



Q2 2017 Loan Growth Trends: Large Banks Outpace Medium, Community Institutions

Banks completed their Q2 call report filings last week and we wanted to take a look at how banks of various sizes and geographies grew their loan holdings last quarter. We used Trepp Bank Navigator to aggregate the numbers and we excluded banks with assets greater than \$500 billion.

The growth figures we measured were for the following loans:

- Construction
- Multifamily
- Commercial mortgages
- CRE growth in total
- Overall loan growth

We've broken out those numbers by bank size (large, medium, and community) and by region (Northeast, Midwest, South, and West).

Overall, large banks have been growing their loan books at a faster rate than medium and community banks. In Q2, large banks increased their portfolios by 2.56%. That compared with jumps of 0.70% for medium-sized banks and 1.39% for community banks.

In the commercial mortgage category, medium-sized banks outperformed their peers. Medium-sized banks grew their commercial mortgage holdings by 3.27%, compared with 1.39% for large banks and 0.96% for community banks. Regionally, medium-sized banks in the South and West produced the quickest growth rates. Community banks in the Midwest enjoyed the largest percentage growth of any asset size in that region, while the larger banks grew at the fastest rate in the Northeast.

In our estimation, the multifamily segment seemed to resemble a Little League awards ceremony: every size of bank got some sort of trophy. In the West and Northeast, medium-sized banks produced the fastest growth with 7.32% and 1.83%, respectively. In the Midwest,

community banks saw their multifamily portfolios grow fastest at 2.77%. The large banks dominated in the South, growing 4.65% last quarter. Across the entire US, medium-sized banks boasted the fastest multifamily growth with 2.21%. Trailing that class were large banks with 2.0%, and community banks with 1.24%. Two segments actually lost ground: medium-sized banks in the South (-2.35%) and community banks in the West (-1.62%).

Medium-sized banks did very well in the construction space as well, growing almost 6% last quarter. They were followed (at a distance) by large banks (1.06%) and community banks (0.16%). Medium-sized banks did well in the South and the West, growing 7.01% and 8.0%, respectively in those areas. In those same regions, loan books for community banks contracted in the second quarter.

For a more detailed breakdown of Q2 loan growth rates for large, medium, and community banks, check out our graphs on page 2.

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About Trepp

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The information provided is based on information generally available to the public from sources believed to be reliable.

Asset Sizes: Large (\$30 Billion to \$500 Billion), Medium (\$5 Billion to \$30 Billion), Community (\$5 Billion and below)

Methodology: Industry-Level Loan Growth is calculated as (SUM of Current Quarter Loan Outstandings of All Banks reported) / (Sum of Prior Quarter Loan Outstandings of All Banks reported) - 1.

LOAN GROWTH BY REGION

ALL REGIONS					
Bank Size	Construction Growth (%)	Multifamily Growth (%)	Commercial Mortgage Growth (%)	CRE Growth (%)	Total Loan Growth (%)
Large	1.06%	2.00%	1.39%	1.47%	2.56%
Medium	5.91%	2.21%	3.27%	3.47%	0.70%
Community	0.16%	1.24%	0.96%	0.86%	1.39%
Grand Total	1.90%	1.83%	1.66%	1.73%	1.89%

NORTHEAST					
Bank Size	Construction Growth (%)	Multifamily Growth (%)	Commercial Mortgage Growth (%)	CRE Growth (%)	Total Loan Growth (%)
Large	3.61%	0.82%	2.95%	2.24%	2.74%
Medium	3.46%	1.83%	2.39%	2.26%	2.17%
Community	1.26%	1.18%	2.09%	1.79%	1.79%
Grand Total	2.59%	1.24%	2.44%	2.08%	2.30%

MIDWEST					
Bank Size	Construction Growth (%)	Multifamily Growth (%)	Commercial Mortgage Growth (%)	CRE Growth (%)	Total Loan Growth (%)
Large	0.03%	-2.94%	-1.12%	-1.06%	1.11%
Medium	1.83%	1.44%	1.78%	1.74%	2.33%
Community	1.31%	2.77%	2.50%	2.35%	2.43%
Grand Total	0.96%	1.18%	1.48%	1.34%	1.83%

SOUTH					
Bank Size	Construction Growth (%)	Multifamily Growth (%)	Commercial Mortgage Growth (%)	CRE Growth (%)	Total Loan Growth (%)
Large	0.42%	4.65%	1.62%	1.91%	3.28%
Medium	7.01%	-2.35%	3.60%	3.74%	-1.50%
Community	-0.55%	1.13%	-0.07%	-0.09%	0.52%
Grand Total	1.88%	2.25%	1.45%	1.63%	1.88%

WEST					
Bank Size	Construction Growth (%)	Multifamily Growth (%)	Commercial Mortgage Growth (%)	CRE Growth (%)	Total Loan Growth (%)
Large	1.96%	2.40%	1.39%	1.65%	2.15%
Medium	8.00%	7.32%	4.65%	5.67%	1.14%
Community	-1.22%	-1.62%	-0.96%	-1.08%	0.19%
Grand Total	2.87%	3.20%	1.48%	1.96%	1.57%

Source: Trepp Bank Navigator