

# Banking Brief

## RESEARCH DEPARTMENT

**Third Quarter 2025 Highlights**

## Summary Table of Bank Structure and Conditions

	Community Banking Organizations							Large Organizations						
	Nation			Tristate				Nation			Large			
	\$ Bill	% Change From		\$ Bill	% Change From			\$ Bill	% Change From		\$ Bill	% Change From		
	25Q3	25Q2	24Q3	25Q3	25Q2	24Q3		25Q3	25Q2	24Q3	25Q3	25Q2	24Q3	
Total Assets	3,161.0	7.29	4.19	206.8	8.20	4.35	Total Assets	19,163.6	1.40	1.46				
Total Loans	2,195.4	5.63	4.88	151.8	5.41	4.05	Total Loans	9,222.3	5.04	1.33				
C&I	310.7	1.17	3.73	17.1	0.36	3.04	C&I	1,878.2	-2.23	-8.02				
Real Estate	1,667.2	5.93	5.16	121.1	6.10	4.19	Real Estate	3,793.7	0.75	-0.60				
Consumer	85.7	6.87	-0.11	7.4	-6.55	0.41	Consumer	1,129.8	4.67	-20.61				
Total Deposits	2,672.5	7.27	5.08	172.2	7.20	5.26	Total Deposits	14,850.6	0.79	0.95				
<b>Ratios (in %)</b>	<b>25Q3</b>	<b>25Q2</b>	<b>24Q3</b>	<b>25Q3</b>	<b>25Q2</b>	<b>24Q3</b>	<b>Ratios (in %)</b>	<b>25Q3</b>	<b>25Q2</b>	<b>24Q3</b>				
Net Income/Avg Assets (ROAA)	1.13	1.09	1.01	1.05	0.99	0.94	Net Income/Avg Assets (ROA)	1.15	1.12	0.99				
Net Interest Inc/Avg Assets (NIM)	3.41	3.33	3.15	3.15	3.07	2.96	Net Interest Inc/Avg Assets	2.59	2.62	2.70				
Noninterest Inc/Avg Assets	0.85	0.82	0.78	1.08	1.06	0.98	Noninterest Inc/Avg Assets	1.29	1.28	1.22				
Noninterest Exp/Avg Assets	2.65	2.62	2.53	2.70	2.70	2.64	Noninterest Exp/Avg Assets	2.14	2.17	2.37				
Loans/Deposits	82.15	82.46	82.30	88.16	88.54	89.20	Loans/Deposits	62.10	61.46	61.87				
Equity/Assets	10.67	10.45	10.29	10.91	10.85	10.69	Equity/Assets	10.05	9.94	10.08				
Nonperforming Loans/Total Loans	0.81	0.79	0.72	0.80	0.85	1.10	Nonperforming Loans/Total	0.88	0.89	0.93				

**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, 2024, 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, 2024. The *tristate area* consists of Pennsylvania, New Jersey, and Delaware. *Small U.S. banks* are defined as those based inside or outside the tristate area that were not in the top 100 in assets as of December 31, 2024, including assets of only their commercial bank subsidiaries. The sample includes 89 small tristate banks, 3,373 small U.S. banks, and 100 large U.S. banks. NOTE: The data for community banks in both the nation and tristate exclude Lakeland Bank, a sizable community bank in New Jersey that was acquired by a thrift in the second quarter of 2024 because its acquisition materially affected the numbers in a misleading way. Lakeland is also excluded from all charts below.

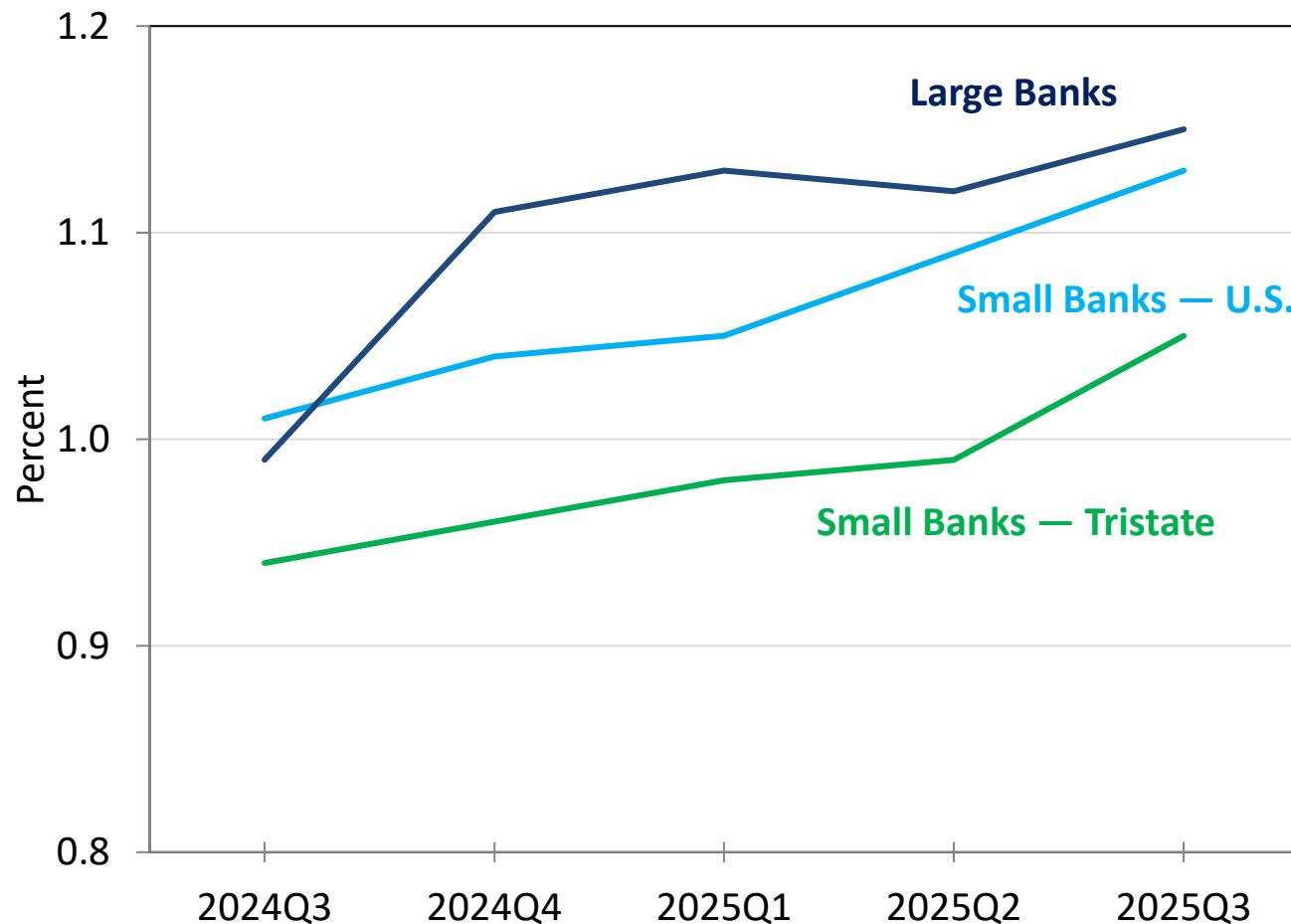
## Recent Trends in Tristate and U.S. Banking Markets

Year over year, return on average assets (ROAA) increased at large banks, local banks, and community banks. Quarterly net income also ticked up across all three types of banks, though the increase was most pronounced at local banks. Continuing the trend from the previous quarter, net interest margins weakened at large banks but remained strong at local and community banks. Loan growth at local banks increased this quarter, with a growth rate approaching the strong growth at community banks around the country. Loan growth at large banks ticked up from last quarter but is slightly below the growth rate this time last year. Overall lending growth at local banks was driven by strong commercial real estate (CRE) lending, particularly multifamily lending, as well as steady, strong lending growth for commercial and industrial (C&I) loans. Small banks locally and around the nation continued to show strong growth in CRE loans, while CRE lending growth at large banks remained negative for the fourth consecutive quarter. Among large banks, lending to nonbank financial institutions (NBFI) was a key source of growth. This lending category captures loans to mortgage credit intermediaries, private equity funds, and other nondepository financial institutions. Loan quality at local banks increased largely because of improvements in construction loans.

## CHART 1

**Profitability Improved for All Bank Categories**

Return on average assets

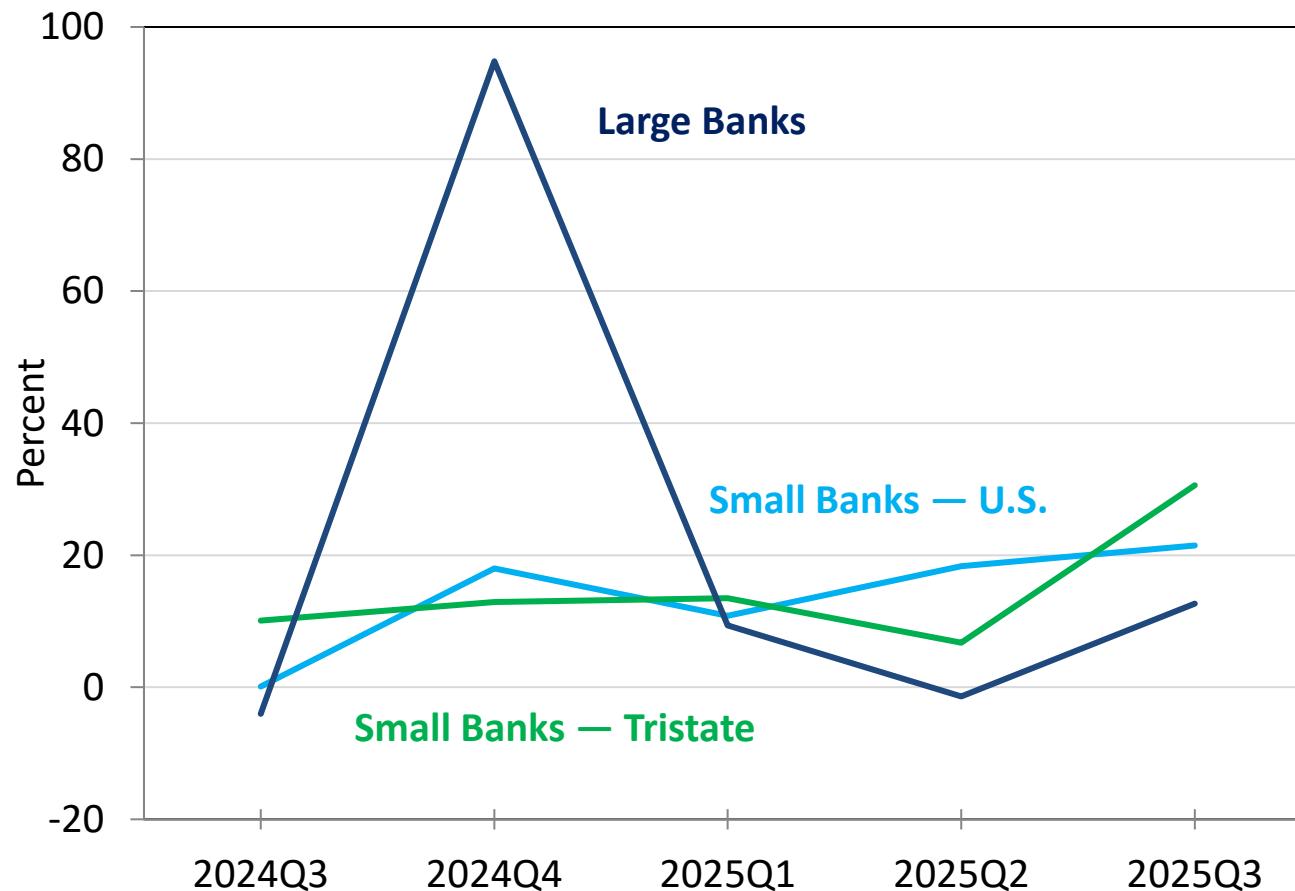


Return on average assets (ROAA) is annual net income divided by average assets. Annual net income is the sum of quarterly net income in the current quarter plus that of the three previous quarters. Average assets are the average of total assets in each of the last five quarters, including the current quarter.

CHART 2

## Quarterly Net Income Ticks Up in All Bank Categories

Annual growth of quarterly net income

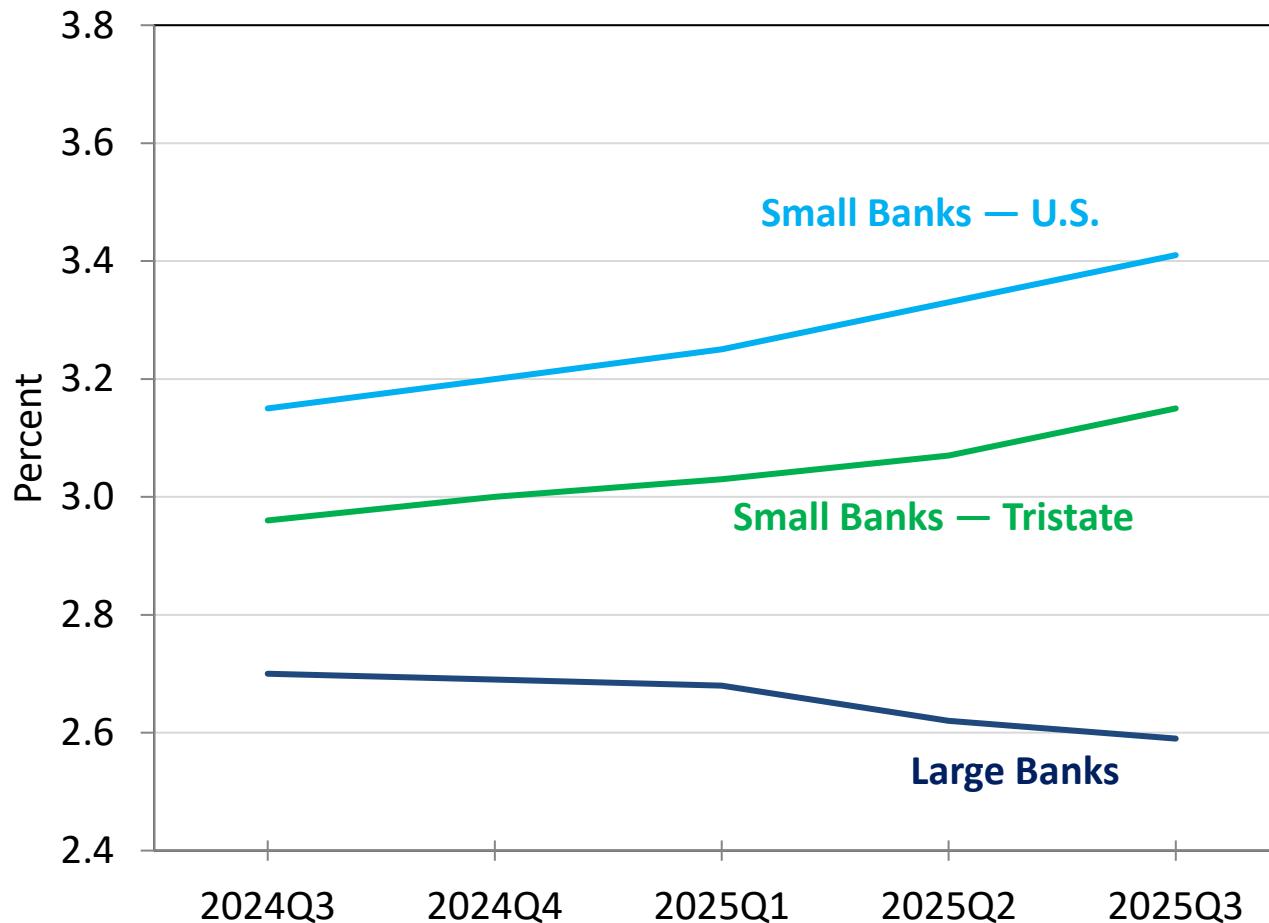


The percentage change in quarterly net income in the current quarter from the same quarter in the previous year. Quarterly net income is net income as reported in the quarter only.

## CHART 3

**Net Interest Margins Increase at Community Banks, Tick Down at Large Banks**

Net interest margin

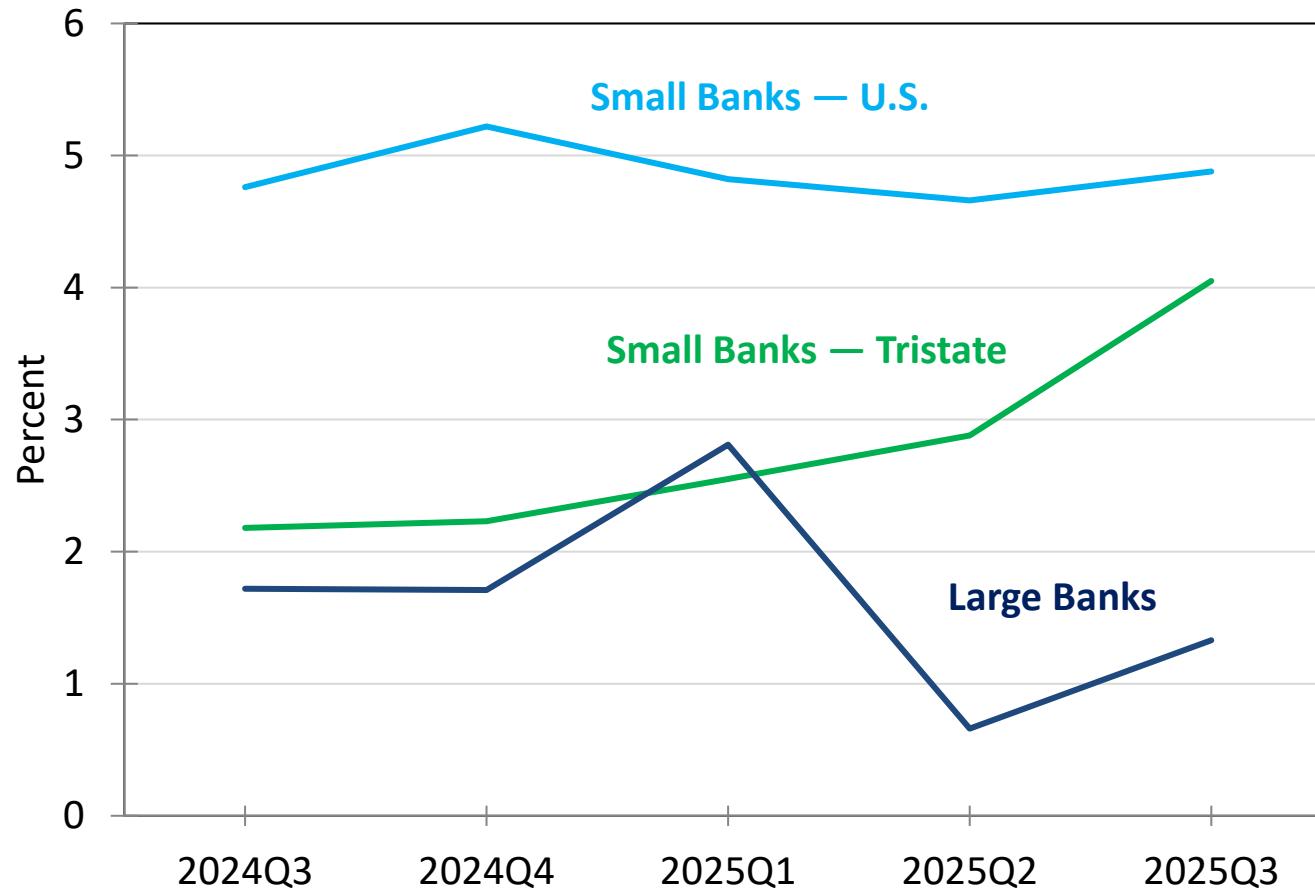


Net interest margin is the ratio of net interest income to average assets. Net interest income is defined as total interest income minus total interest expense.

CHART 4

## Loan Growth Increased at Local Banks, Improved at Large Banks

Annual growth of total loans

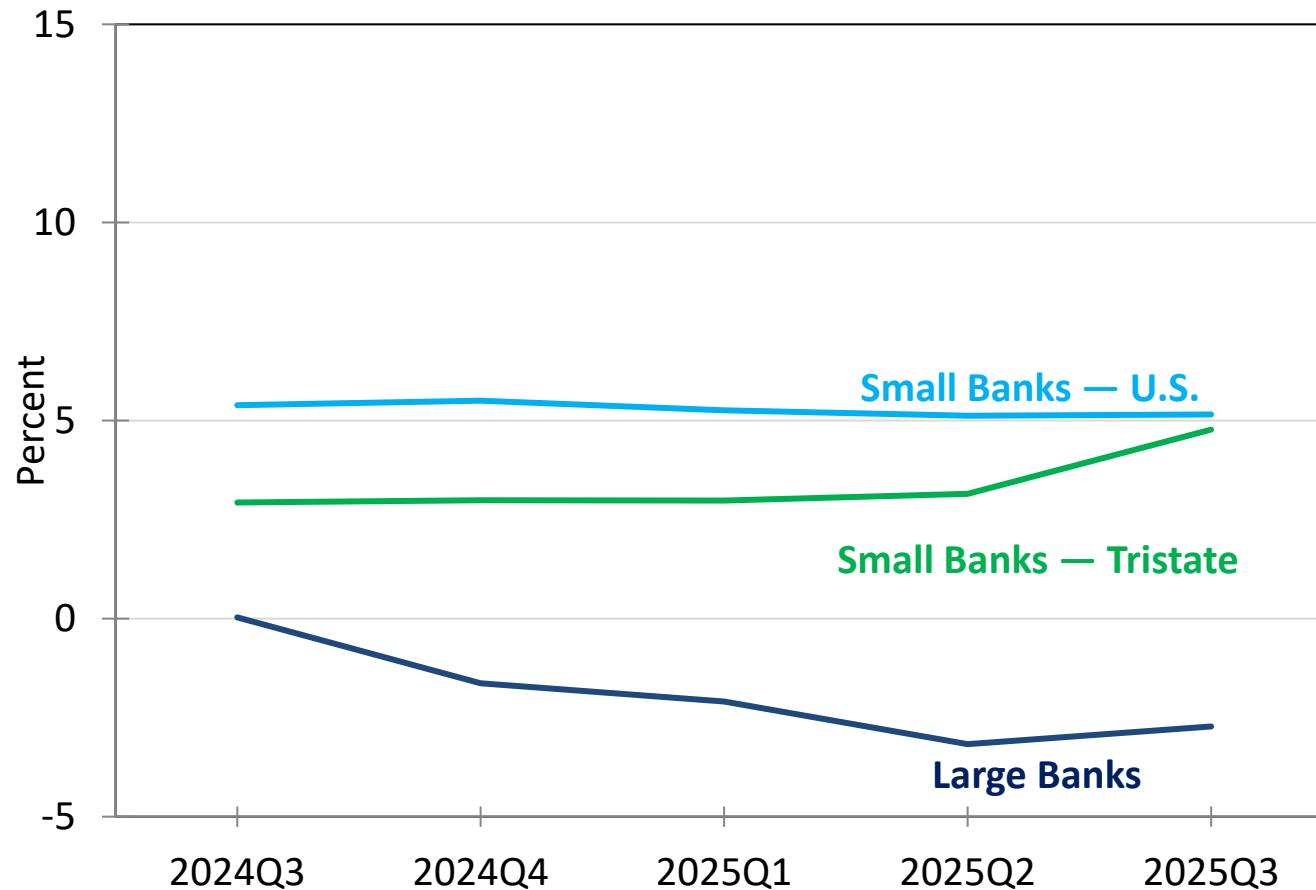


The percentage change in total loans and leases (net of unearned income) in the current quarter from the same quarter in the previous year.

CHART 5

## Growth of CRE Loans Is Stable at Community Banks, Remains Negative at Large Banks

Annual growth of commercial real estate loans

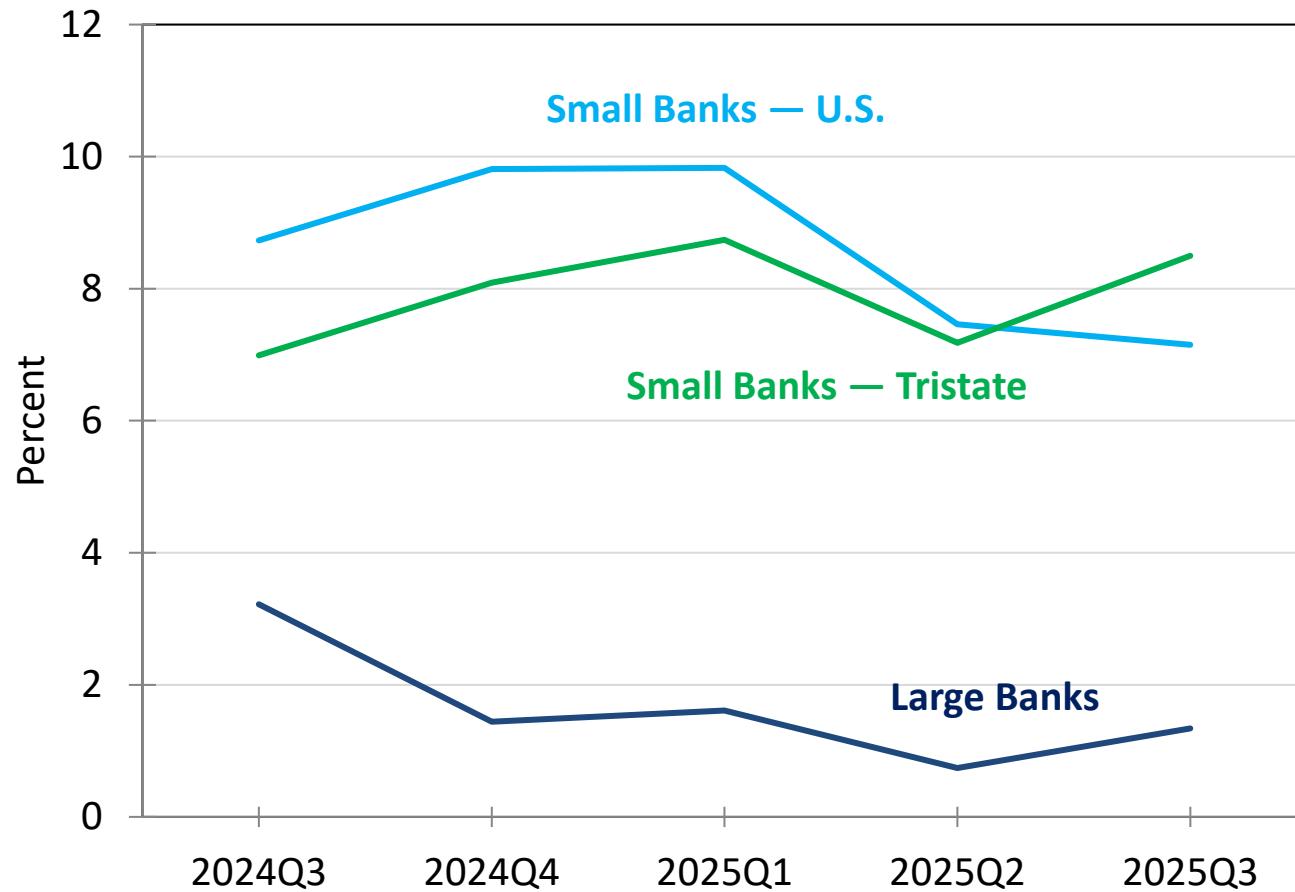


The percentage change in commercial real estate (CRE) loans in the current quarter from the same quarter in the previous year. CRE loans are the sum of all construction loans, loans secured by multifamily properties, and loans secured by nonfarm, nonresidential properties.

CHART 6

## Loans Secured by Multifamily Properties Tick Up at Local and Large Banks

Annual growth of loans secured by multifamily properties

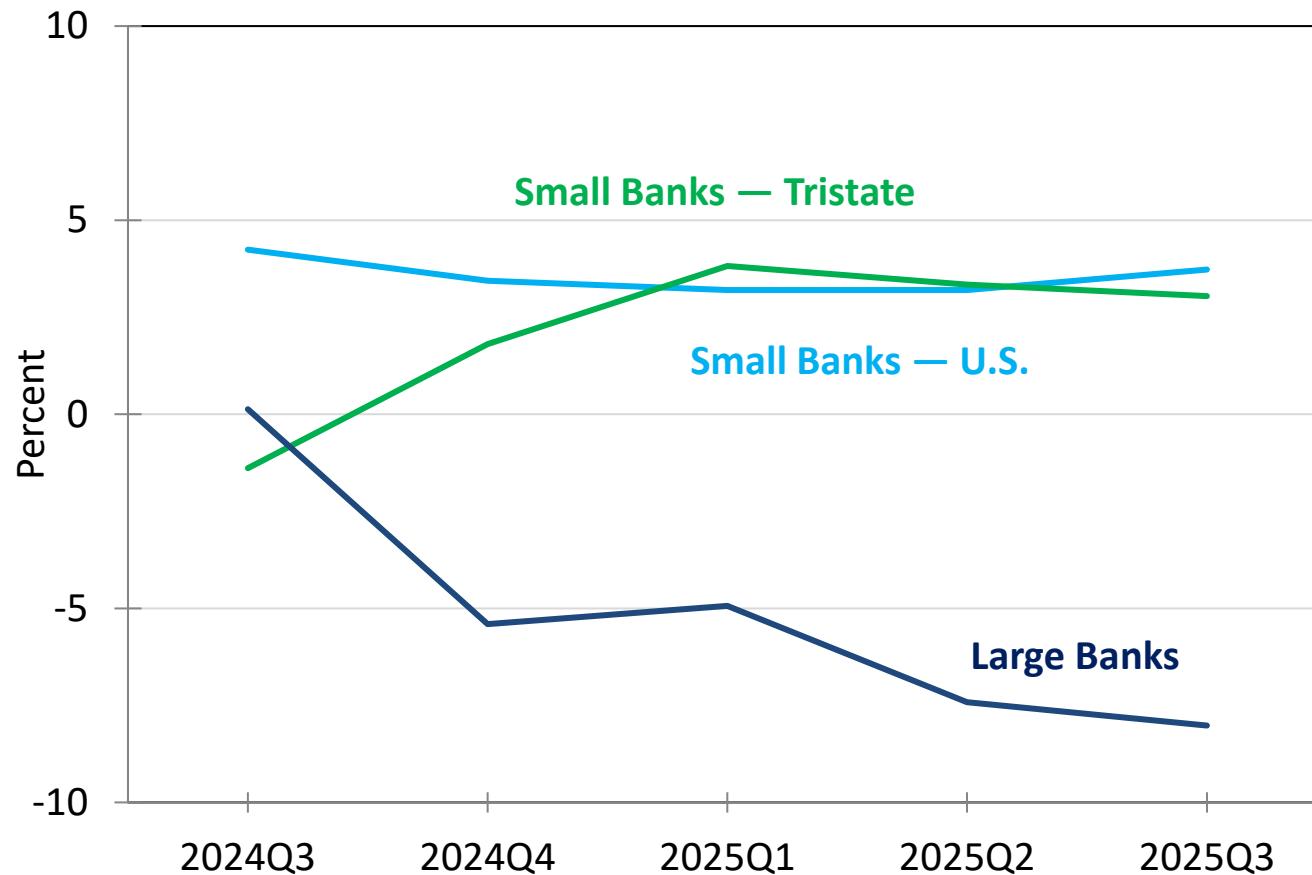


The percentage change in loans secured by multifamily properties in the current quarter from the same quarter in the previous year.

CHART 7

## Commercial and Industrial Lending Steady at Community Banks

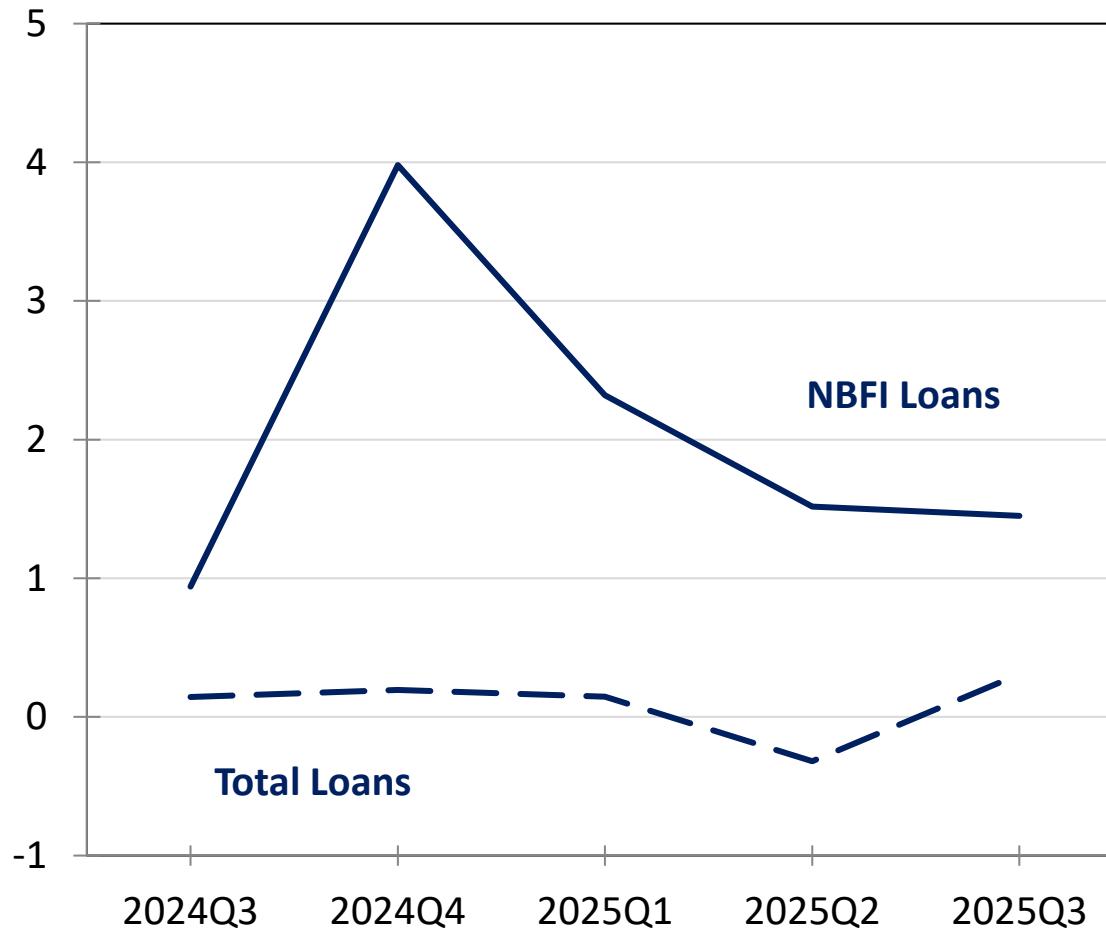
Annual growth of commercial and industrial loans



The percentage change in commercial and industrial loans (C&I loans, both domestic and foreign) in the current quarter from the same quarter in the previous year.

CHART 8

## Annualized Quarterly Growth of Loans to Nonbank Financial Institutions (NBFI) by Large Banks Percent

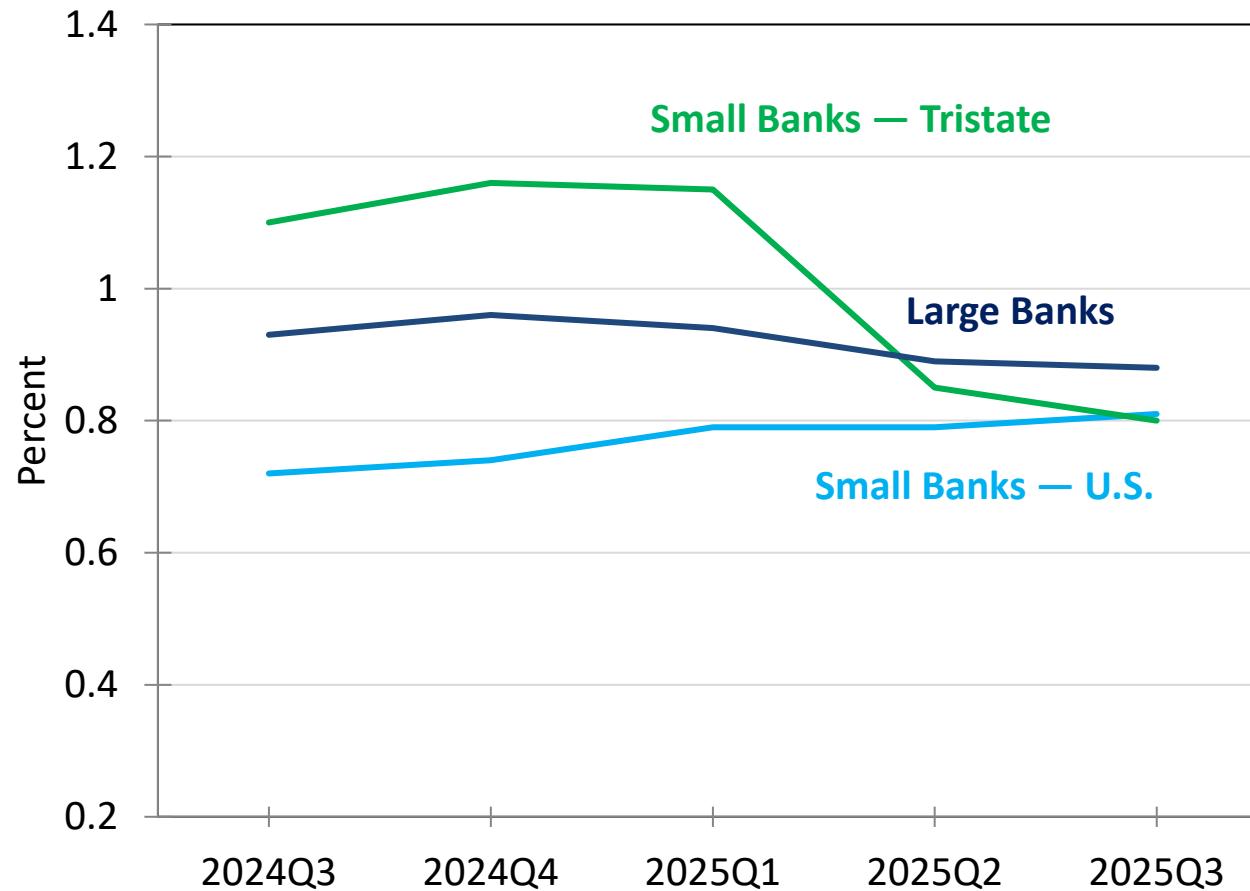


The annualized quarterly growth rate percentage in NBFI lending. Beginning in 2024Q4, banks were required to categorize a wider array of loans as NBFI loans. Some of these loans were previously categorized as Commercial and Industrial (C&I) loans; their reclassification somewhat contributing to the negative growth rate in C&I lending for large banks.

## CHART 9

**Loan Quality Improves at Local Banks Compared with Last Year**

Nonperforming loans as a share of total loans

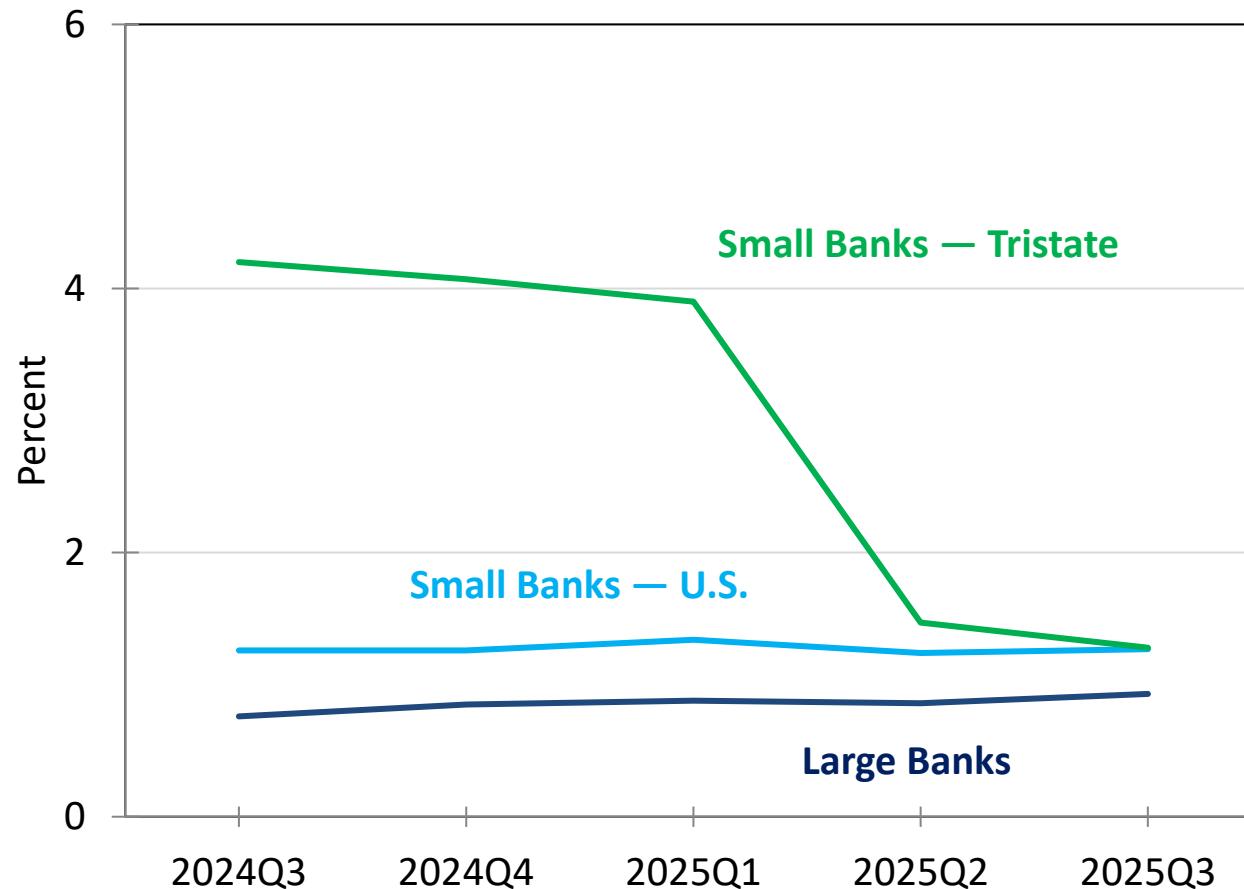


The ratio of nonperforming loans to total loans and leases. Nonperforming loans are the sum of loans past due 90 days or more and nonaccruing loans.

CHART 10

## Commercial and Industrial Loans Drive Quality Improvement at Local Banks

Commercial and industrial nonperforming loan ratio



The ratio of nonperforming commercial and industrial (C&I) loans to total C&I loans. Nonperforming C&I loans are the sum of loans past due 90 days or more and nonaccruing loans.

Questions and comments may be directed to Benjamin Lester at [benjamin.lester@phil.frb.org](mailto:benjamin.lester@phil.frb.org)

For methodology documentation and back issues, visit [www.philadelphiafed.org/the-economy/banking-and-financial-markets/banking-brief](http://www.philadelphiafed.org/the-economy/banking-and-financial-markets/banking-brief).

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