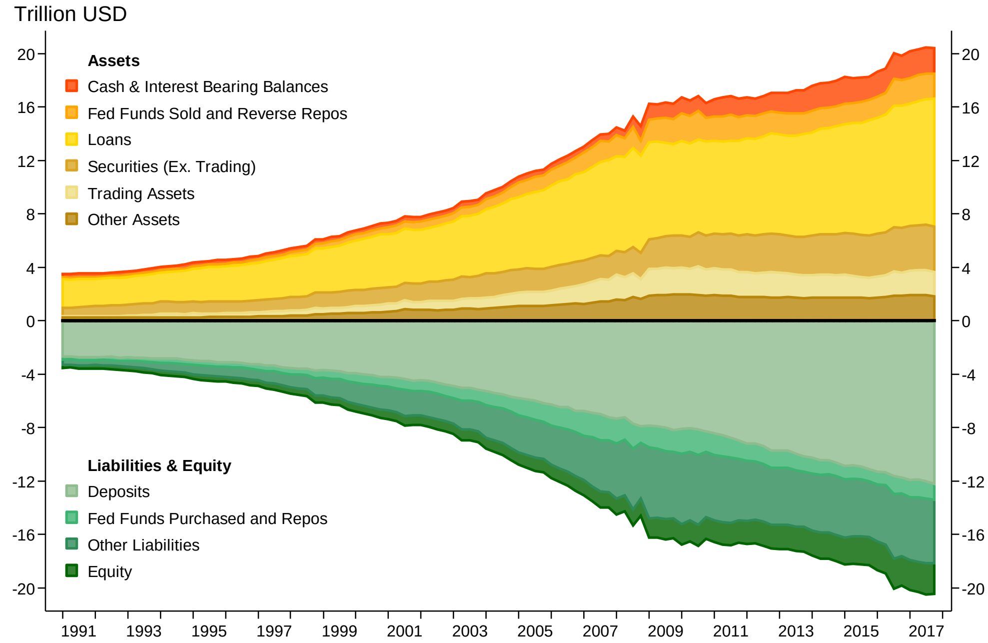
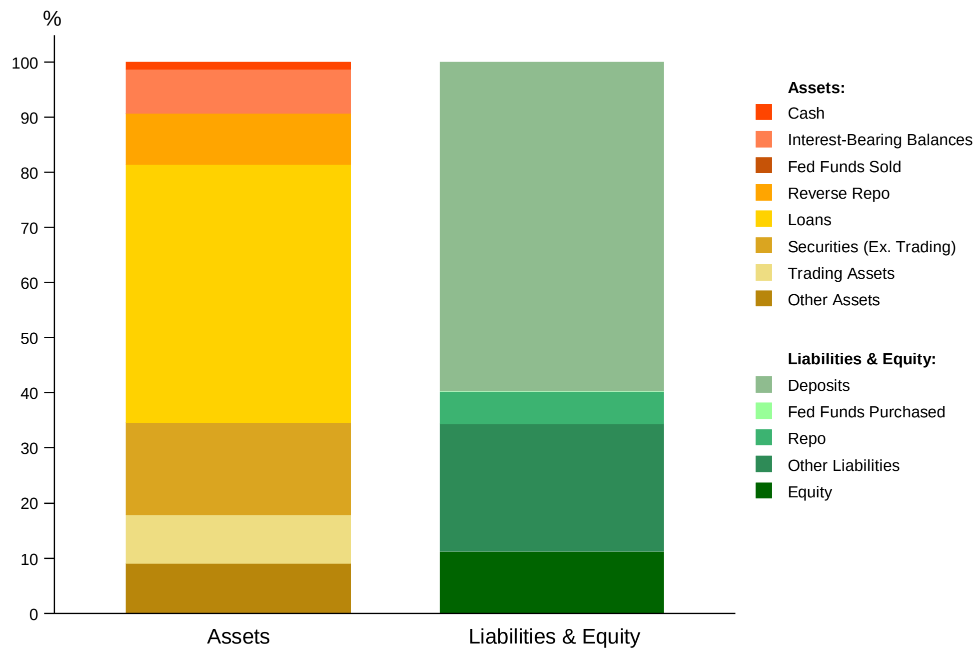
1. Composition of Banking Industry Assets and Liabilities

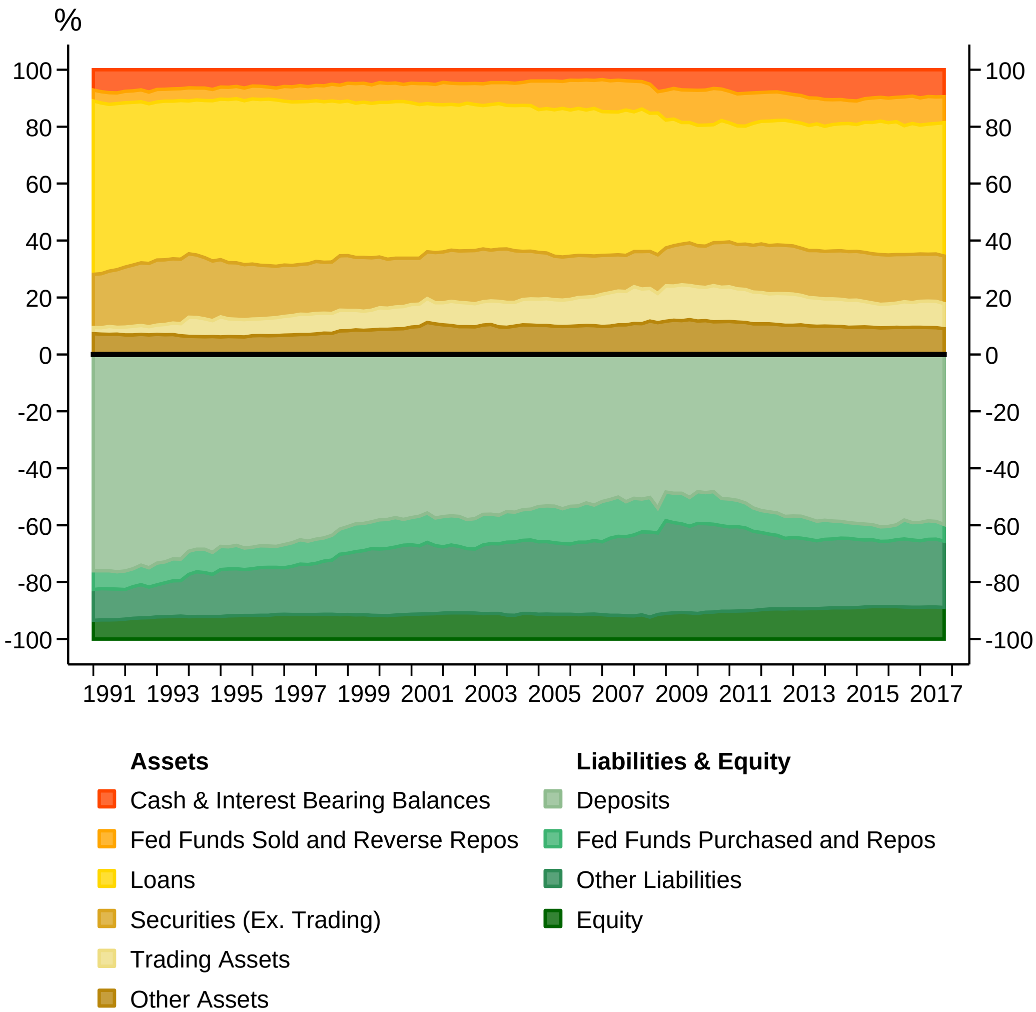
Balance Sheet Composition



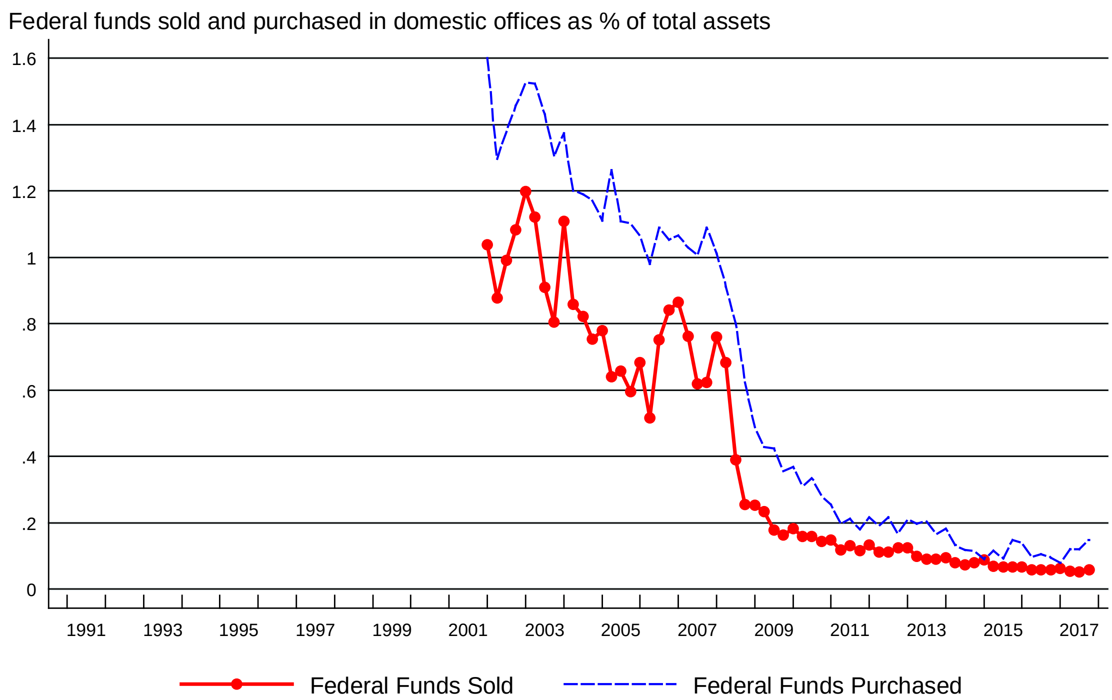
Balance Sheet Composition, Percent of Assets, Current Quarter



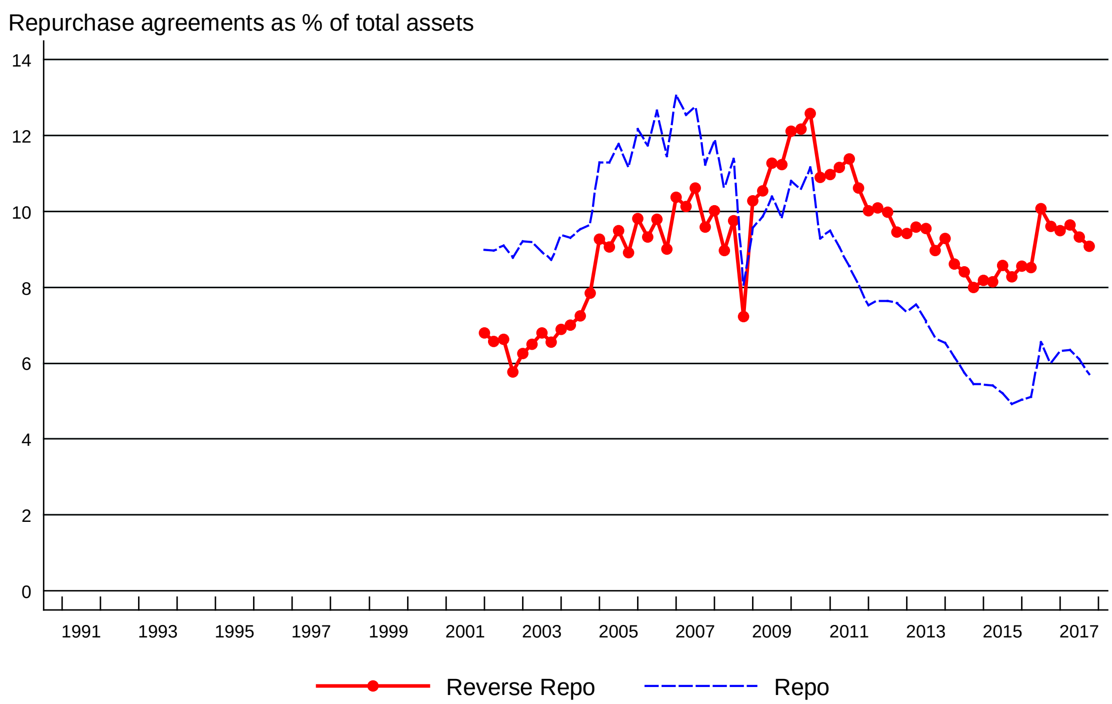
Balance Sheet Composition, Percent of Assets



Federal Funds Sold and Purchased

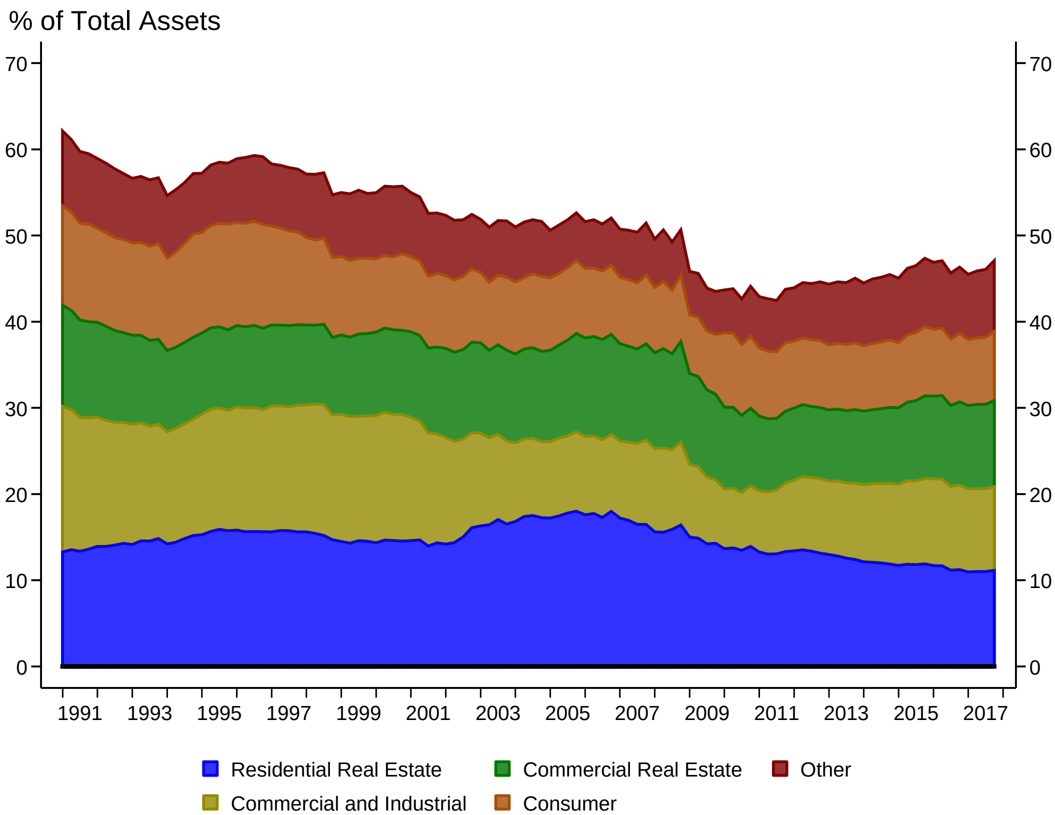


Repurchase Agreements

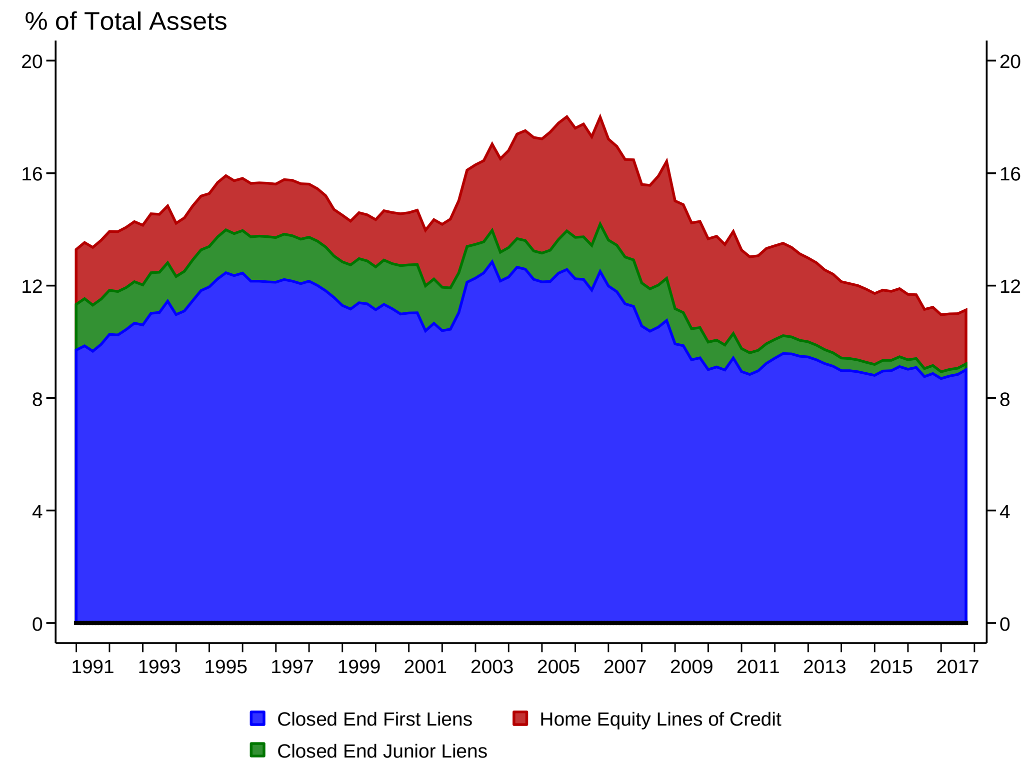


Note: These charts begin in 2002:Q1 because data for repurchase agreements and federal funds are not consistently reported separately prior to that date.

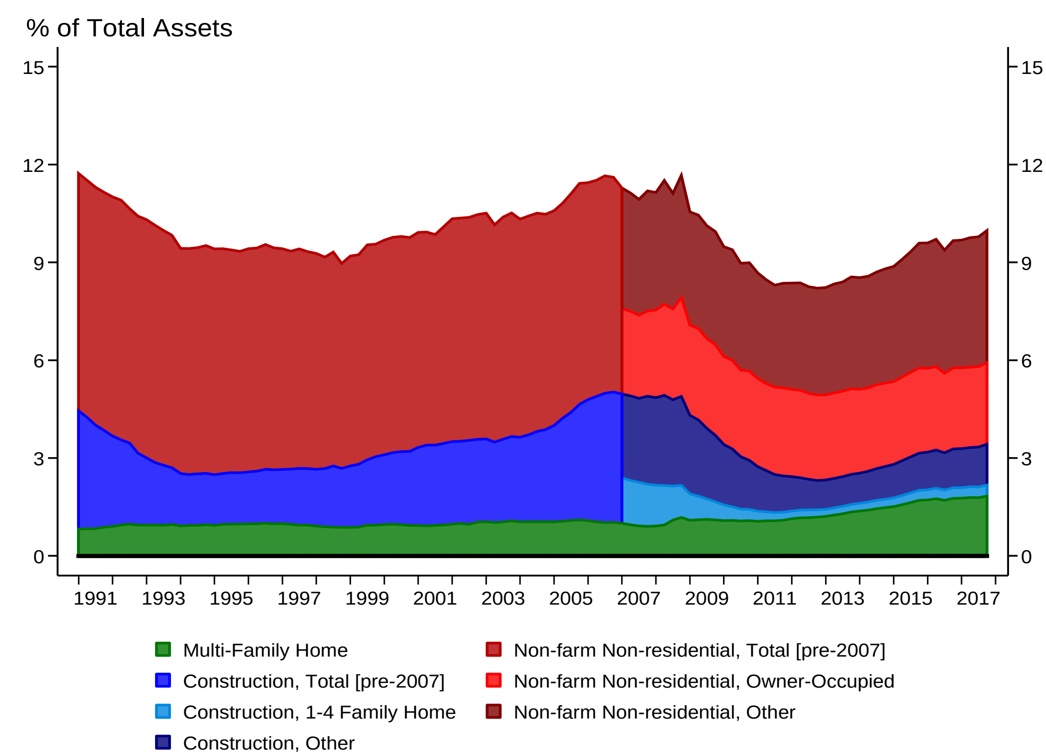
Loans


% of Total Assets
70
60
50
40
30
20
10
0
1991
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
Residential Real Estate
Commercial Real Estate
Other
Commercial and Industrial
Consumer

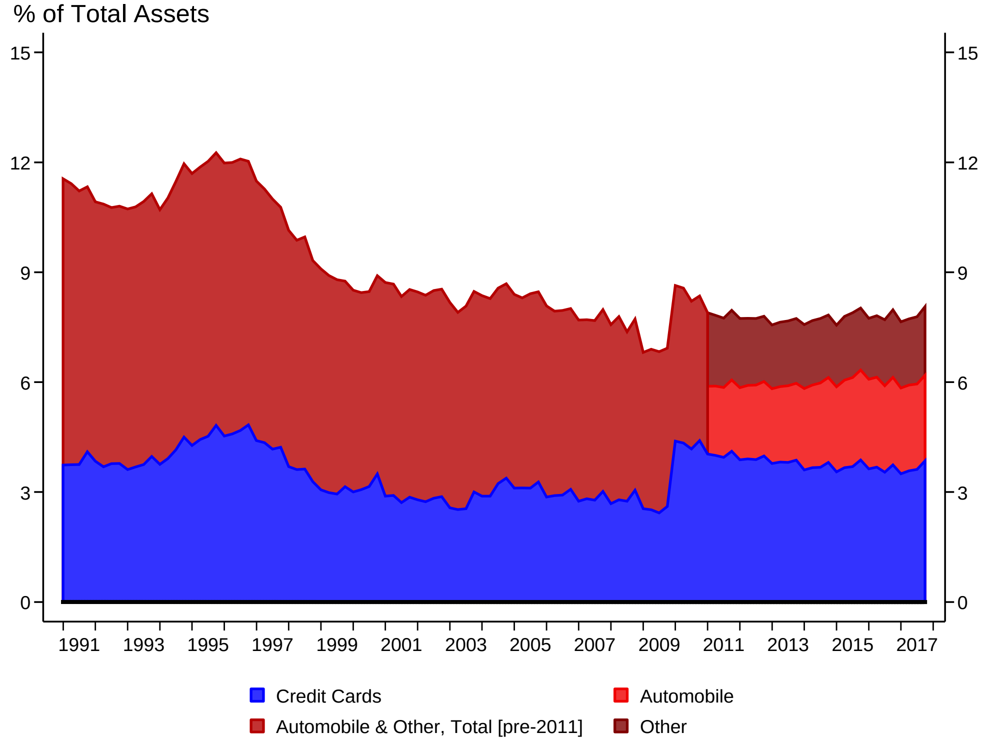
Residential Real Estate Loans



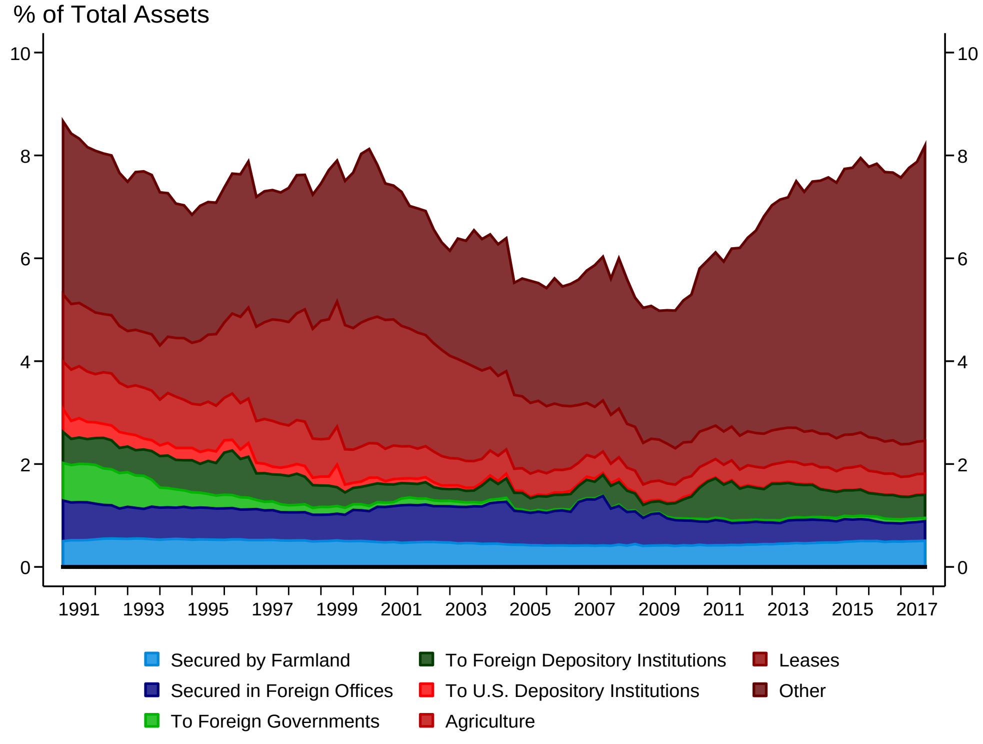
Commercial Real Estate Loans



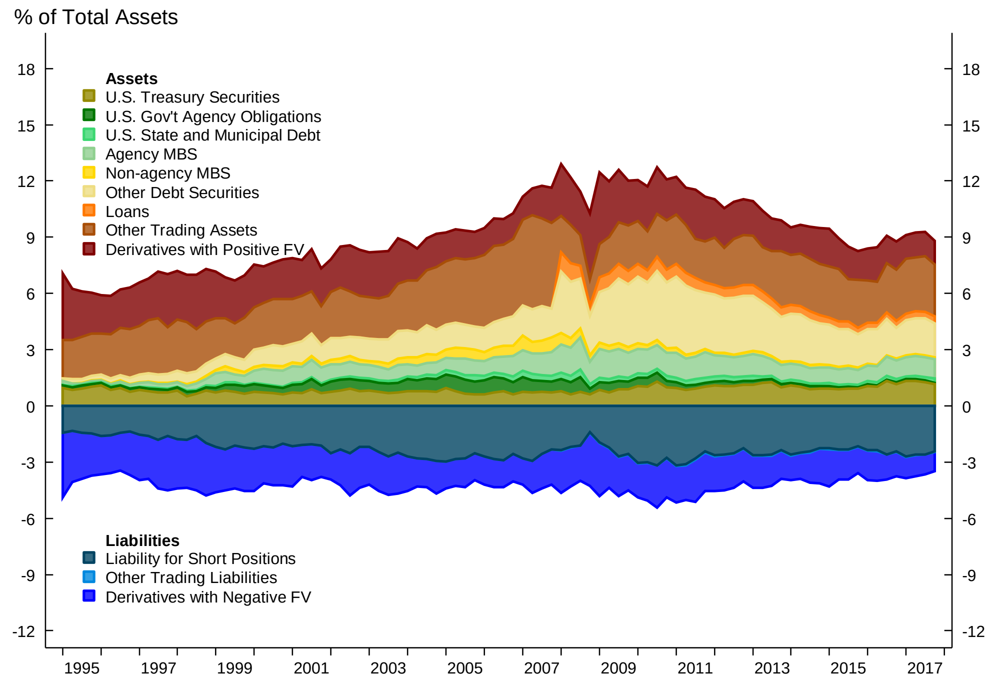
Consumer Loans



Other Loans

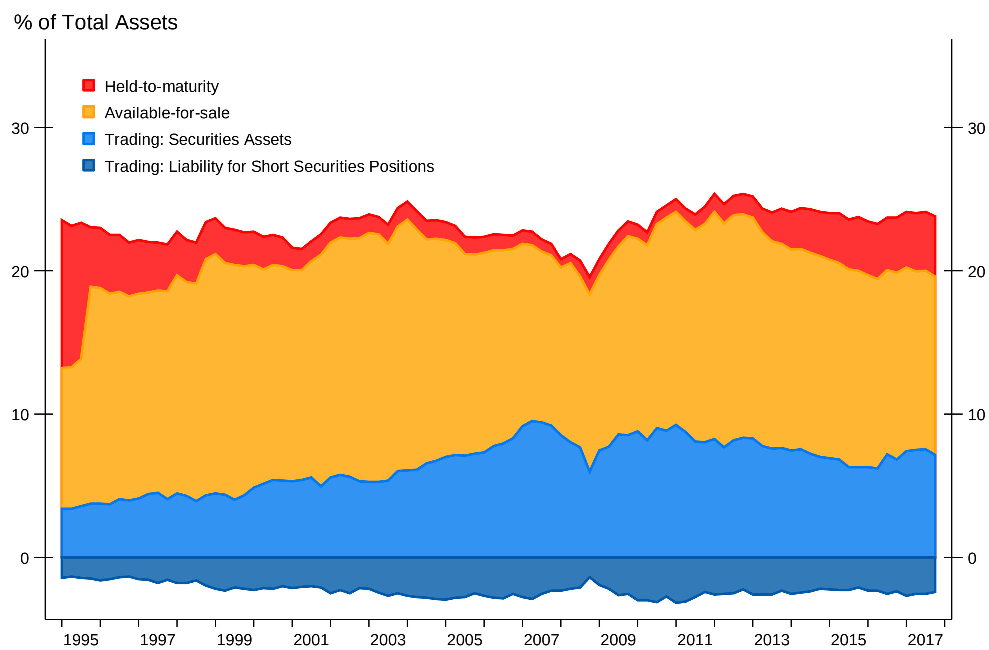


Trading Assets and Liabilities



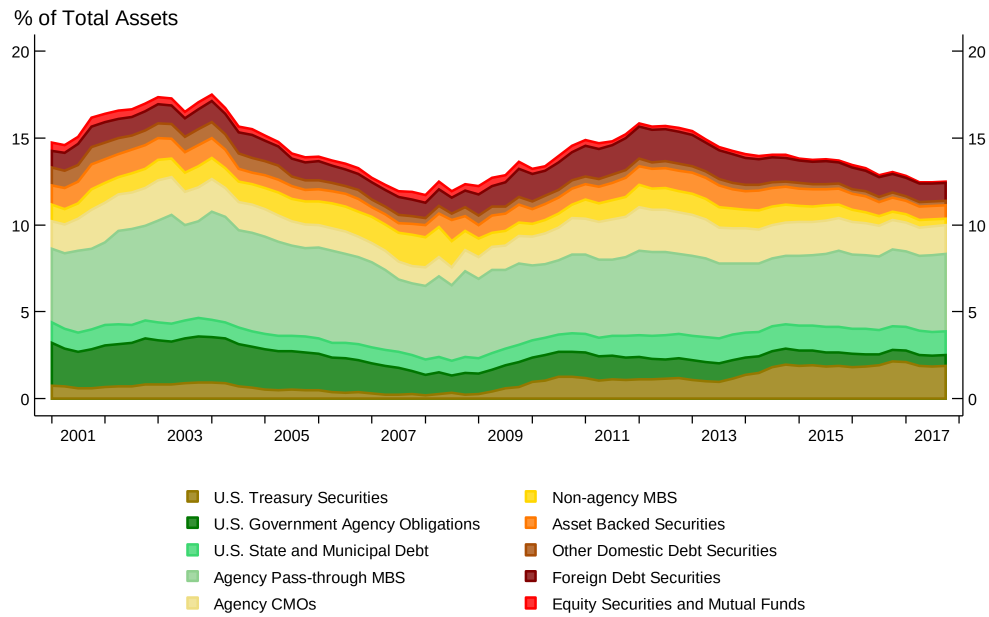
Note: The subcomponents of trading assets and liabilities in the above chart only represent banks and BHCs that reported average trading assets of $2 million or more in any of the four preceding quarters.

Securities Portfolios

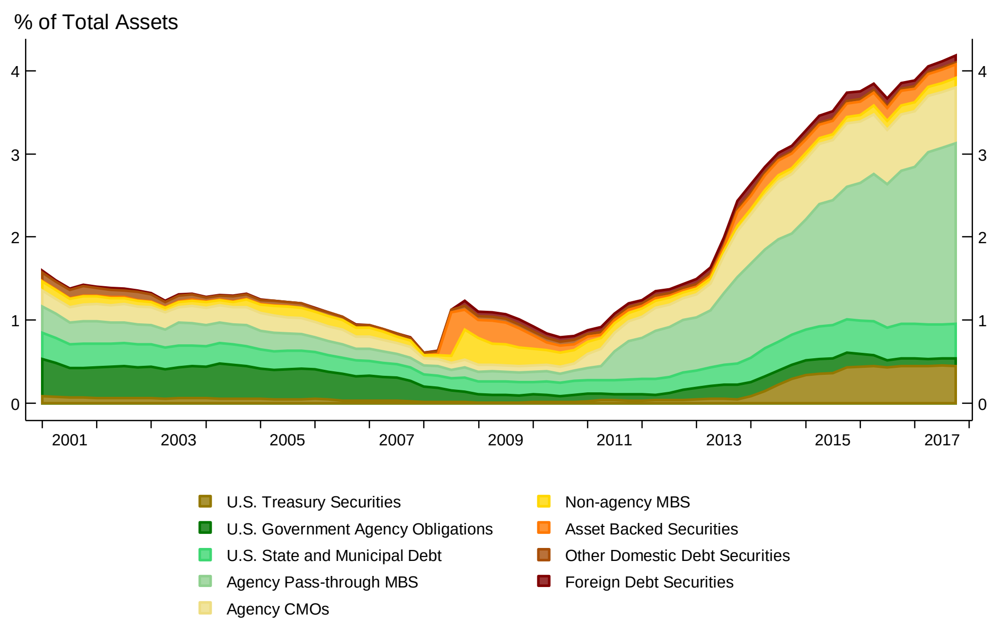


Note: Chart measures debt and equity securities portfolios. Thus, trading portfolio excludes other types of trading assets such as whole loans and derivatives.

Available-for-Sale Securities

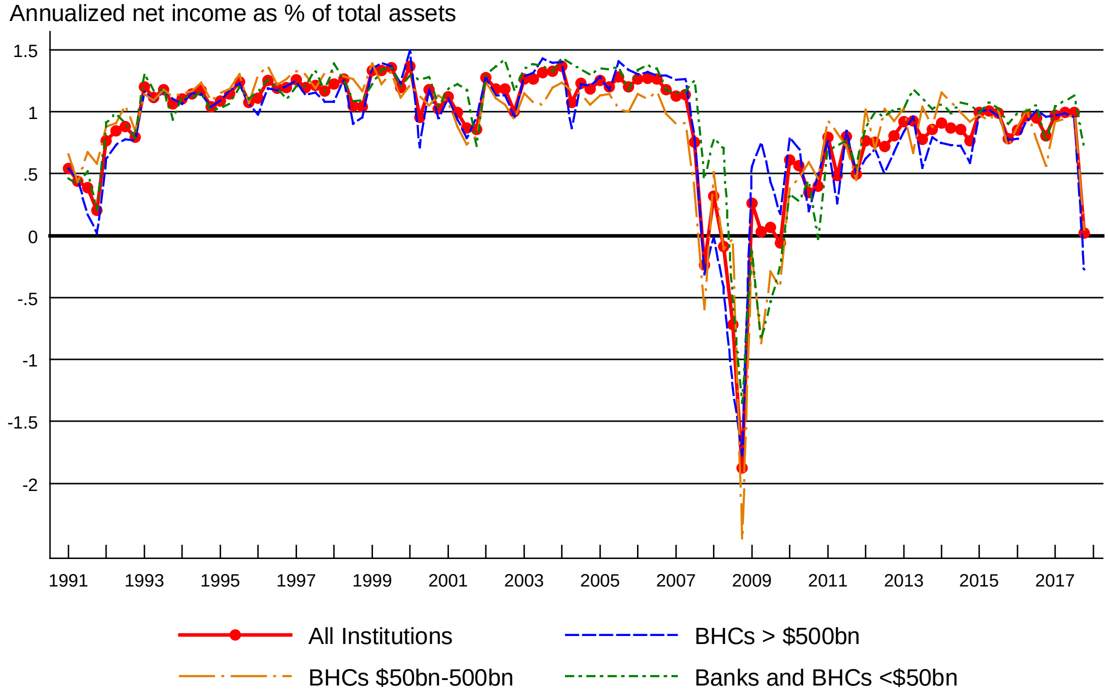


Held-to-Maturity Securities

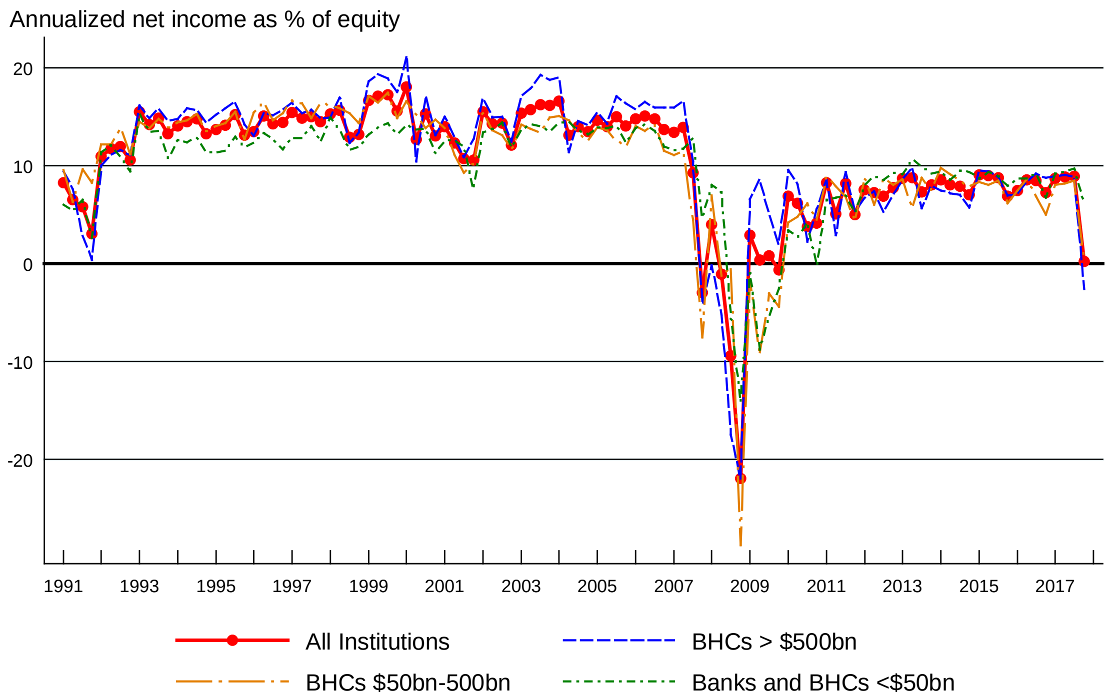


2. Earnings and Pre-Provision Net Revenue

Return on Assets

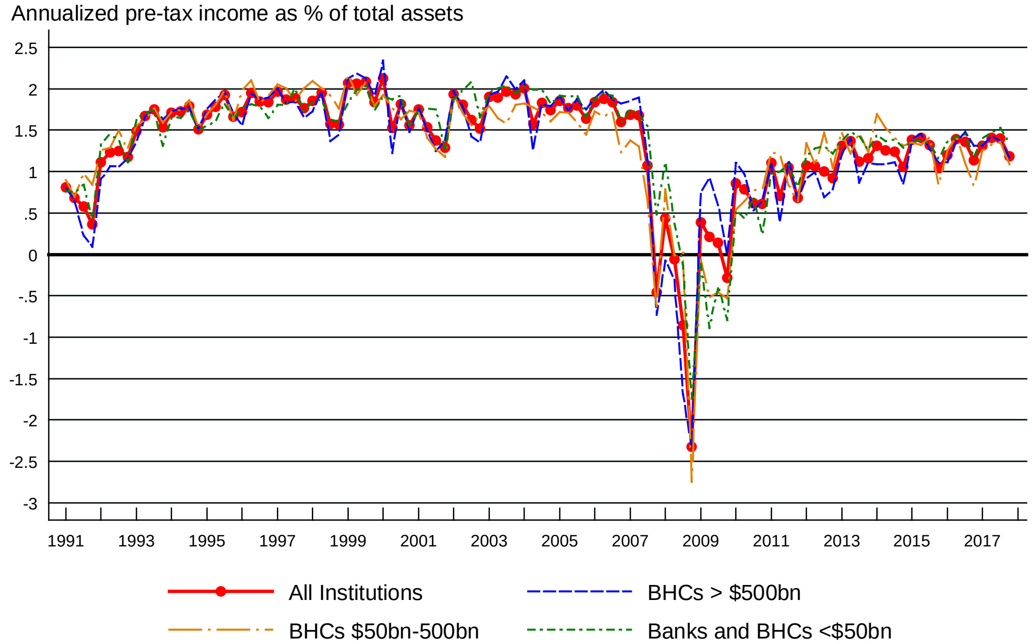


Return on Equity

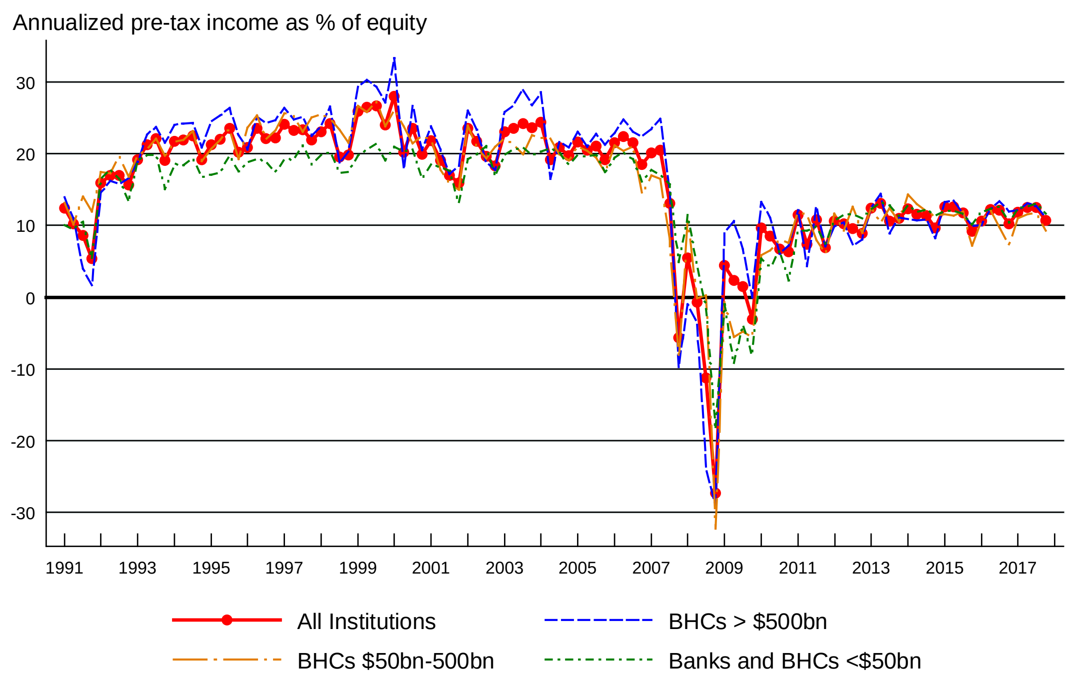


Note: The following two graphs present pre-tax views on performance. Pre-tax equivalents to ROA and ROE divide income (before applicable taxes and discontinued operations) by total assets and total equity respectively.

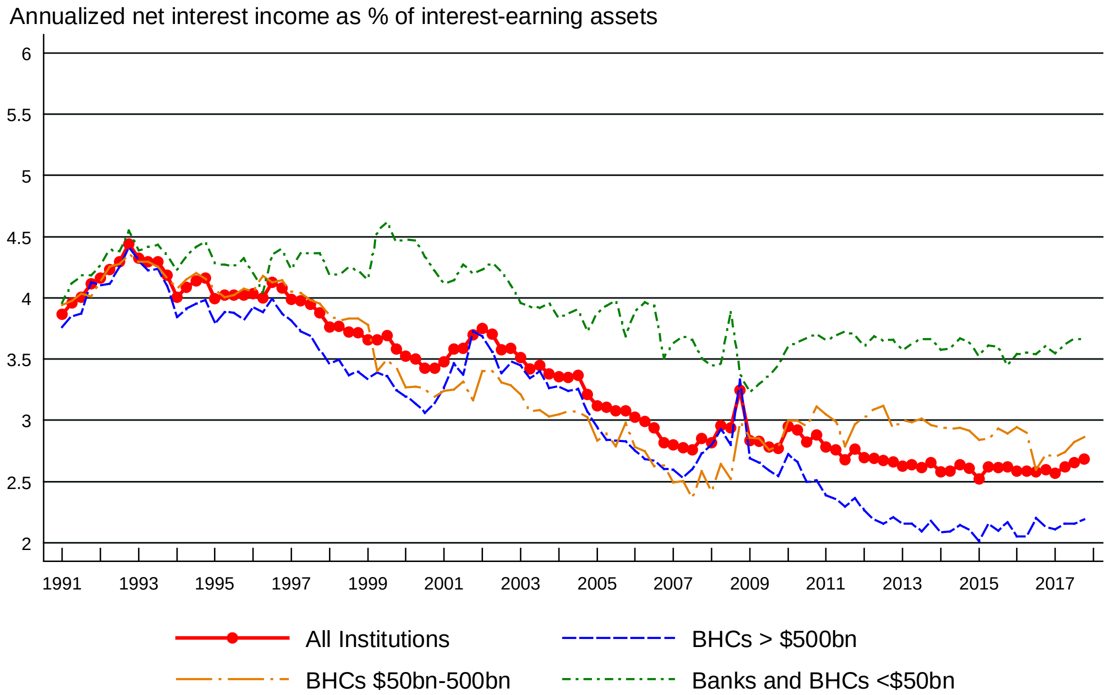
Pre-tax Income/Assets



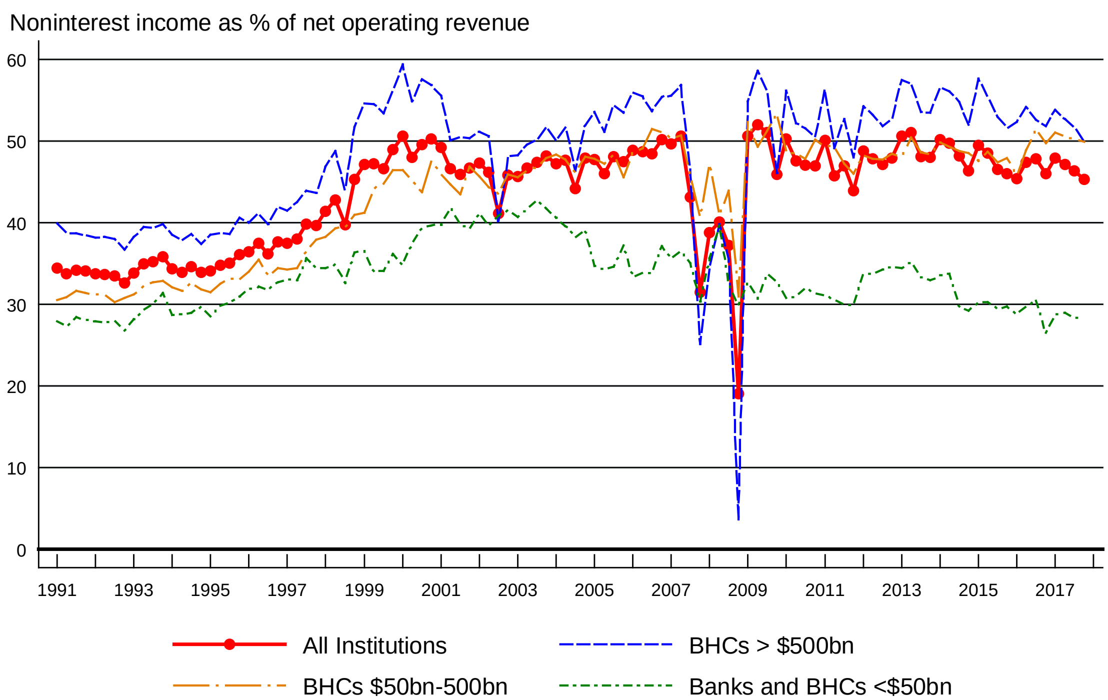
Pre-tax Income/Equity



Net Interest Margin

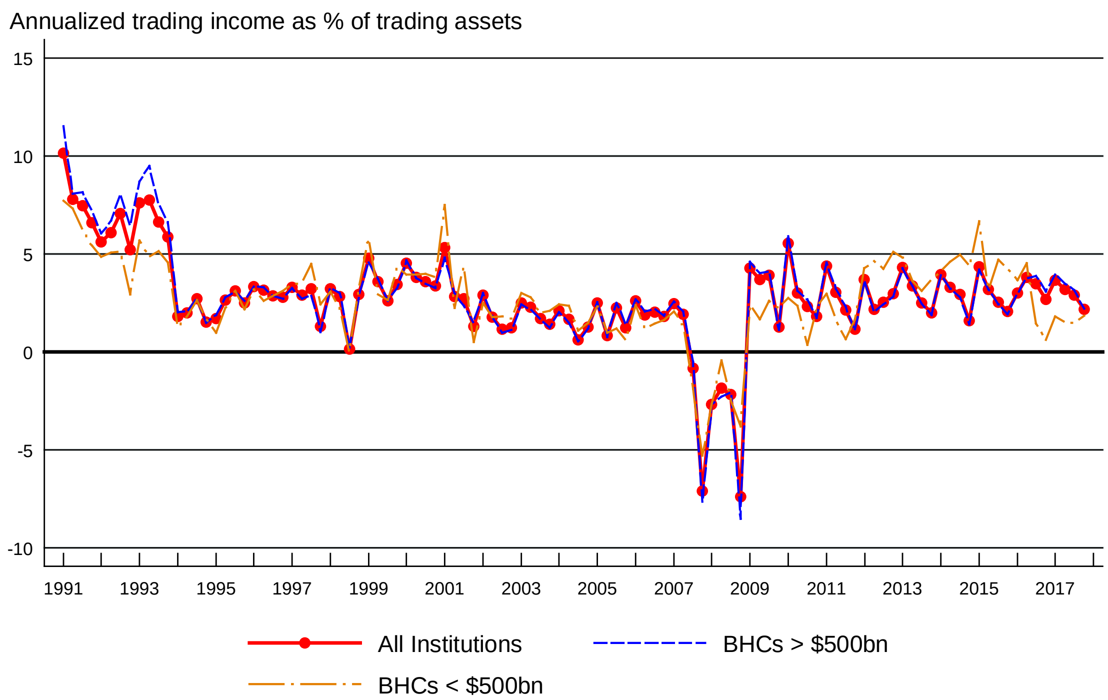


Noninterest Income Share

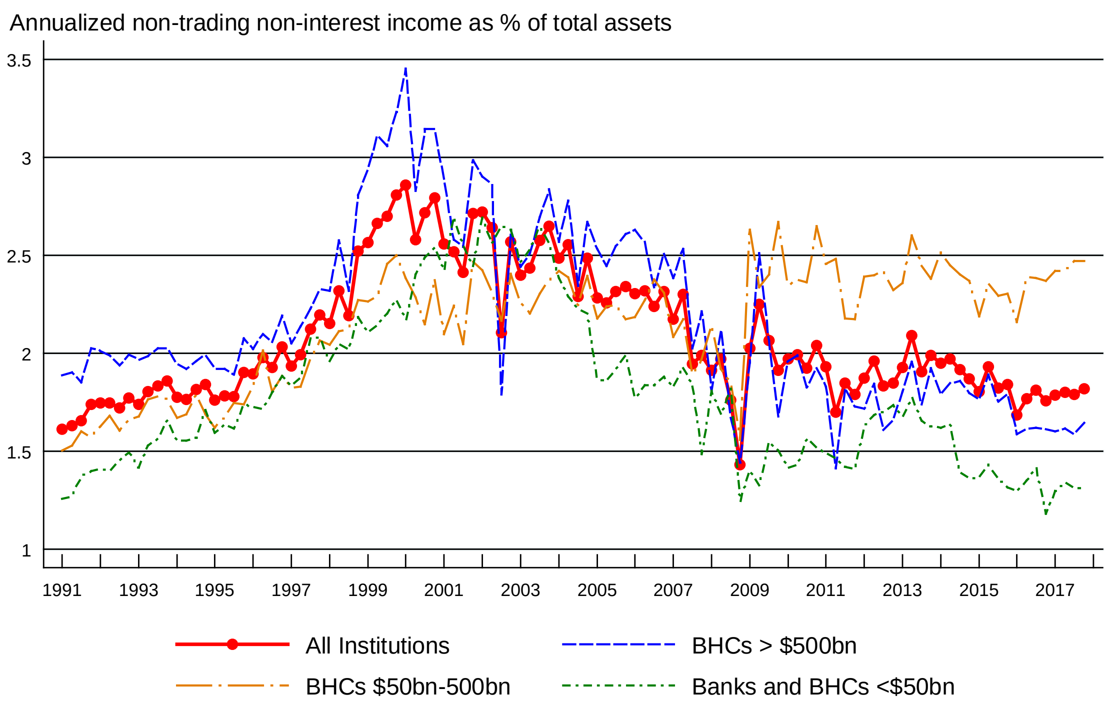


Note: Net operating revenue is defined as net interest income plus noninterest income.

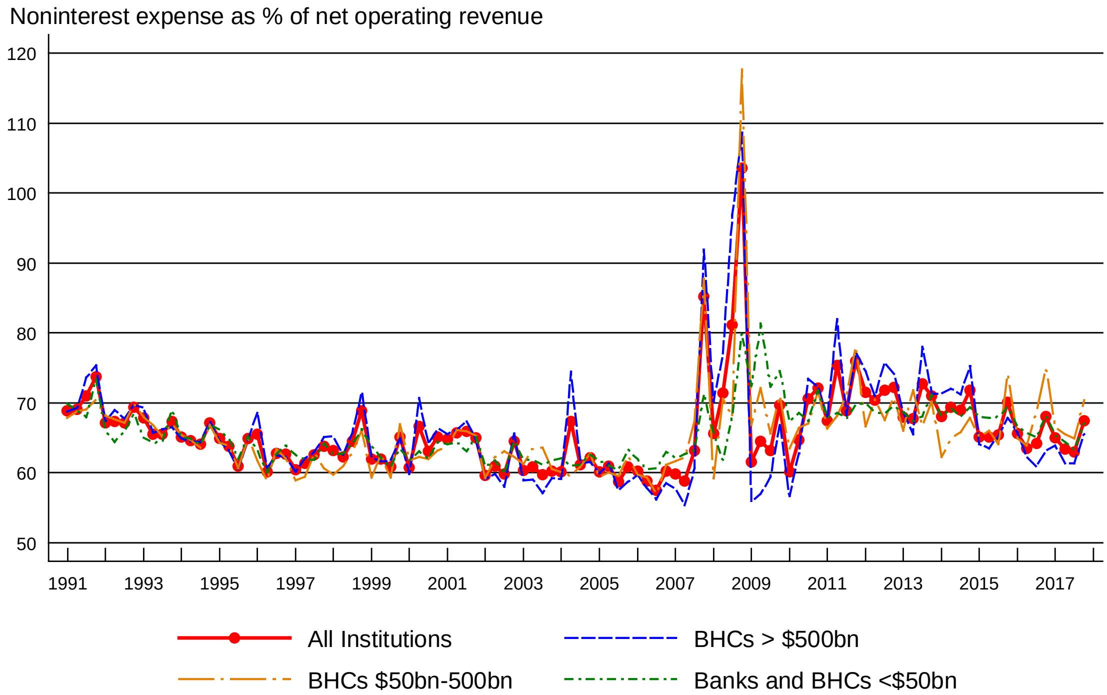
Return on Trading Assets



Non-Trading Non-Interest Income Ratio



Efficiency Ratio

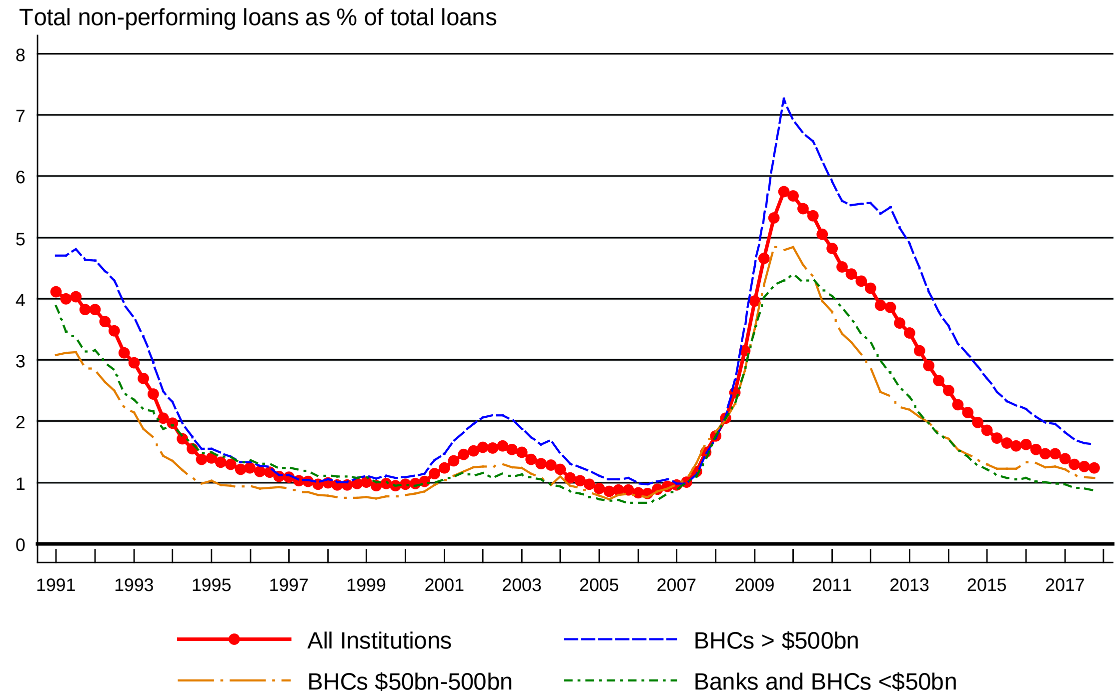


Note: Net operating revenue is defined as net interest income plus noninterest income.

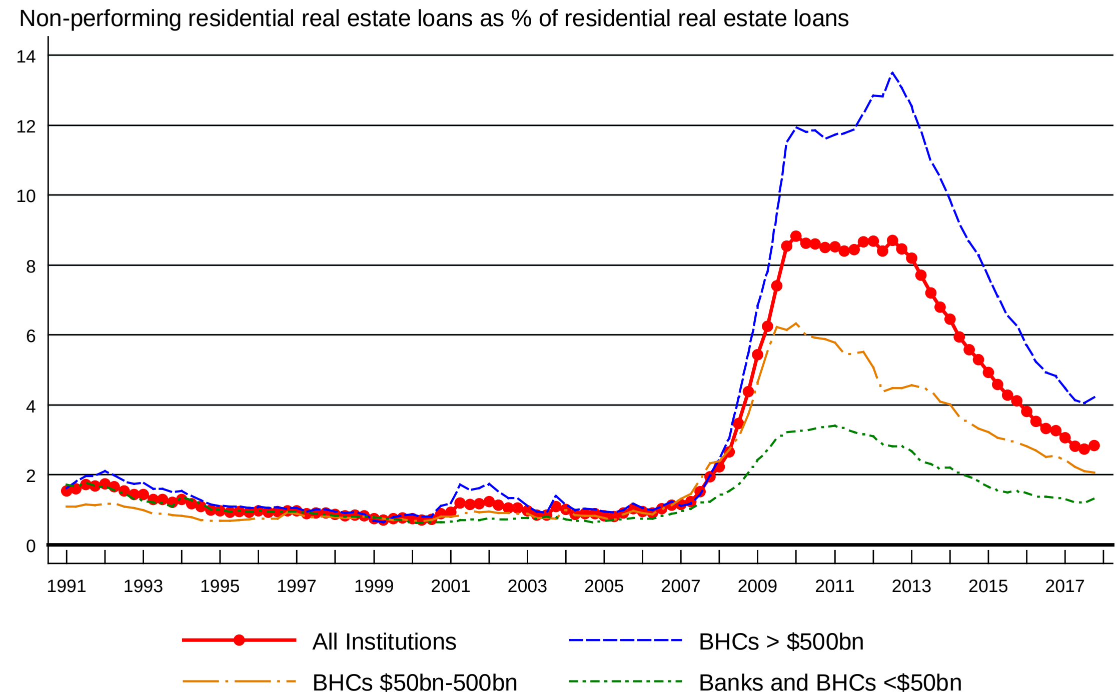
3. Loan Performance

Note: Non-performing loans include loans that are (1) 90 days or more past due and still accruing or (2) non-accrual.

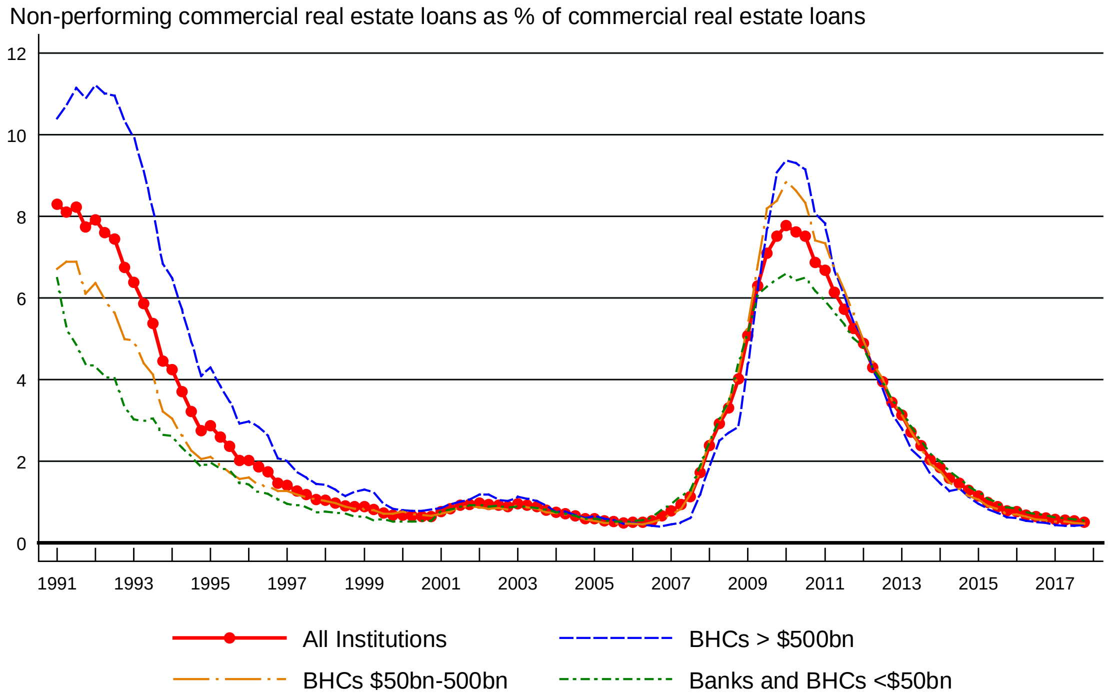
Non-performing Loans



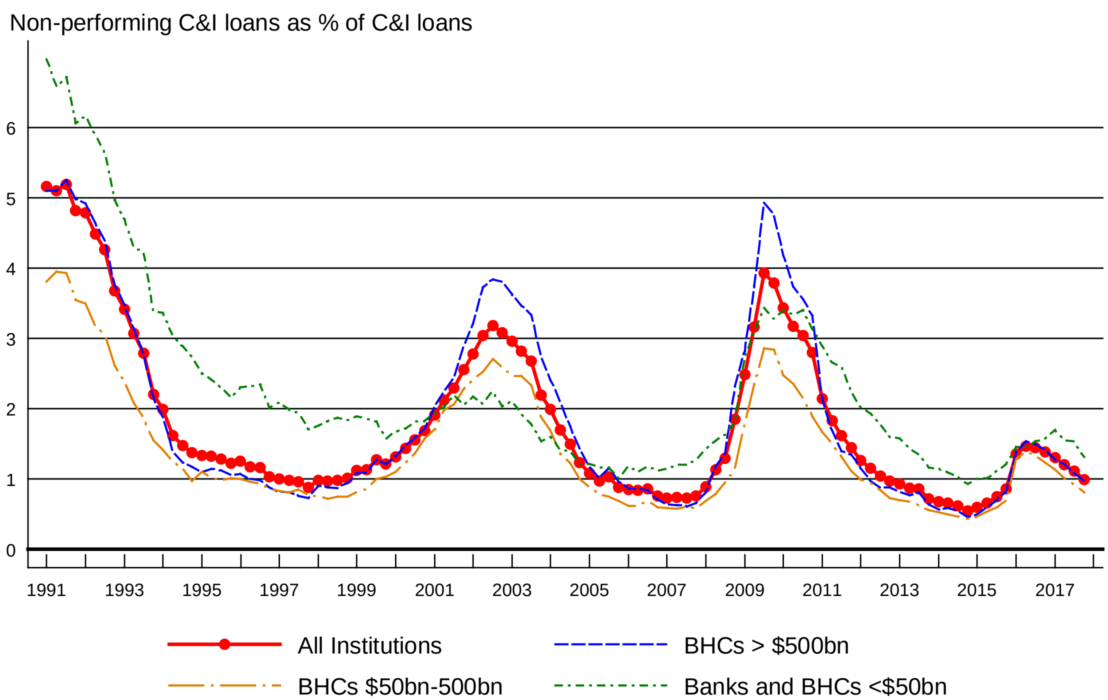
Non-performing Residential Real Estate Loans



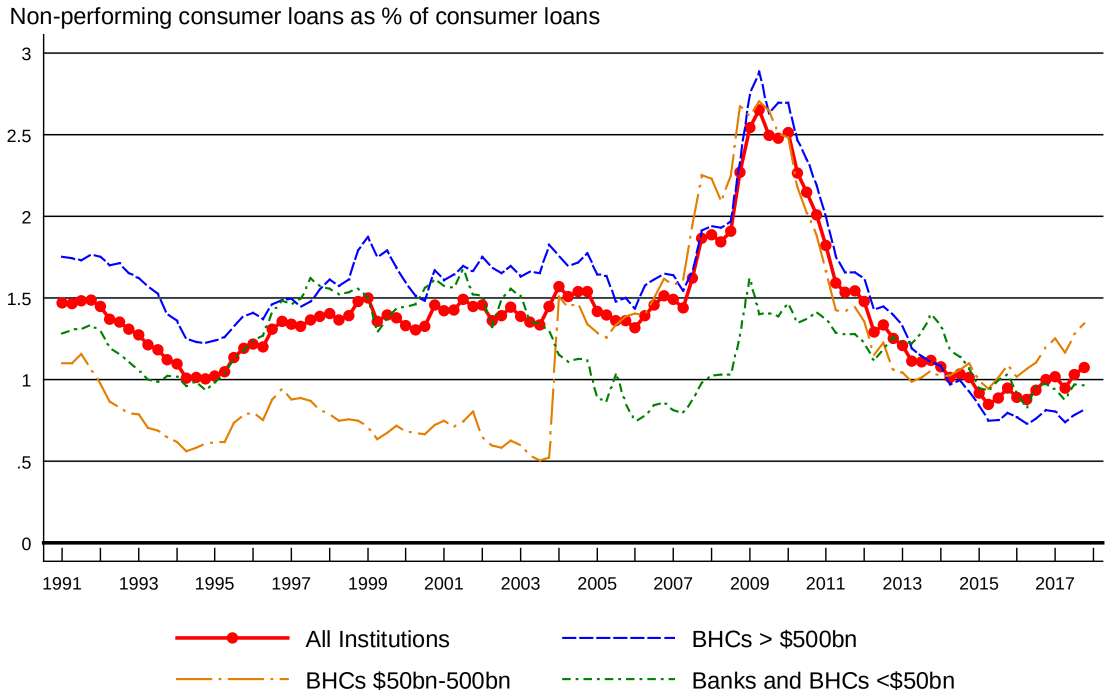
Non-performing Commercial Real Estate Loans



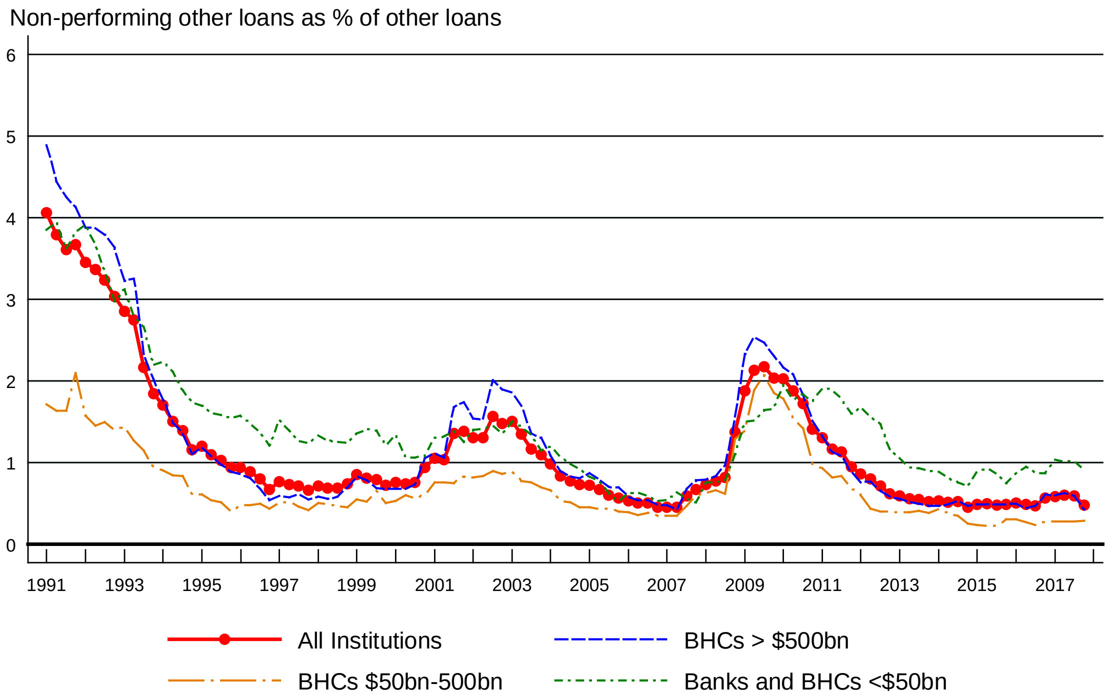
Non-performing Commercial and Industrial (C&I) Loans



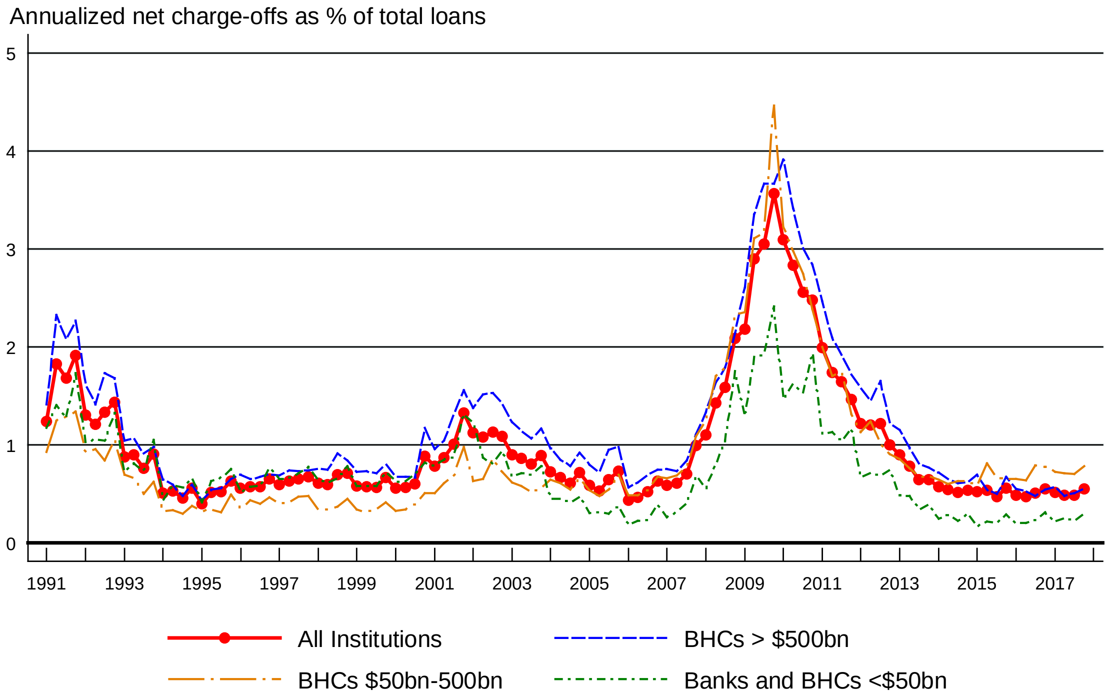
Non-performing Consumer Loans



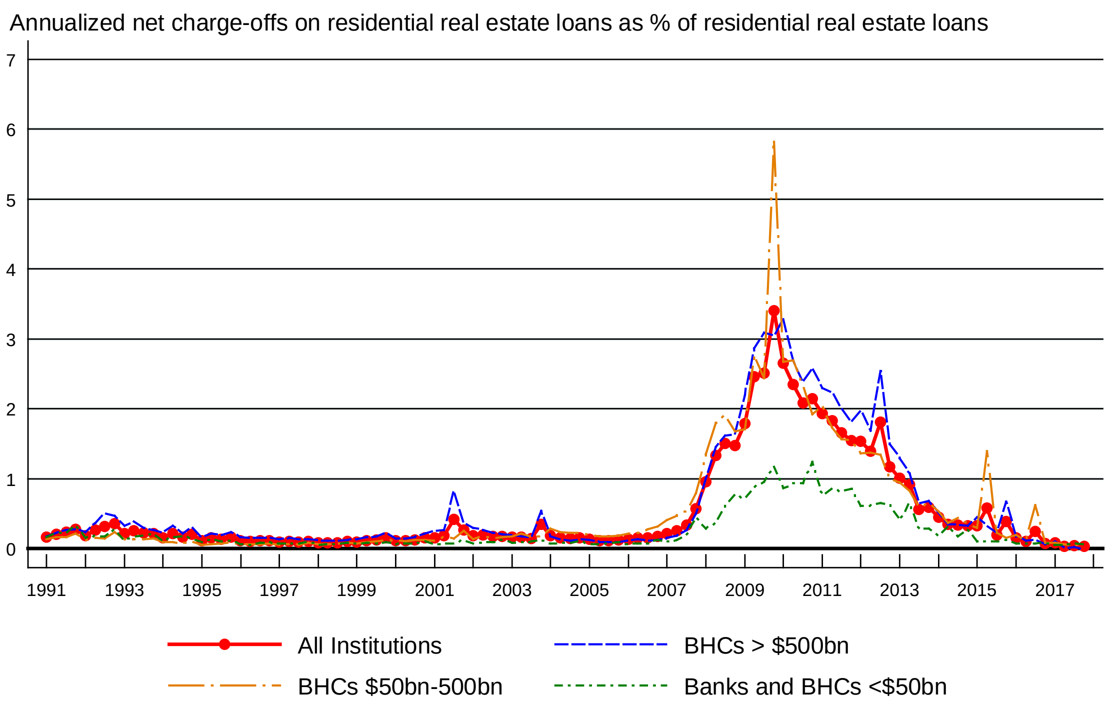
Non-performing Other Loans



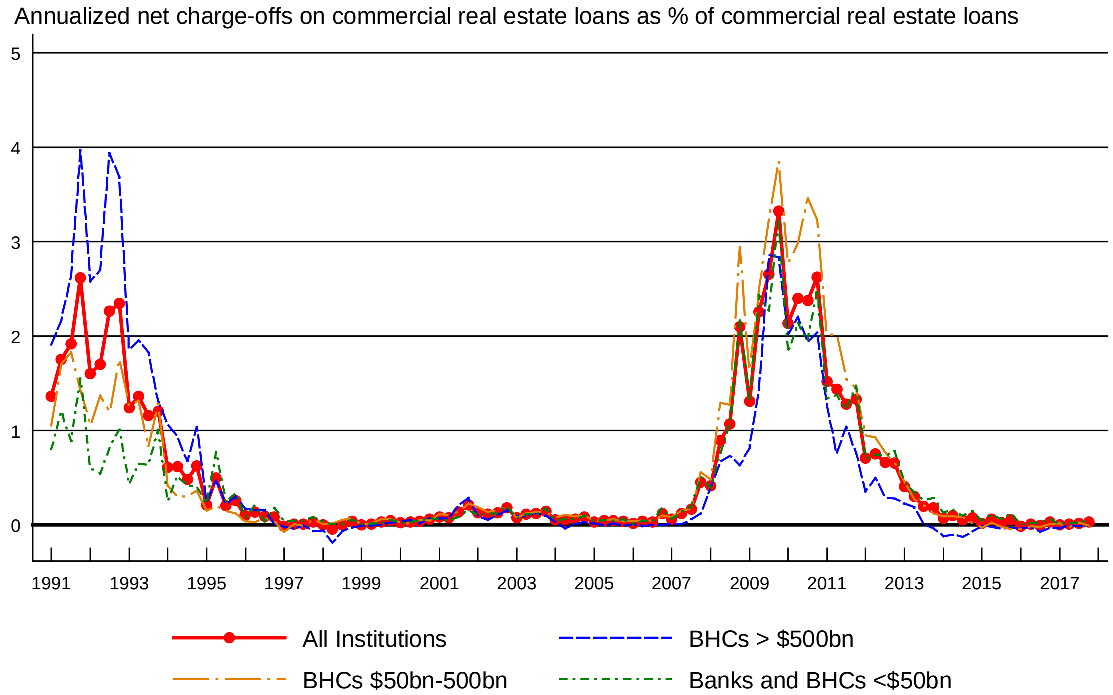
Net Charge-offs



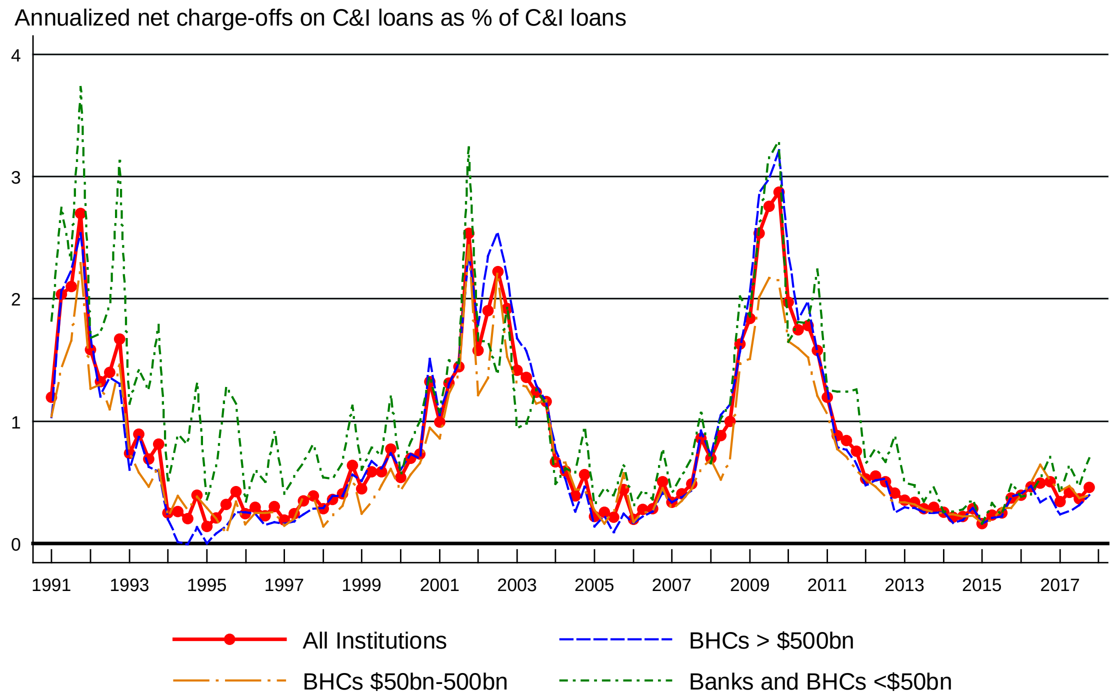
Net Charge-offs on Residential Real Estate Loans



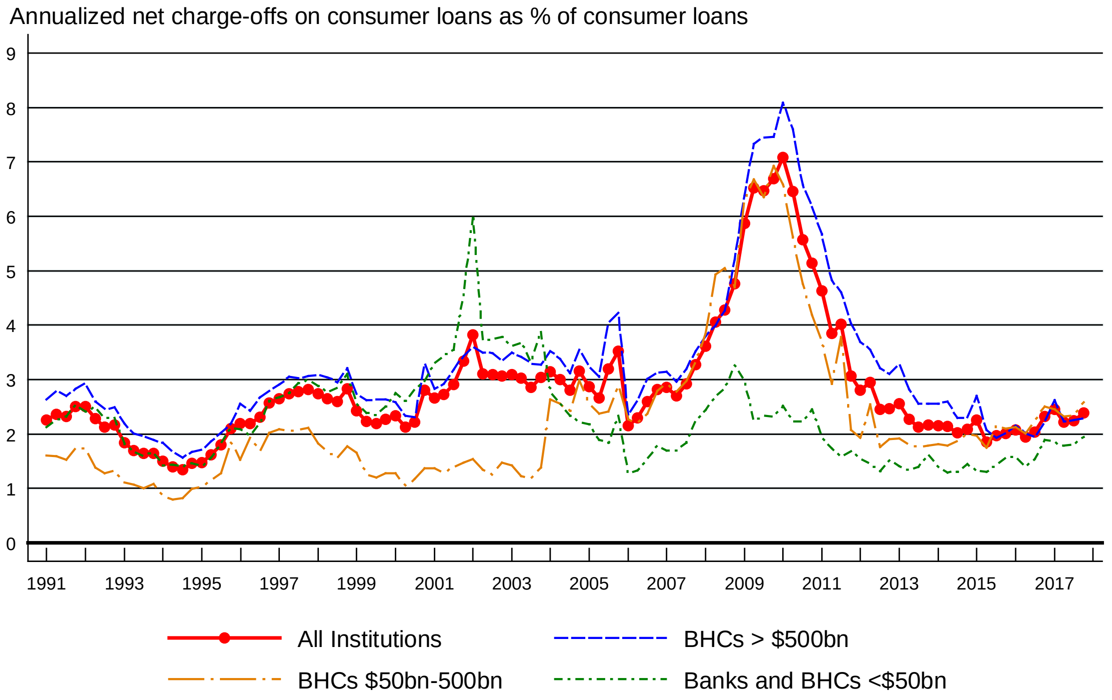
Net Charge-offs on Commercial Real Estate Loans



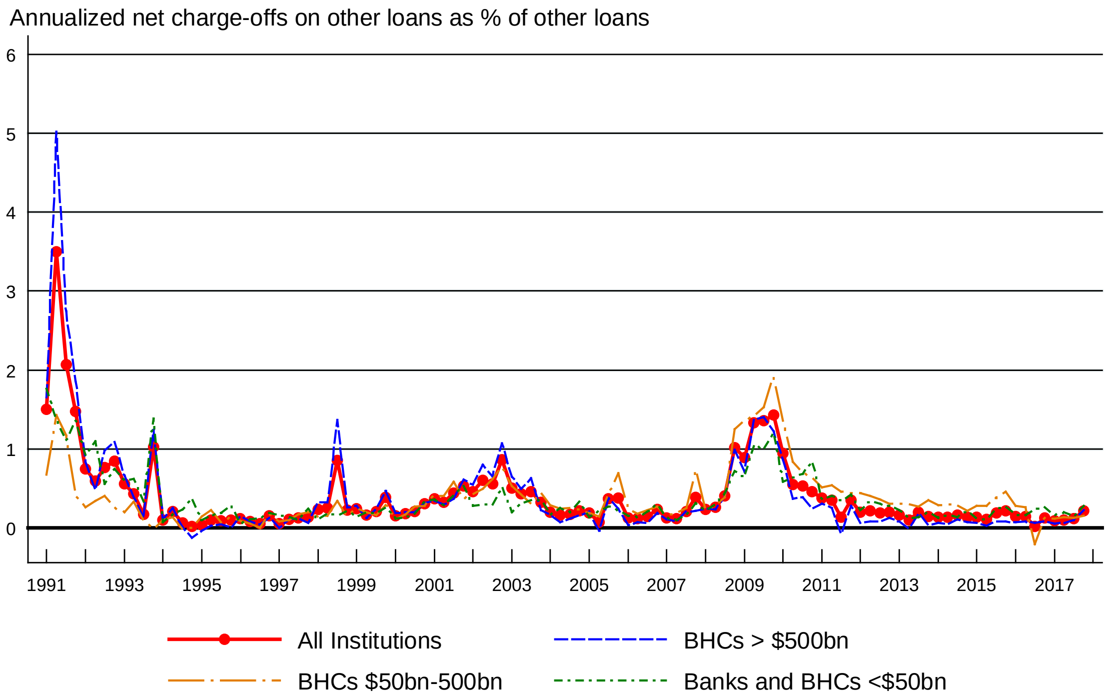
Net Charge-offs on Commercial and Industrial (C&I) Loans



Net Charge-offs on Consumer Loans

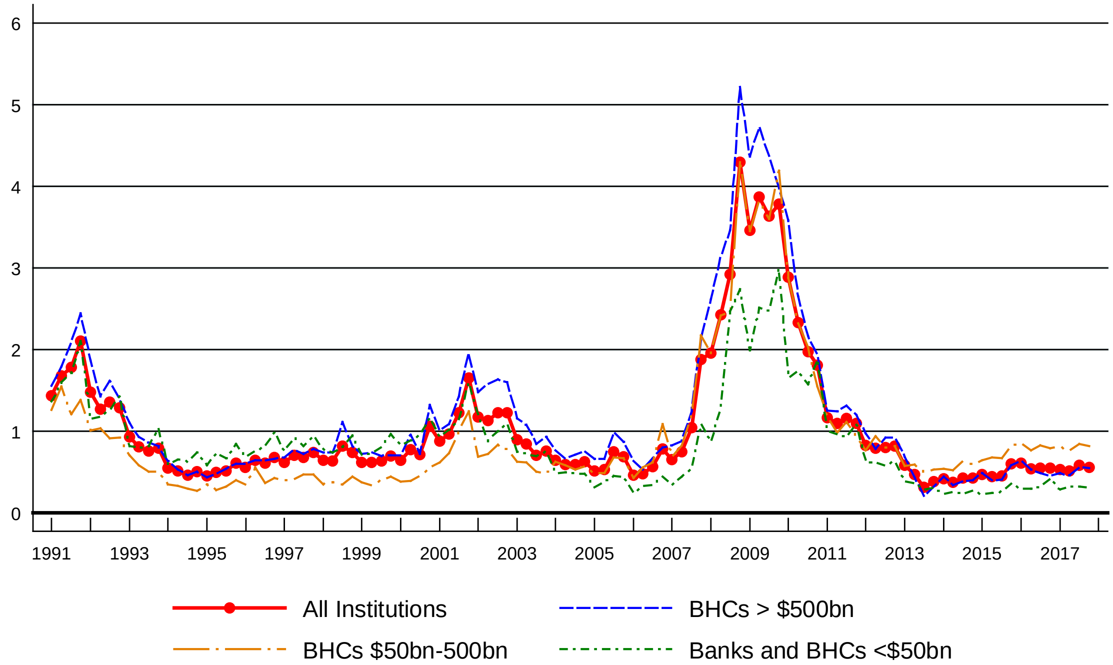


Net Charge-offs on Other Loans



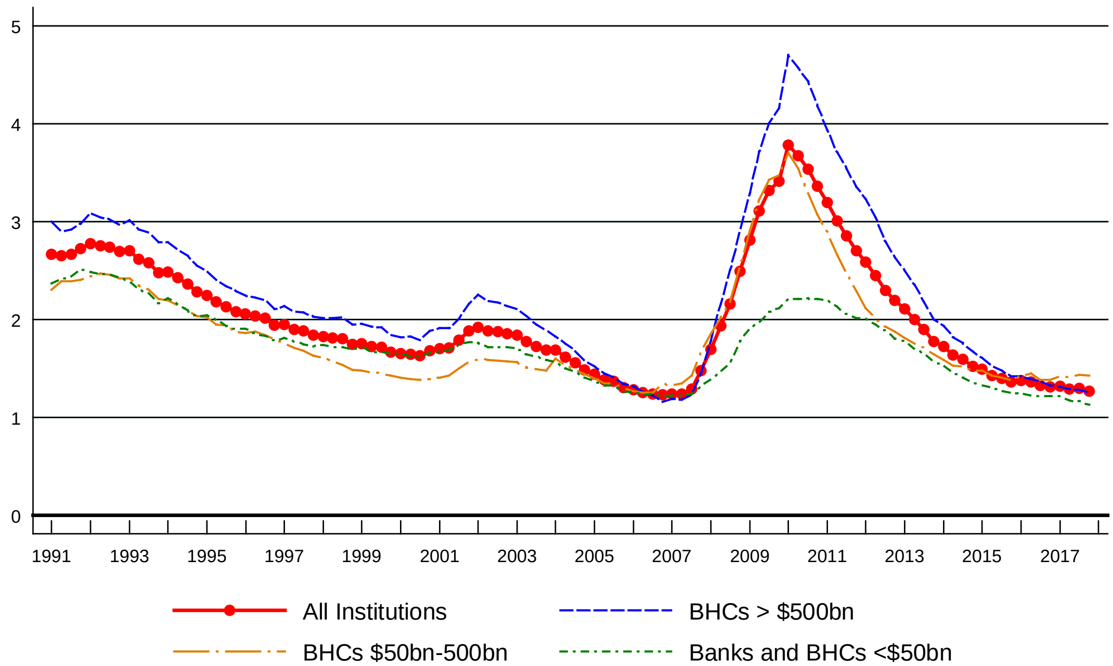
Loan Loss Provisions

Annualized loan loss provisions as % of total loans

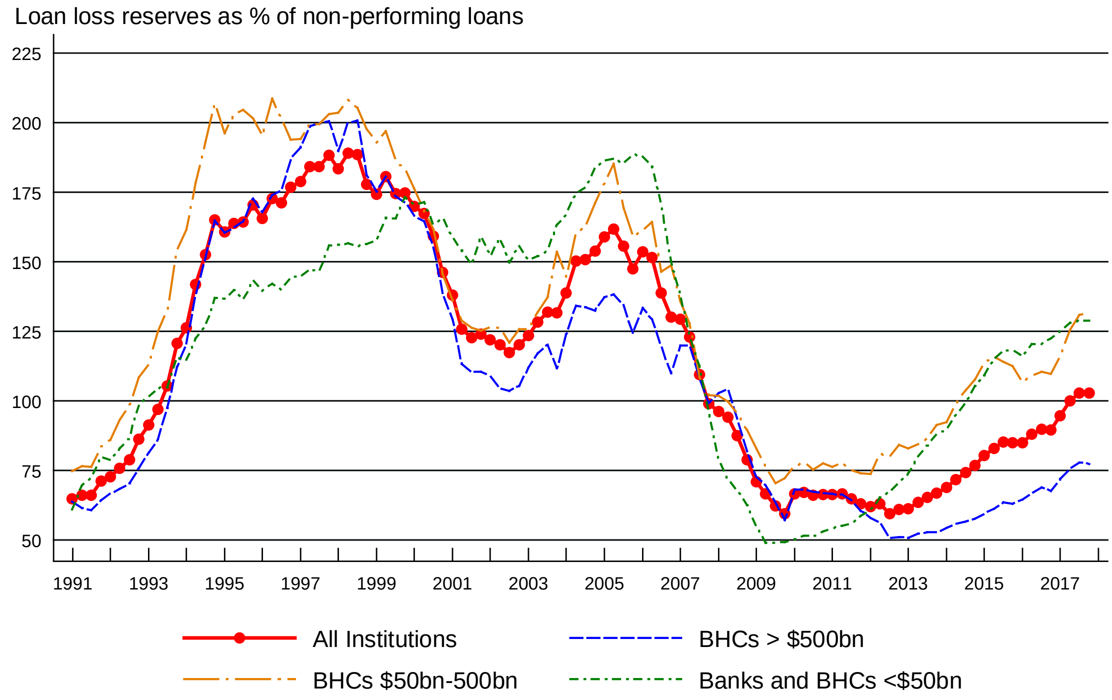


Loan Loss Reserves

Loan Loss Reserves as % of total loans



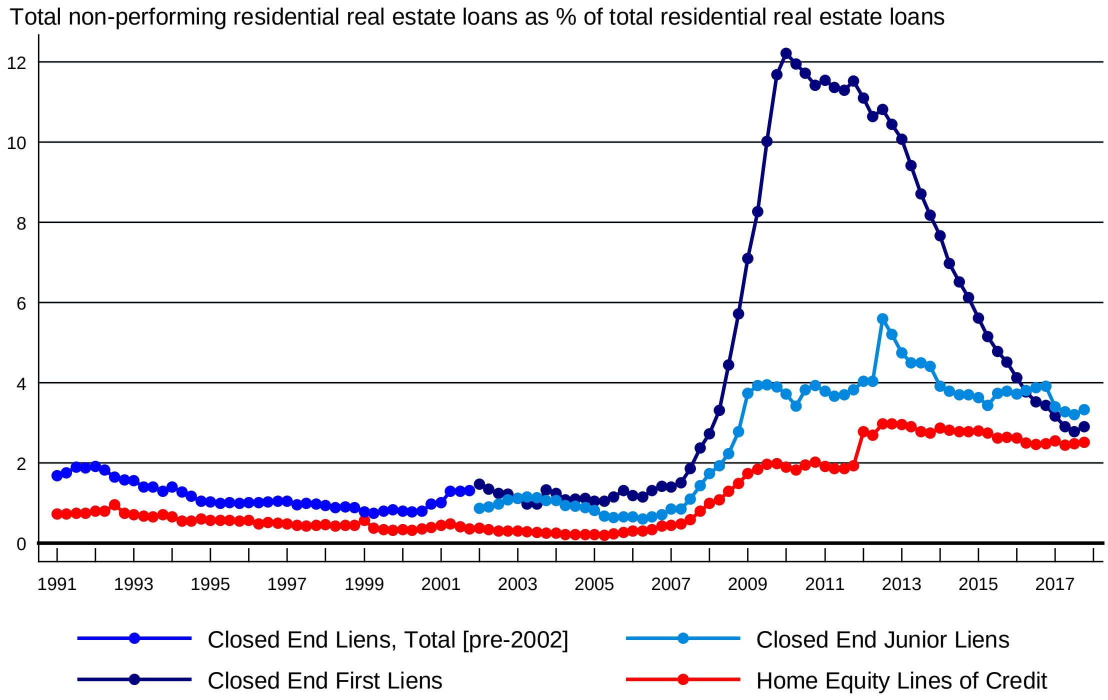
Loan Loss Reserves, Percent of Non-performing Loans



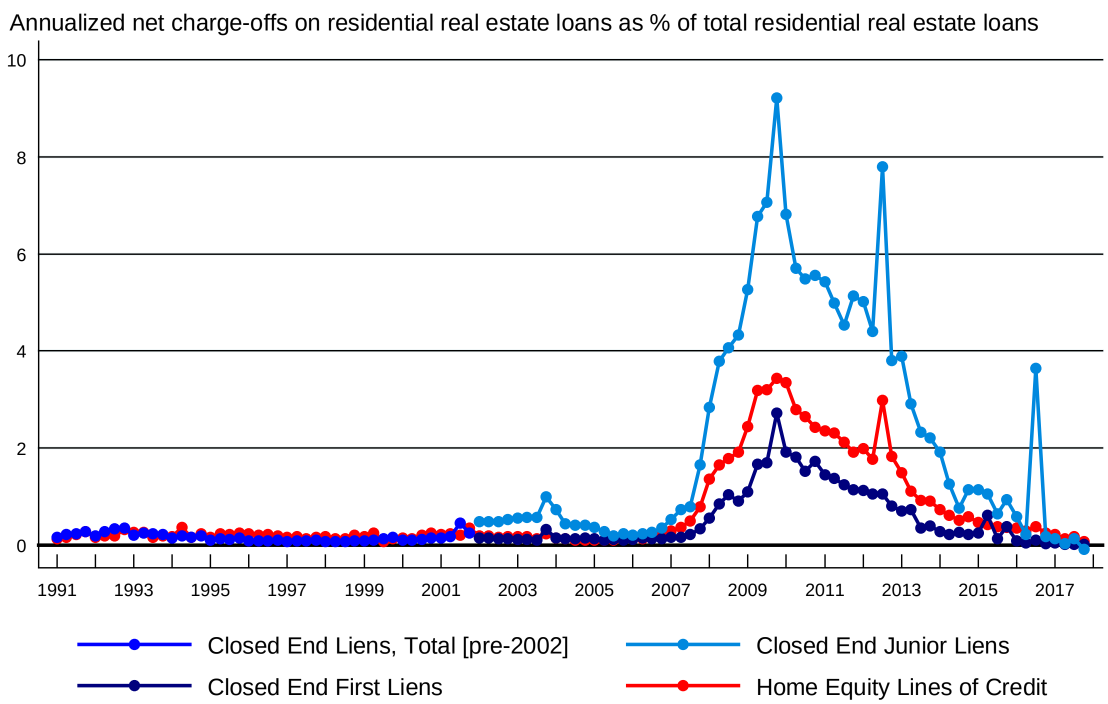
4. Loan Performance: Detail

A. Residential Real Estate Loans

Non-performing Residential Real Estate Loans, Detail

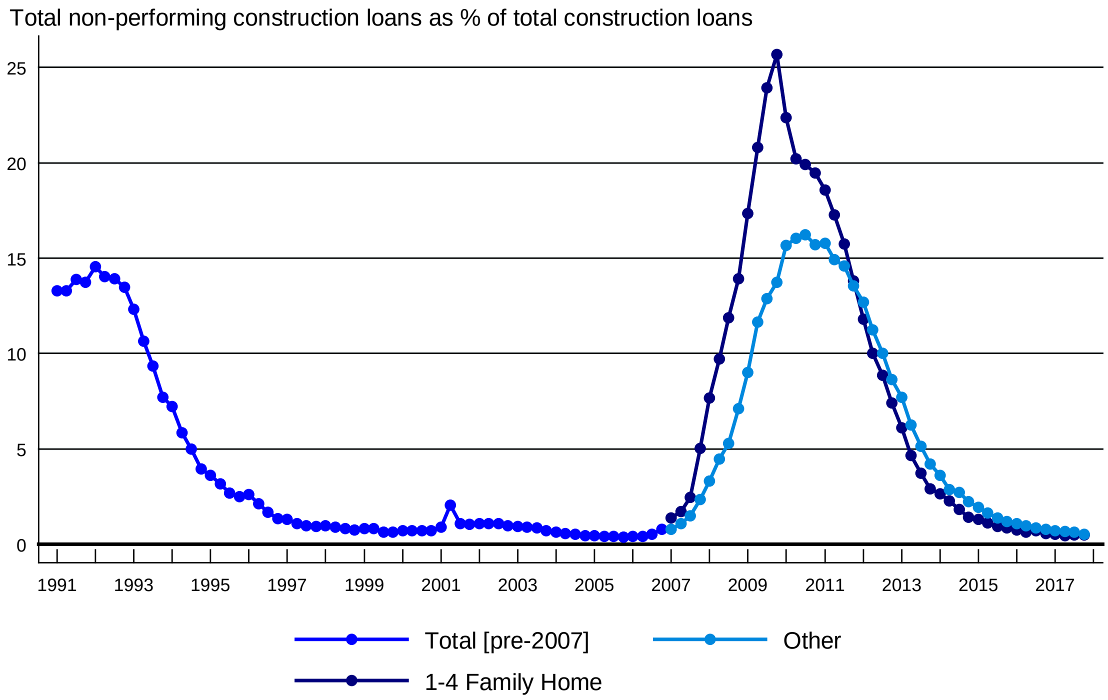


Net Charge-offs on Residential Real Estate Loans, Detail

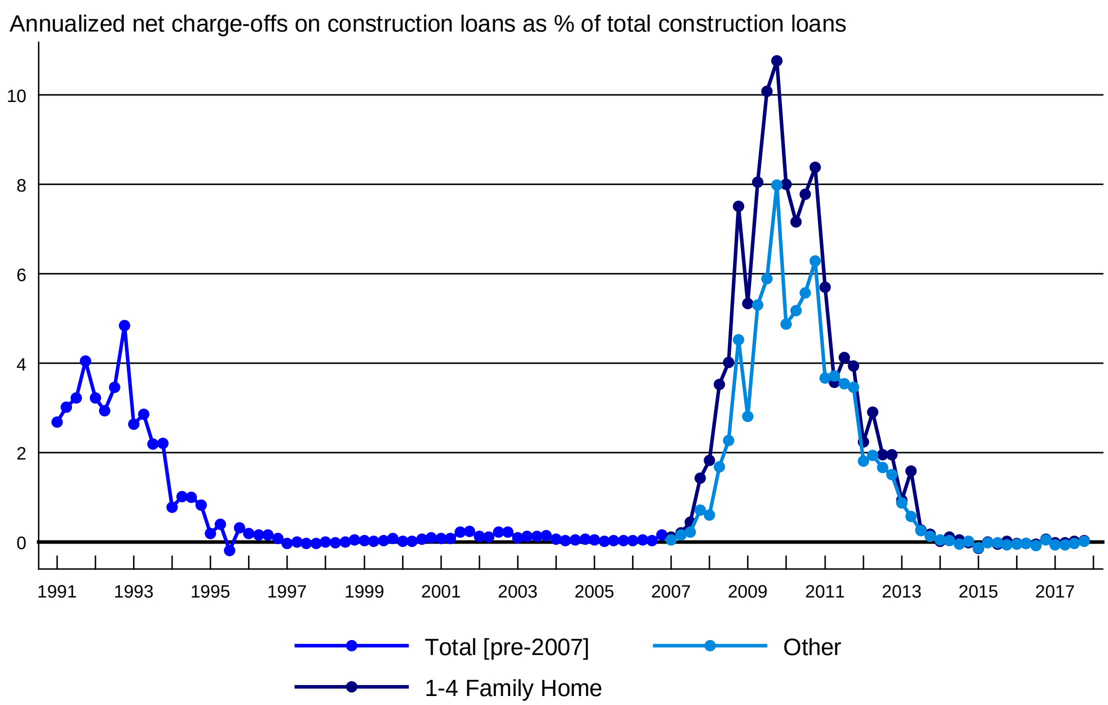


B. Commercial Real Estate Loans

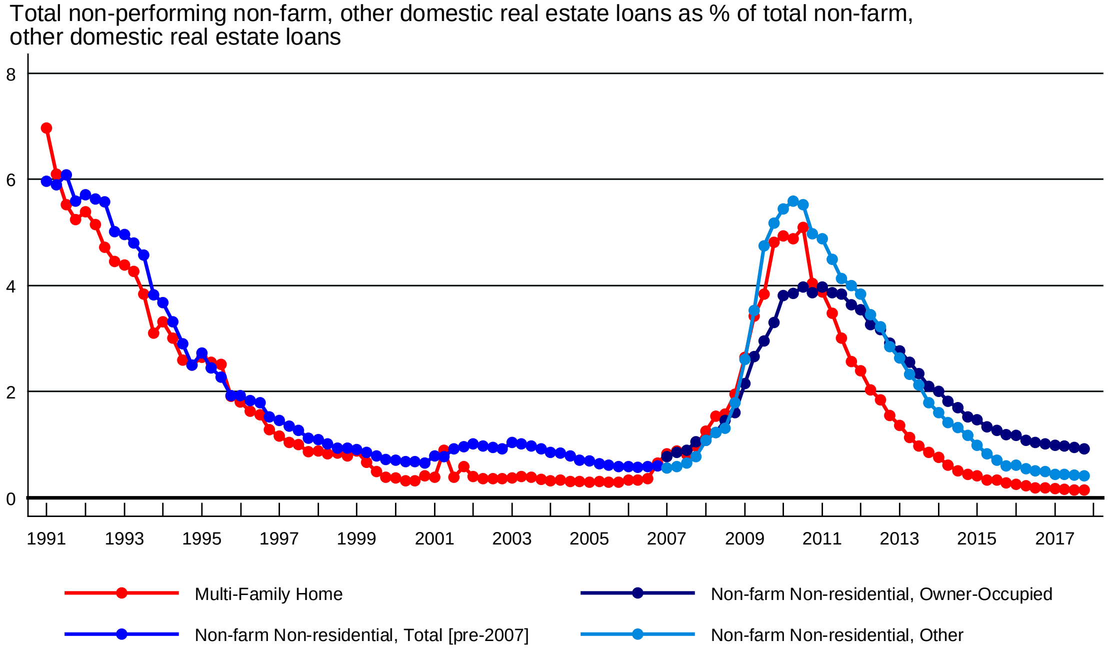
Non-performing Construction Loans, Detail



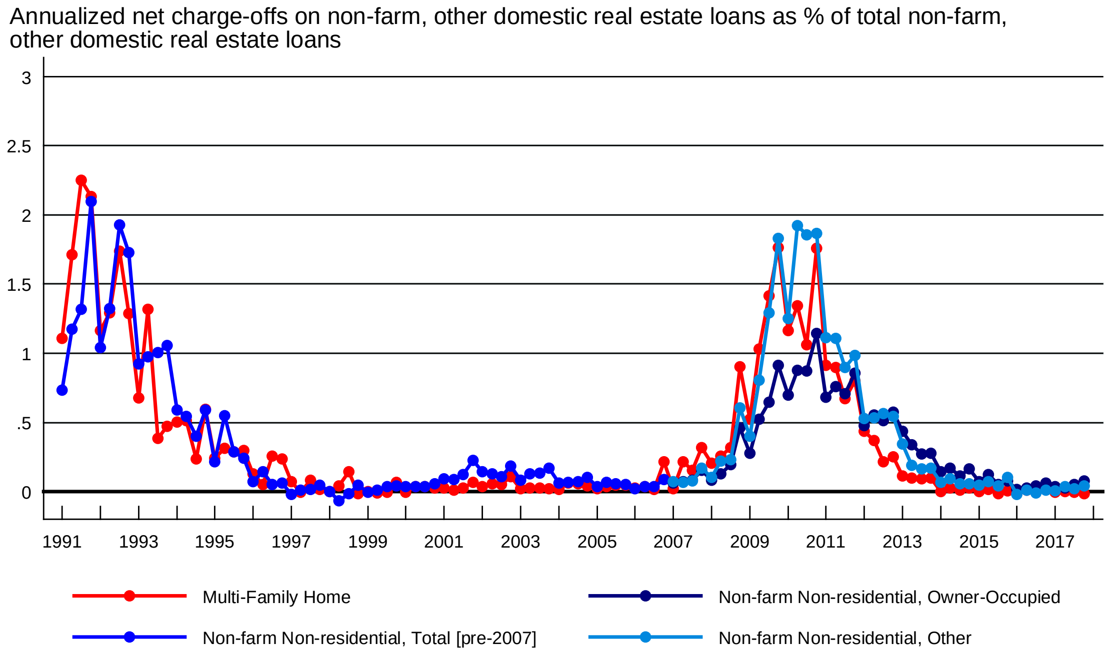
Net Charge-offs on Construction Loans, Detail



Non-performing Non-Farm, Other Domestic Real Estate Loans, Detail

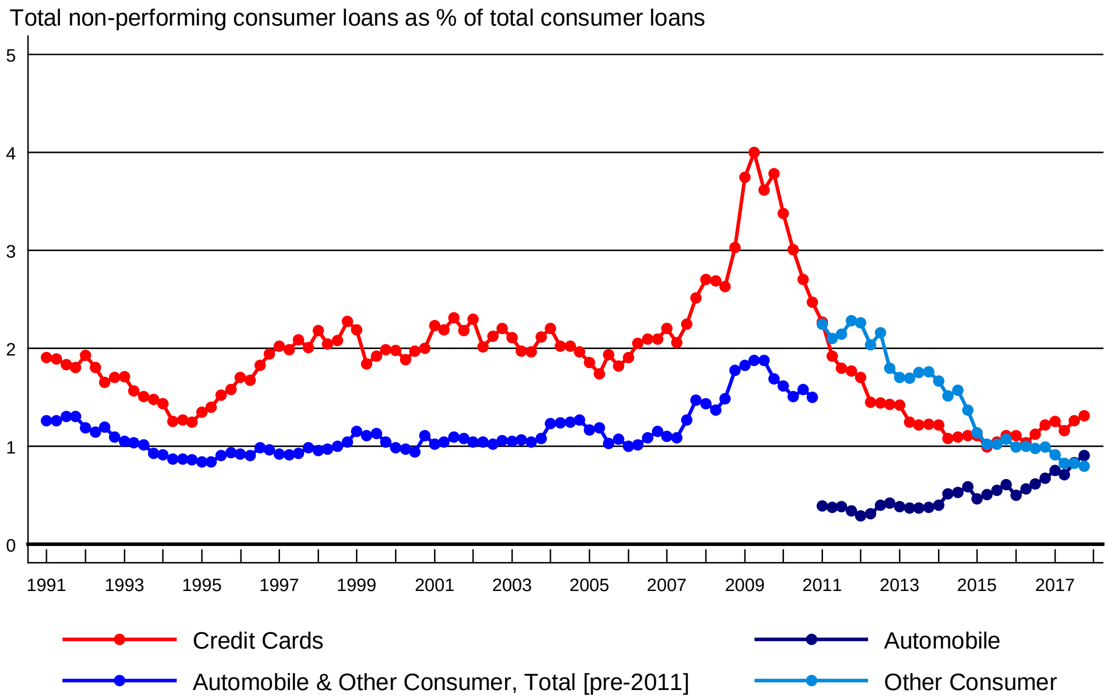


Net Charge-offs on Non-Farm, Other Domestic Real Estate Loans, Detail

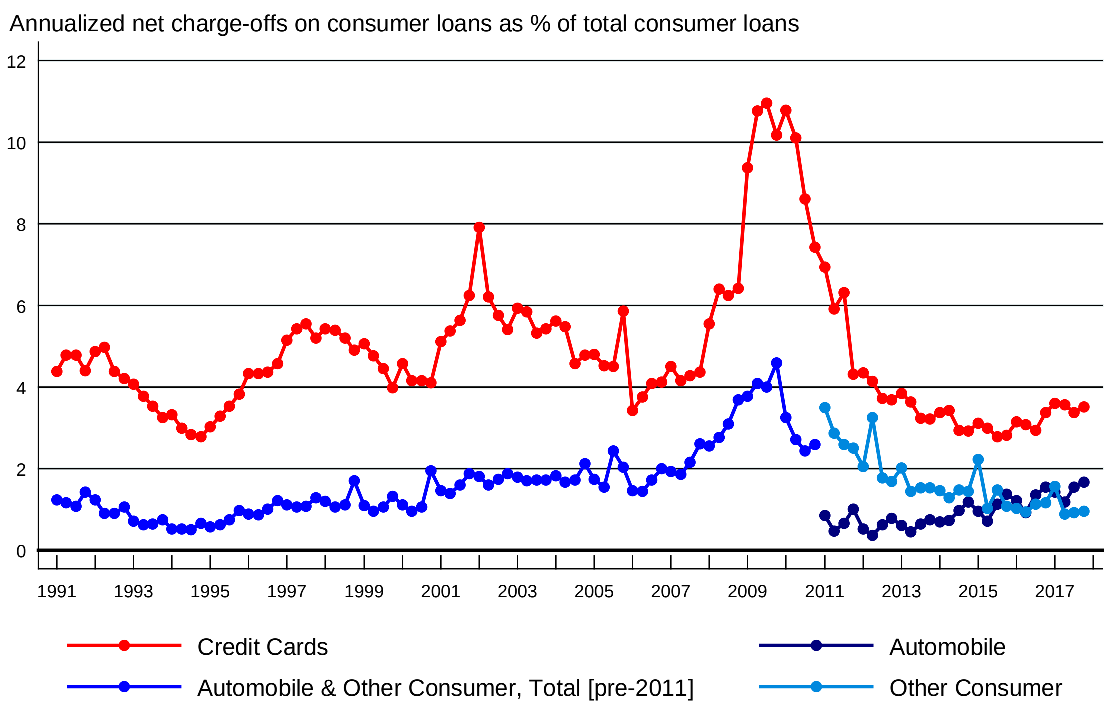


C. Consumer Loans

Non-performing Consumer Loans, Detail



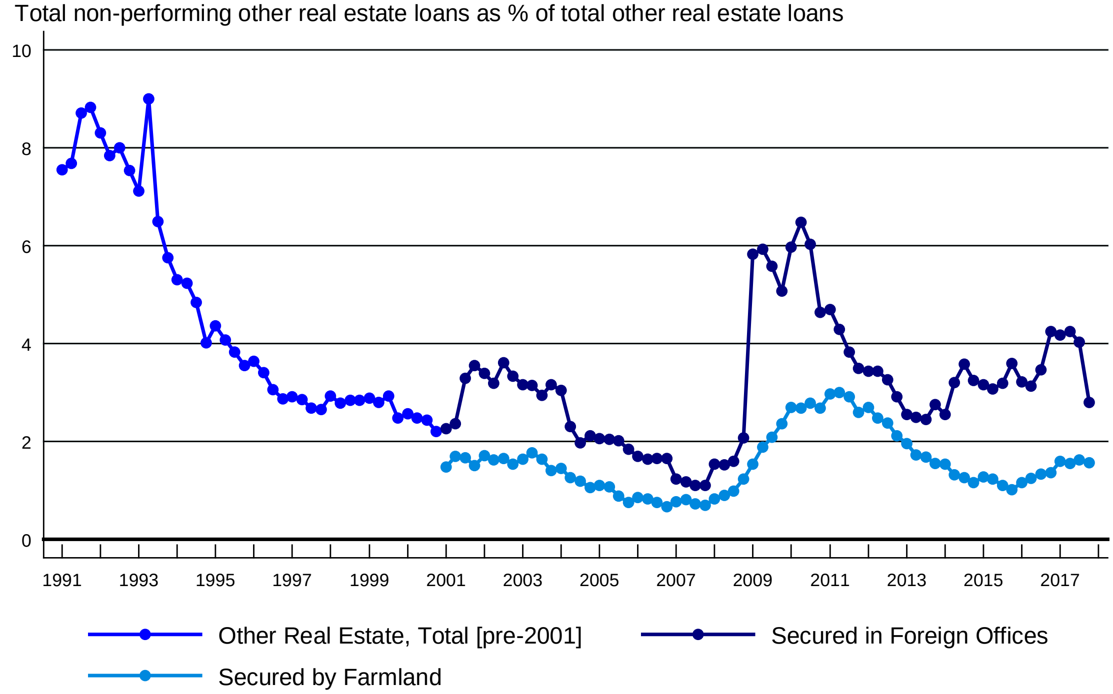
Net Charge-offs on Consumer Loans, Detail



D. All Other Loans

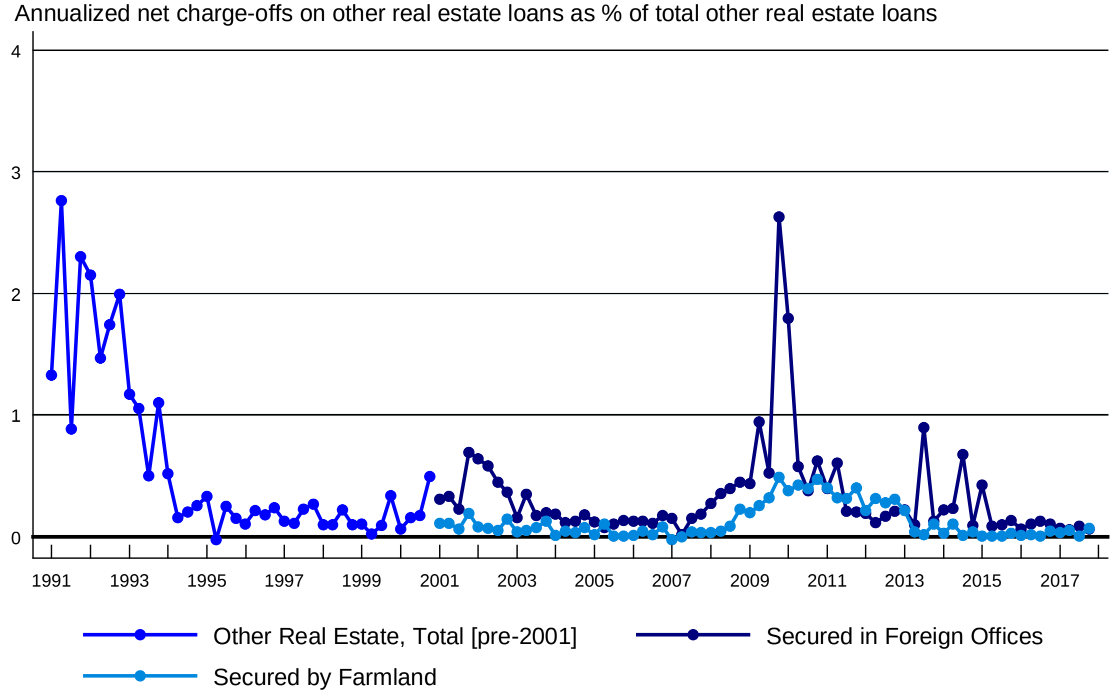
Non-performing Other Real Estate Loans, Detail

Total non-performing other real estate loans as % of total other real estate loans

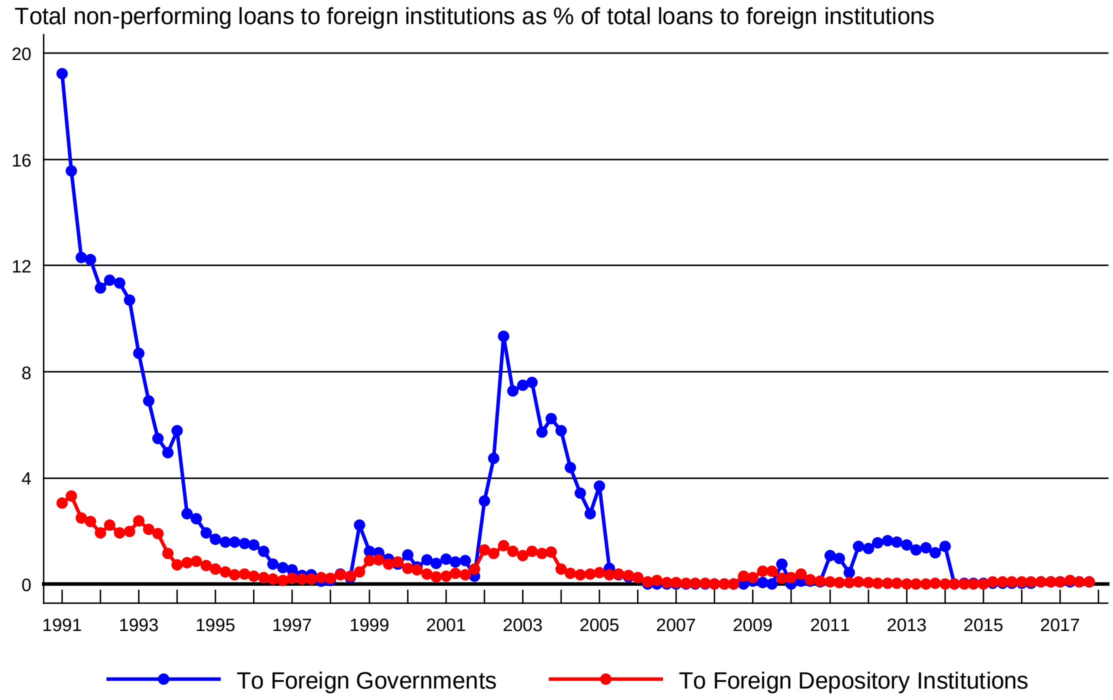


Net Charge-offs on Other Real Estate Loans, Detail

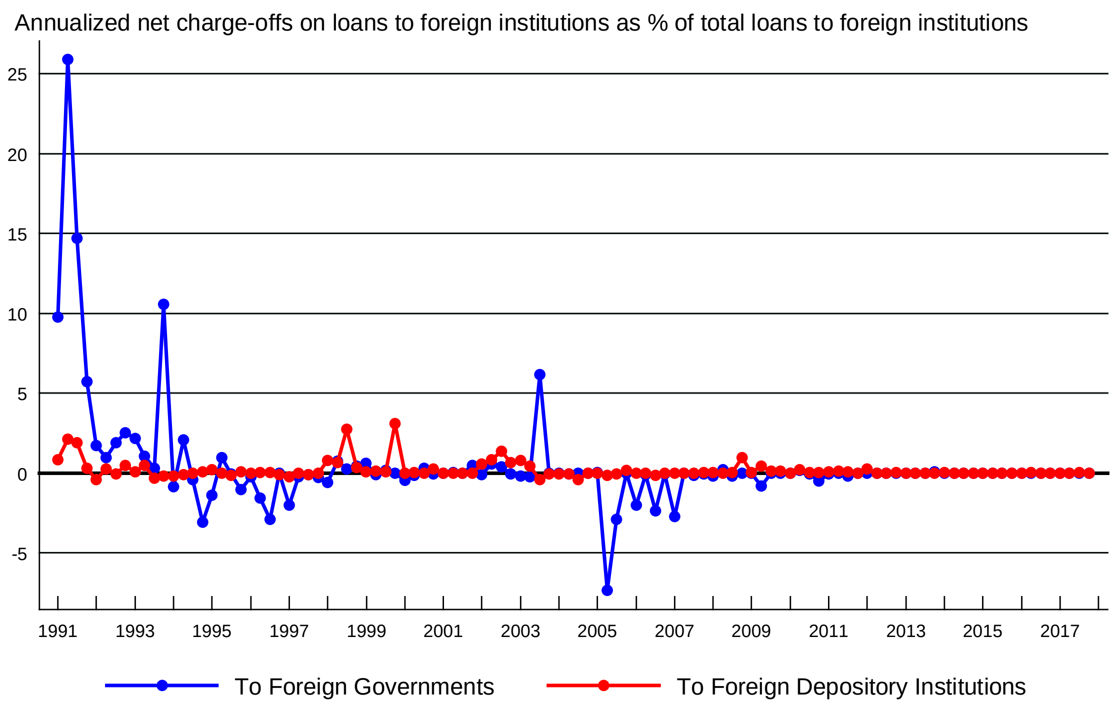
Annualized net charge-offs on other real estate loans as % of total other real estate loans



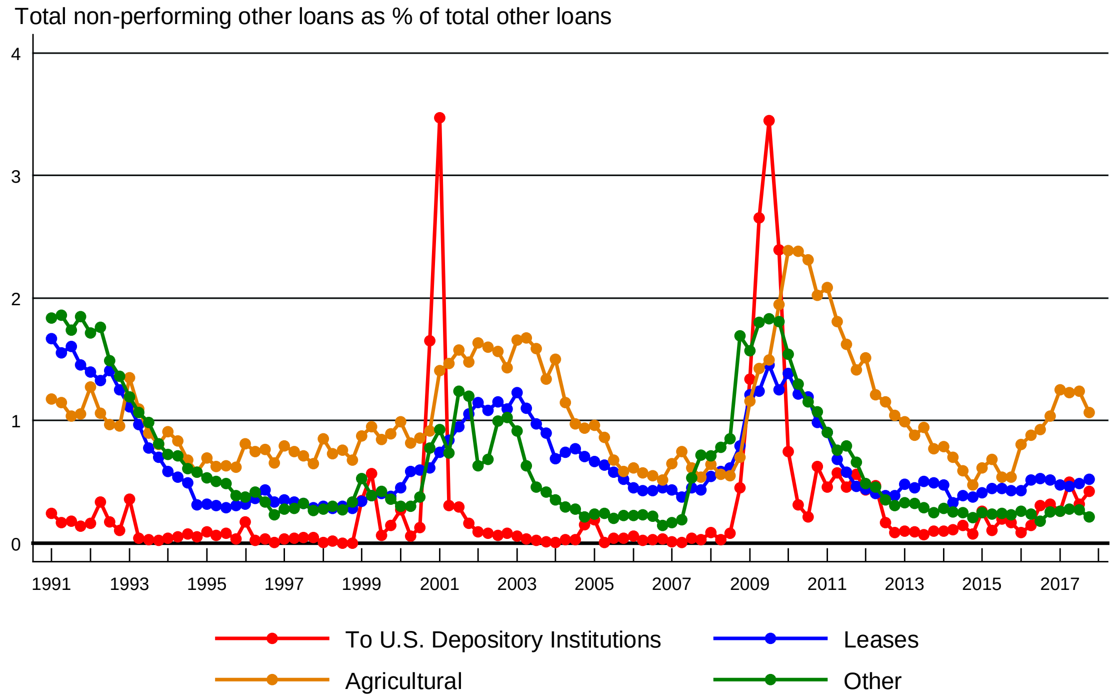
Non-performing Loans to Foreign Institutions



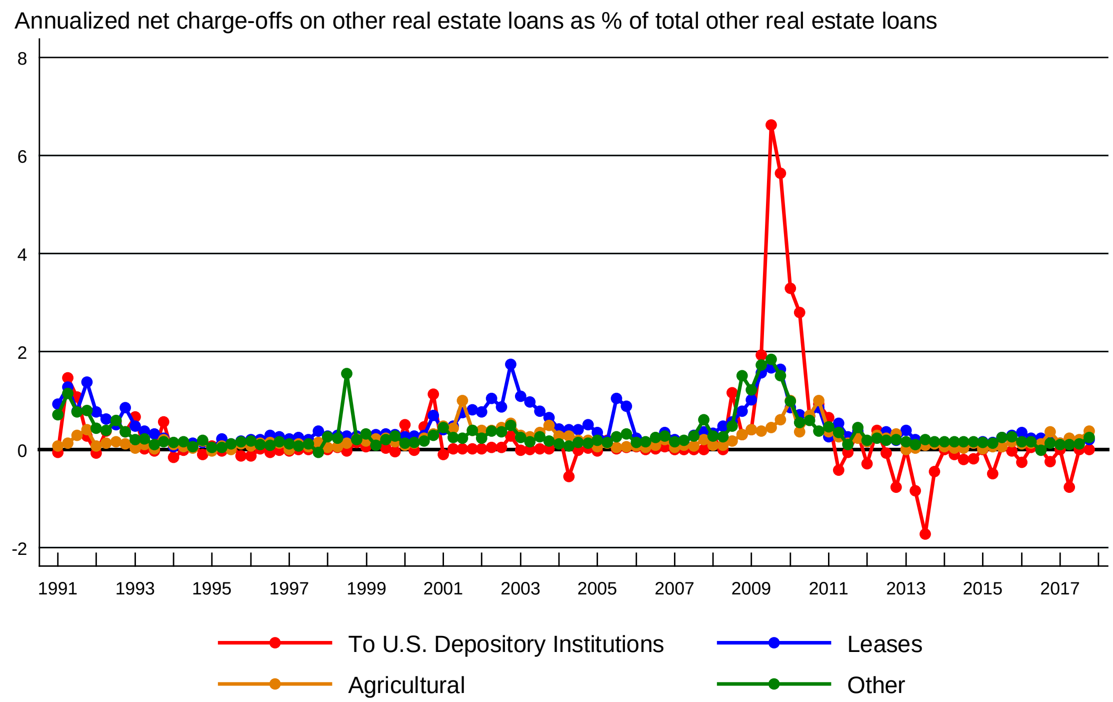
Net Charge-offs on Loans to Foreign Institutions



Non-performing Other Loans, Detail



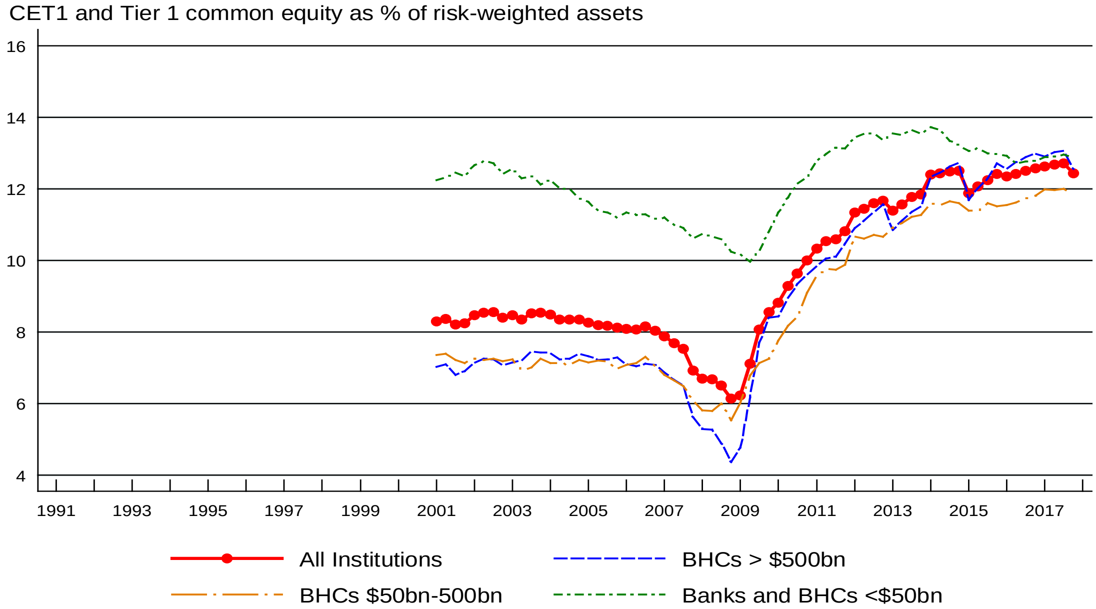
Net Charge-offs on Other Loans, Detail



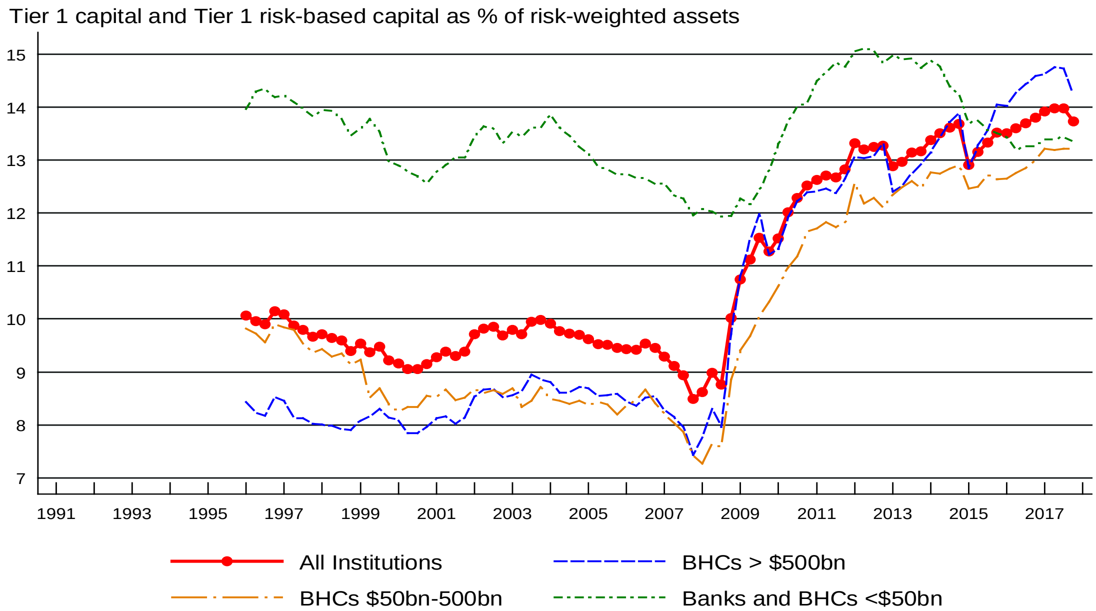
5. Capital Adequacy and Asset Growth

Notes: CET1, tier 1 and total capital is reported instead of the components of tier 1 common equity and tier 1 and total risk-based capital by advanced approaches firms starting in 2014:Q1, and by all other firms starting in 2015:Q1, causing series breaks in some capital ratios in those quarters. Changes in the measurement of RWA starting in 2013:Q1 and 2015:Q1 also affect measurement of risk-weighted capital ratios and the ratio of RWA to total assets starting in those quarters. See "Caveats and Limitations" for details. See data notes for definition of tier 1 common equity.

CET1 and Tier 1 Common Equity Ratio

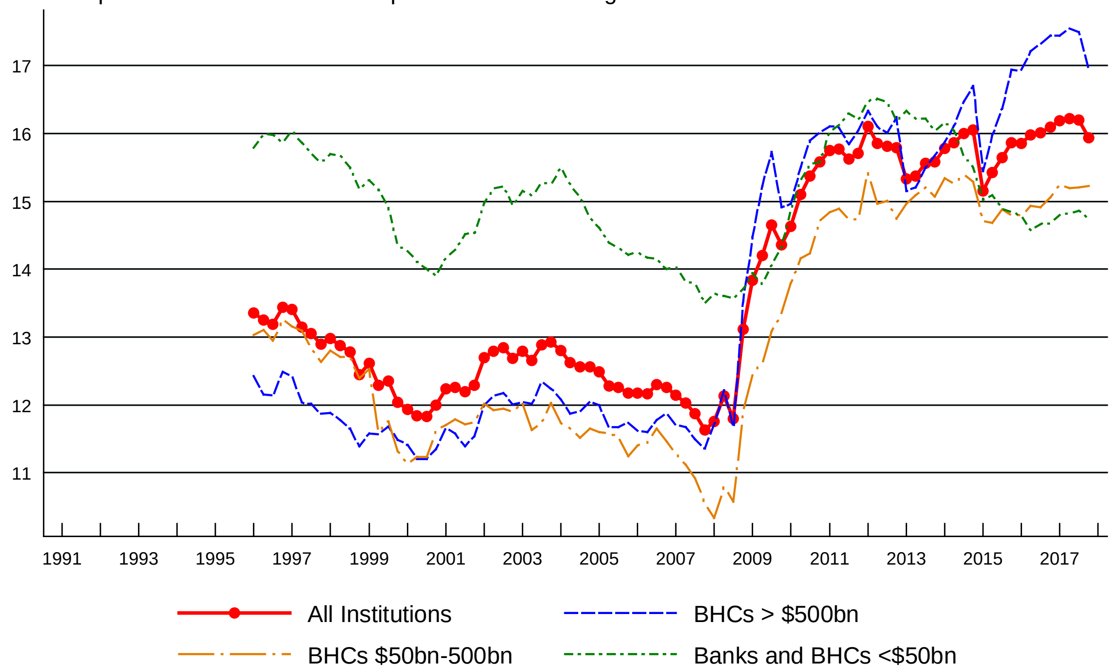


Tier 1 Capital Ratio



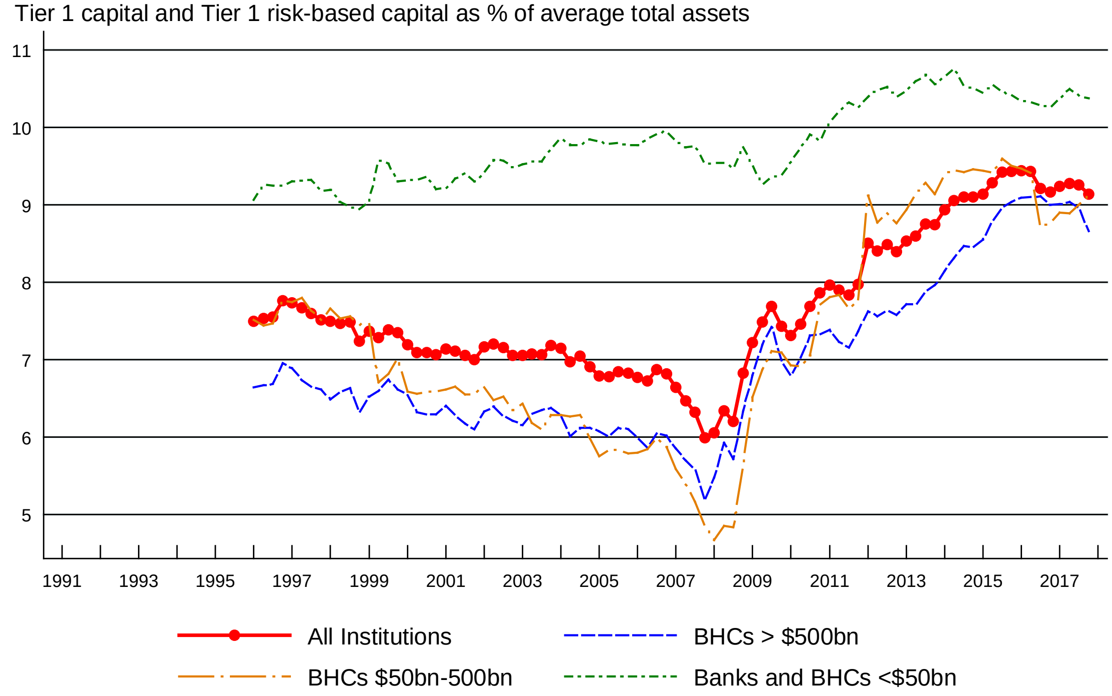
Total Capital Ratio

Total capital and Total risk-based capital as % of risk-weighted assets

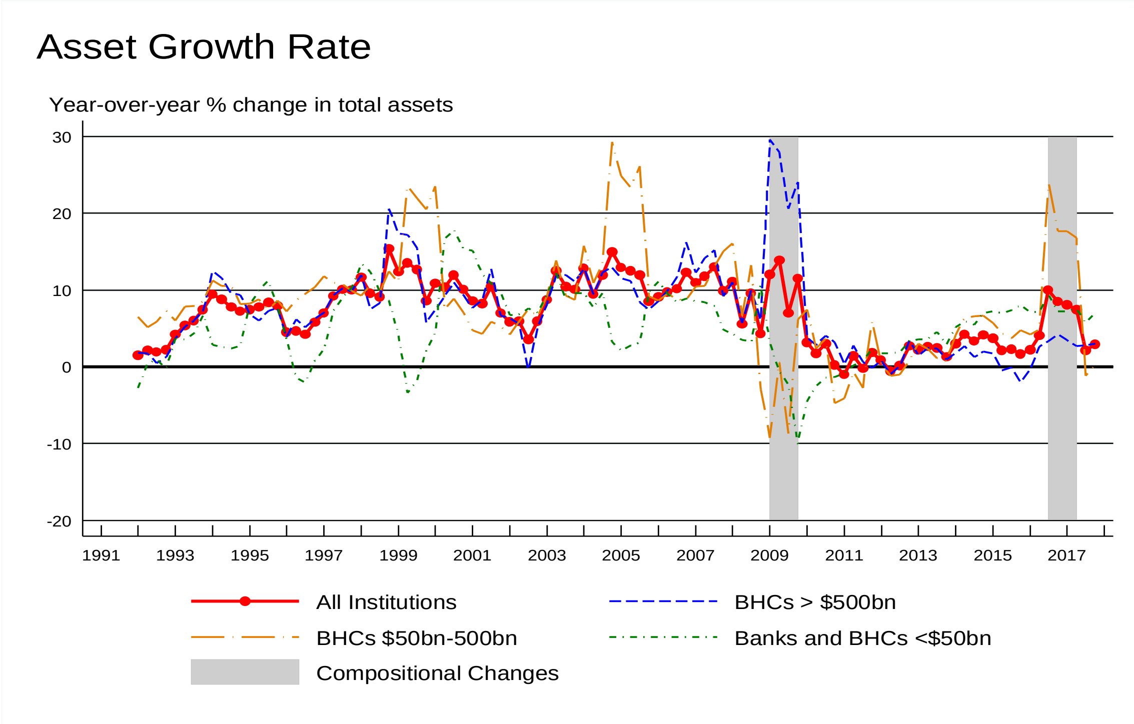


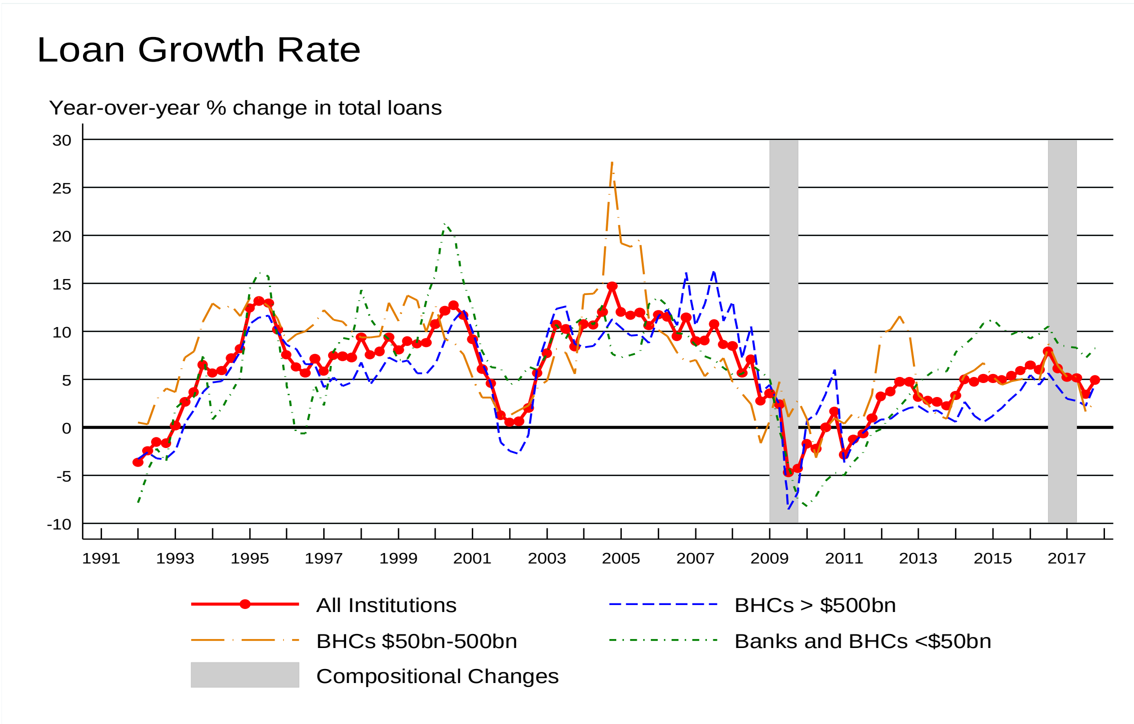
Leverage Ratio

Tier 1 capital and Tier 1 risk-based capital as % of average total assets

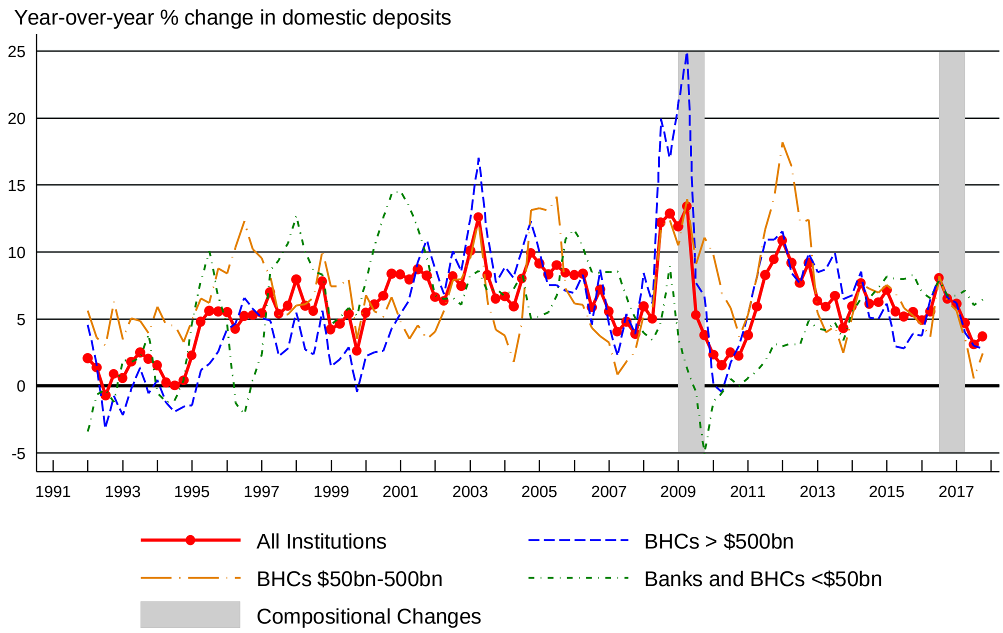


Note: Asset, loan and deposit growth rates presented below are affected by mergers with nonbanking firms, and conversions to and from a BHC charter during the sample period. This particularly affects the year-over-year growth rate for assets between 2009:Q1 and 2009:Q4, due to the entry of several new firms in 2009:Q1. See "Caveats and Limitations" for details.

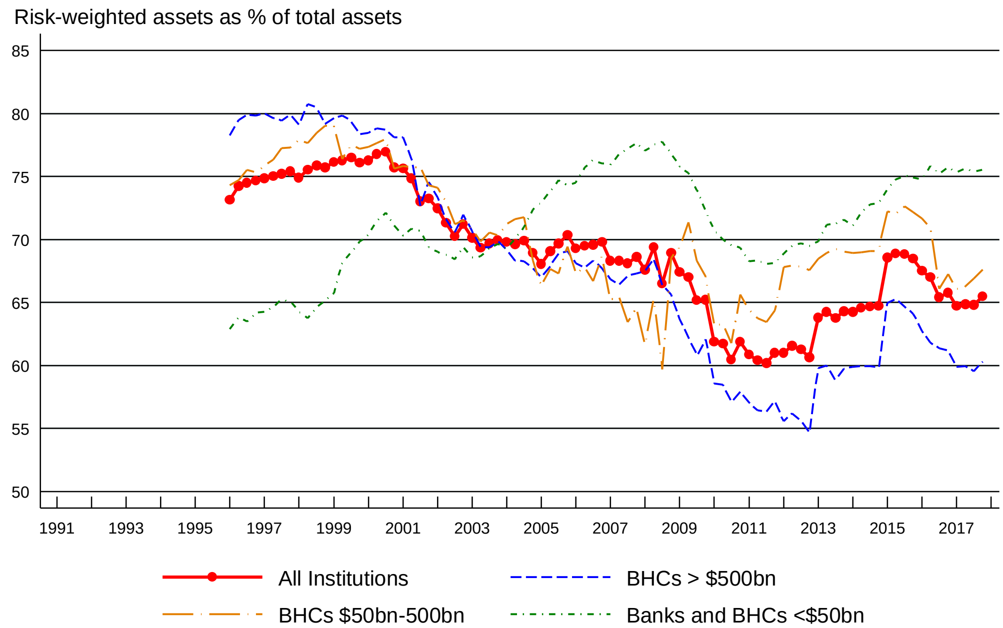




Domestic Deposit Growth Rate

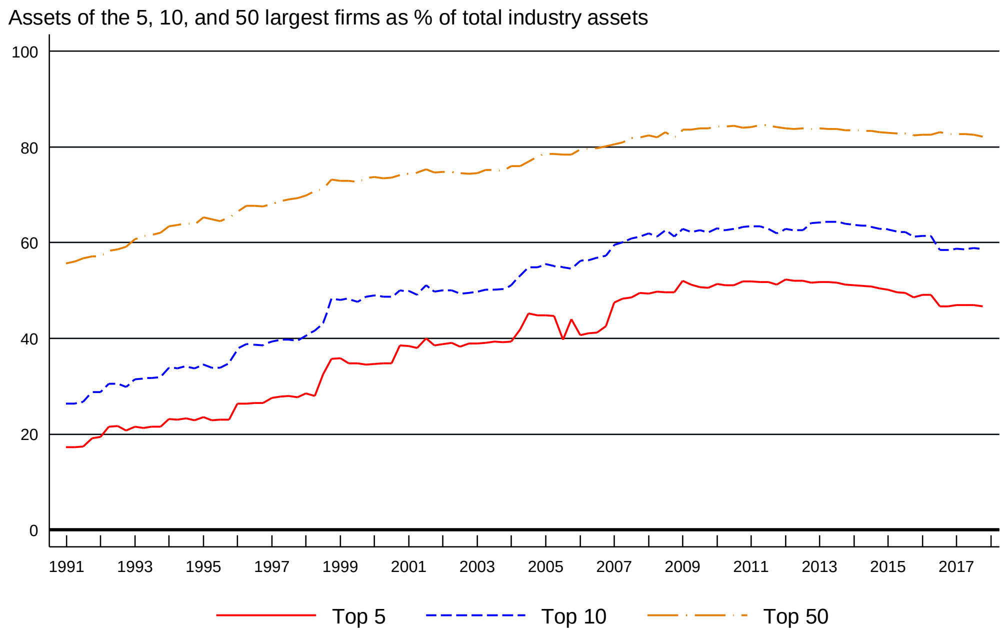


Risk-Weighted Assets Ratio



Note: Chart starts in 1996:Q1 because data for risk-weighted assets are not reported prior to that date. Values of the ratio are affected by changes in the definition of risk weighted assets over time, particularly in 2013:Q1 and 2015:Q1. See "Caveats and Limitations" for details.

Industry Concentration



Financial Statistics for Large BHCs and All Institutions

2017Q4

Rank	Name of Institution	Total Assets (Bil USD)	Quarterly Net Income (Mil USD)	Profitability: Annualized Return on Assets	Profitability: Annualized Return on Equity	Capital Adequacy Ratios (%): CET1 Ratio	Capital Adequacy Ratios (%): Tier 1 Capital Ratio	Capital Adequacy Ratios (%): Total Capital Ratio	Advanced Approaches Firm
1	JPMORGAN CHASE & CO	2,533.6	4,232.0	0.67	6.62	12.22	13.91	15.90	Yes
2	BANK OF AMER CORP	2,281.5	2,520.0	0.44	3.77	11.93	13.36	15.86	Yes
3	WELLS FARGO & CO	1,951.8	6,320.0	1.30	12.22	12.28	14.14	17.46	Yes
4	CITIGROUP	1,842.5	-18,893.0	-4.10	-37.65	12.99	14.48	17.77	Yes
5	GOLDMAN SACHS GROUP THE	916.8	-1,928.0	-0.84	-9.38	12.08	14.10	16.79	Yes
6	MORGAN STANLEY	851.7	643.0	0.30	3.32	16.54	18.92	21.72	Yes
7	U S BC	462.0	1,682.0	1.46	13.72	9.35	10.82	12.92	Yes
8	PNC FNCL SVC GROUP	381.5	2,079.3	2.18	17.50	10.39	11.64	13.73	Yes
9	TD GRP US HOLDS LLC	380.9	305.1	0.32	2.54	15.97	15.97	17.01	Yes
10	BANK OF NY MELLON CORP	371.8	1,175.0	1.26	11.39	11.95	14.17	15.13	Yes
11	CAPITAL ONE FC	365.7	-970.8	-1.06	-7.97	10.28	11.77	14.36	Yes
12	HSBC N AMER HOLDS	273.5	-1,666.9	-2.44	-25.25	15.47	18.26	22.78	Yes
13	STATE STREET CORP	238.5	370.9	0.62	6.65	11.89	14.98	16.01	Yes
14	BB&T CORP	221.6	658.0	1.19	8.88	10.19	11.91	13.91	No
15	SUNTRUST BK	206.6	739.6	1.43	11.81	9.74	11.15	13.09	No
16	AMERICAN EXPRESS CO	181.1	-1,199.0	-2.65	-26.33	9.04	10.09	11.75	Yes
17	ALLY FNCL	167.1	181.0	0.43	5.37	9.53	11.25	12.94	No
18	BARCLAYS US LLC	157.9	-441.0	-1.12	-10.61	13.05	15.66	18.77	No
19	MUFG AMERS HOLDS CORP	154.6	321.2	0.83	7.04	16.31	16.31	17.76	No
20	CITIZENS FNCL GRP	152.7	665.9	1.74	13.14	11.21	11.40	13.92	No
21	DB USA CORP	148.2	-1,230.0	-3.32	-40.64	16.46	25.86	25.88	No
22	FIFTH THIRD BC	142.2	509.1	1.43	12.44	10.61	11.74	15.16	No
23	RBC USA HOLDCO CORP	142.0	68.9	0.19	1.88	15.58	15.58	16.77	No
24	CREDIT SUISSE HOLD USA	141.4	-2,321.9	-6.57	-37.84	24.67	24.69	24.79	No
25	UBS AMERS HOLD LLC	140.7	-2,598.6	-7.39	-45.24	22.18	24.55	26.01	No
26	BNP PARIBAS USA	139.1	-75.2	-0.22	-1.71	12.44	12.87	15.03	No
27	NORTHERN TR CORP	138.6	356.5	1.03	13.96	12.57	13.81	15.83	Yes
28	KEYCORP	138.1	196.3	0.57	5.23	10.16	11.01	12.92	No
29	BMO FNCL CORP	131.1	-209.0	-0.64	-5.07	12.09	12.60	15.29	No
30	SANTANDER HOLDS USA	128.3	103.1	0.32	1.95	16.38	17.84	19.50	No
31	REGIONS FC	124.6	334.4	1.07	8.26	11.05	11.86	13.78	No
32	M&T BK CORP	118.6	322.4	1.09	7.94	10.99	12.26	14.75	No
33	HUNTINGTON BSHRS	104.2	431.7	1.66	15.97	10.01	11.34	13.39	No
34	DISCOVER FS	100.1	386.4	1.54	14.19	11.65	12.30	13.76	No
35	BBVA COMPASS BSHRS	87.3	51.5	0.24	1.59	11.80	12.15	14.36	No
36	COMERICA	71.7	112.4	0.63	5.64	11.68	11.68	13.84	No
37	ZIONS BC	66.3	123.5	0.74	6.43	12.13	13.23	14.82	No
38	SVB FNCL GRP	51.2	117.2	0.92	11.22	12.78	12.97	13.96	No
39	CIT GROUP	49.3	-88.0	-0.71	-4.81	14.55	15.21	16.28	No
40	NEW YORK CMNTY BC	49.1	136.5	1.11	8.04	11.36	12.84	14.32	No
41	PEOPLES UNITED FNCL INC	44.4	106.2	0.96	7.30	9.71	10.45	12.20	No
42	POPULAR	44.3	-102.0	-0.92	-7.99	16.29	16.29	19.22	No
43	FIRST HORIZON NAT CORP	41.4	-51.3	-0.50	-4.79	8.88	9.83	11.10	No
44	MIZUHO AMERS LLC	39.9	-23.0	-0.23	-2.30	18.65	18.65	18.66	No
45	CIBC BC USA	37.6	1.8	0.02	0.10	13.93	13.93	14.36	No
46	EAST WEST BC	37.2	84.9	0.91	8.84	11.43	11.43	12.94	No
47	RAYMOND JAMES FNCL	36.1	117.9	1.31	8.28	22.33	22.33	23.28	No
48	FIRST CITIZENS BSHRS	34.5	54.4	0.63	6.53	12.88	12.88	14.21	No
49	BOK FC	32.4	72.5	0.90	8.30	12.05	12.05	13.54	No
50	CULLEN/FROST BKR	31.8	100.5	1.26	12.19	12.42	13.16	15.15	No
TOTALS*	TOP 50	16,685.2	-6,116.6	-0.15	-1.33	12.34	13.86	16.27	
TOTALS*	ALL INSTITUTIONS (BHCS AND BANKS)	20,406.1	1,091.0	0.02	0.19	12.43	13.73	15.93	

*For the industry net income and capital adequacy ratios, we sum the numerator and denominator across individual firms and then compute ratios.

Notes and Caveats

Methodology

The data used to construct the statistics in this report are drawn from the quarterly Consolidated Financial Statements for Bank Holding Companies (FR Y-9C), and Consolidated Reports of Condition and Income for commercial banks (FFIEC 031 and 041). Reported statistics are defined in a time-consistent way across reporting form vintages.

To calculate the "all institutions" quarterly series, we aggregate the data for top-tier holding companies, including US bank holding companies (BHCs), Intermediate Holding Company (IHC) subsidiaries of foreign banking organizations,[3] commercial banks owned by BHCs that are too small to file Y-9C reports (the current reporting threshold is $1bn of total assets), and unaffiliated (stand-alone) commercial banks not owned by a BHC. We identify "top-tier" BHCs or IHCs (i.e. the U.S. parent entity) via the National Information Center (NIC, http://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx), which provides data on firm attributes and structure. We identify commercial banks that are standalone firms or are owned by small BHCs by identifying all US commercial banks whose high holder does not submit a FR Y-9C report.

Separate statistics are also reported for the subset of BHCs with greater than $500 billion in total assets, for the subset of BHCs or IHCs[4] with $50 - $500 billion in total assets, and for the remainder of the industry. In 2017:Q2, 38 BHCs or IHCs and one nonmember bank exceed $50 billion in total assets, and 6 BHCs exceed the $500 billion threshold: JPMorgan Chase, Bank of America, Citigroup, Wells Fargo, Goldman Sachs, and Morgan Stanley. For consistency, time-series graphs for the "> $500bn" and $50-$500bn" groups represent available historical values for these two sets of firms. Statistics for most firms with more than $50 billion in total assets are prepared on a pro forma (merger-adjusted) basis; specifically, on the basis that all BHCs acquired by each of these firms over the sample period with US regulatory filings are part of the consolidated BHC from the start of the historical time period. Data values of acquired BHCs are then summed with acquirer data in the period before the acquisition. Merger events are identified using the NIC transformations table maintained by the Federal Reserve Board of Governors. CIT Group and First Republic Bank are the only entities with >$50bn in assets not adjusted using the pro forma methodology. After constructing the pro forma series for each firm, we aggregate the data to create the "BHCs > $500bn" and the "BHCs $50-$500bn" series. Finally, the "all other banks and BHCs"

[3] The term "foreign-banking organization" generally refers to a foreign bank that (1) operates a branch, agency, or commercial lending company subsidiary in the United States; (2) controls a bank in the United States; or (3) controls an Edge corporation acquired after March 5, 1987. The term also includes any company of which such a foreign bank is a subsidiary. *See* 12 C.F.R. § 211.11(o).

[4] This subset also includes one nonmember bank, First Republic Bank, which had $81.0 billion in assets in 2017:Q2.

quarterly series is constructed by subtracting the “BHCs > $500bn” and “BHCs $50-$500bn” series from the “all institutions” series.

Caveats and Limitations

Statistics in this report are presented “as is,” based on calculations conducted by Federal Reserve Bank of New York research staff. While significant efforts have been made to ensure accuracy, the statistics presented here may be subject to future revision, for example because of changes or improvements in the “pro forma” methodology used to calculate statistics for industry subgroups.

We highlight a number of important limitations of the statistics presented here:

- Statistics exclude financial firms that are not either commercial banks or part of a commercial bank holding company or IHC. This creates discontinuities in the time-series graphs when nonbanking firms are acquired or sold by banks or BHCs, or when firms switch to or from a bank or BHC charter. For example, in 2009:Q1, Goldman Sachs, Morgan Stanley, Ally Financial, and American Express each began filing a FR Y-9C due to the conversion of each of these firms to a commercial banking holding company charter. This largely accounts for the sharp 13% increase in total measured industry assets in 2009:Q1, and a corresponding discontinuous upward shift in the industry asset growth rate during 2009. Similarly, four large IHCs enter the data sample in 2016:Q3 (Credit Suisse Holdings, Deutsche Bank USA, UBS Americas, and Barclays US) and other firms consolidate nonbanking assets under their designated IHC over the course of 2016. This causes industry assets to rise by approximately 4% in 2016:Q3, and has smaller effects on industry assets in earlier quarters.

- For the same reason, only 4 of the 6 BHCs in the BHCs > $500bn group (described in the methodology section on the previous page) exist in the data for the entire sample period (1991:Q1 to 2016:Q2): JPMorgan Chase, Bank of America, Wells Fargo, and Citigroup. Goldman Sachs and Morgan Stanley enter the sample in 2009:Q1.

- Flow variables in bank and BHC regulatory filings are reported on a year-to-date basis. Quarterly flow variables are derived by “quarterizing” the data, that is, by subtracting the variable at time t-1 from the variable at time t for Q2, Q3, and Q4 of each calendar year. This quarterization procedure can create discontinuities when a bank or BHC enters the sample any time other than in Q1. To account for this, we average the value of flow variables for mid-year entrants using up to four subsequent consecutive quarters of data to generate a usable data point for the quarter of entry. If an institution is in the sample for only one quarter, we drop the flow variables from the firm’s quarter of entry from the sample.

- Due to data limitations, industry statistics exclude nonbank subsidiaries of small BHCs that do not file a FR Y-9C (currently the FR Y-9C is filed only by firms with $1bn in total assets, although this reporting threshold has changed over time). The effect of this exclusion on industry statistics is expected to be minor, however, since small BHCs generally do not have large nonbank subsidiaries.

- As part of the transition to the Basel III capital framework, during 2014, advanced approaches holding companies commenced filing Part 1.B of schedule HC-R of the Y-9C, and no longer filed Part 1.A of this schedule. (Part 1.A of schedule HC-R was still filed by non-advanced-approaches firms). One consequence of this reporting change was that advanced approaches firms no longer reported the components used to calculate tier 1 common equity, and instead reported common equity tier 1 (CET1). The change in reporting also affected other capitalization measures such as tier 1 capital. This report presents capital ratios that combine the capital reported by firms in Part 1.A and Part 1.B during 2014. It does not attempt to adjust measured capital ratios to account for the methodological differences between these two measures. Beginning in 2015:Q1, all remaining firms began reporting regulatory capital under the Basel III framework. Consequently, Part 1.A of the schedule HC-R has now been retired, and Part 1.B of this schedule has been renamed as Part 1.

  In addition, in 2015:Q1 firms commenced reporting risk weighted assets according to Basel III definitions rather than Basel I definitions.

  The relevant figures presented in this report represent a combination of Basel I and Basel III capital and risk weighted asset measures, depending on which measure is available for each firm at each point in time. No attempt is made to adjust these measures for comparability. As a result, these series are subject to structural breaks due to the changes in reporting definitions described above. This for example accounts for the sharp increase in the ratio of risk weighted assets to total assets observed in 2015:Q1.

- The implementation of the Basel II.5 US market risk rule in 2013:Q1 affects the measurement of risk-weighted assets beginning in that quarter.

Data Notes

1. The definition of tier 1 common equity for BHCs used for this report is: tier 1 common equity = tier 1 capital – perpetual preferred stock and related surplus + nonqualifying perpetual preferred stock – qualifying Class A noncontrolling (minority) interests in consolidated subsidiaries – qualifying restricted core capital elements (other than cumulative perpetual preferred stock) – qualifying

mandatory convertible preferred securities of internationally active bank holding companies. The definition of tier 1 common equity for banks is: tier 1 common equity = tier 1 capital – perpetual preferred stock and related surplus + nonqualifying perpetual preferred stock – qualifying noncontrolling (minority) interests in consolidated subsidiaries.

2. Some FR Y-9C and call report filers deemed to be non-typical of the US commercial banking industry are excluded from the historical data sample used to construct the Quarterly Trends report, including ICE Trust U.S. LLC, The Depository Trust Company, and UBS Bank USA. Starting with the 2017:Q2 report, three additional organizations, Taunus Corporation, John Hancock and MetLife Inc. were added to the set of organizations excluded from the data sample.

3. In the first quarter of 2010, banking organizations were required to transfer certain off-balance sheet items onto their balance sheets under FASB 166 and 167. These guidelines substantially affected loan balances, as large amounts of securitized loans were transferred onto bank balance sheets for accounting purposes. This accounting change caused an increase in year-over-year growth rates of loans and total assets during this period.