

# Banking Brief

RESEARCH DEPARTMENT

## **Fourth Quarter 2025 Highlights**

## Summary Table of Bank Structure and Conditions

	<i>Community Banking Organizations</i>						<i>Large Organizations</i>			
	<i>Nation</i>			<i>Tristate</i>			<i>Nation</i>			
	<i>\$ Bill</i>	<i>% Change From</i>		<i>\$ Bill</i>	<i>% Change From</i>		<i>\$ Bill</i>	<i>% Change From</i>		
	<b>25Q4</b>	<b>25Q3</b>	<b>24Q4</b>	<b>25Q4</b>	<b>25Q3</b>	<b>24Q4</b>	<b>25Q4</b>	<b>25Q3</b>	<b>24Q4</b>	
Total Assets	3,187.7	5.45	4.86	210.0	5.92	5.60	Total Assets	19,243.8	1.36	2.52
Total Loans	2,214.1	5.57	5.16	153.6	4.37	4.28	Total Loans	9,440.8	9.29	2.79
C&I	313.4	5.94	4.33	17.7	11.89	4.15	C&I	1,895.8	3.48	-1.65
Real Estate	1,681.0	5.60	5.33	122.4	4.27	4.32	Real Estate	3,833.2	3.22	0.58
Consumer	83.7	-7.83	-0.52	7.3	-9.49	-0.84	Consumer	1,162.9	12.09	-15.34
Total Deposits	2,694.6	5.32	4.70	174.9	6.07	6.24	Total Deposits	15,115.9	6.98	2.15
<b>Ratios (in %)</b>	<b>25Q4</b>	<b>25Q3</b>	<b>24Q4</b>	<b>25Q4</b>	<b>25Q3</b>	<b>24Q4</b>	<b>Ratios (in %)</b>	<b>25Q4</b>	<b>25Q3</b>	<b>24Q4</b>
Net Income/Avg Assets (ROAA)	1.18	1.13	1.04	1.09	1.05	0.96	Net Income/Avg Assets (ROA)	1.18	1.15	1.11
Net Interest Inc/Avg Assets (NIM)	3.48	3.41	3.21	3.22	3.15	3.00	Net Interest Inc/Avg Assets	2.58	2.59	2.69
Noninterest Inc/Avg Assets	0.86	0.85	0.81	1.08	1.08	1.02	Noninterest Inc/Avg Assets	1.30	1.29	1.26
Noninterest Exp/Avg Assets	2.68	2.65	2.57	2.74	2.70	2.68	Noninterest Exp/Avg Assets	2.12	2.15	2.24
Loans/Deposits	82.17	82.12	81.80	87.80	88.16	89.46	Loans/Deposits	62.46	62.12	62.07
Equity/Assets	10.79	10.68	10.09	10.95	10.91	10.59	Equity/Assets	10.08	10.05	10.04
Tier 1 Leverage Ratio	10.88	10.89	10.63	10.25	10.28	10.20	Tier 1 Leverage Ratio	8.77	8.83	8.88
Nonperforming Loans/Total Loans	0.84	0.82	0.74	0.86	0.80	1.16	Nonperforming Loans/Total	0.88	0.88	0.96

**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.

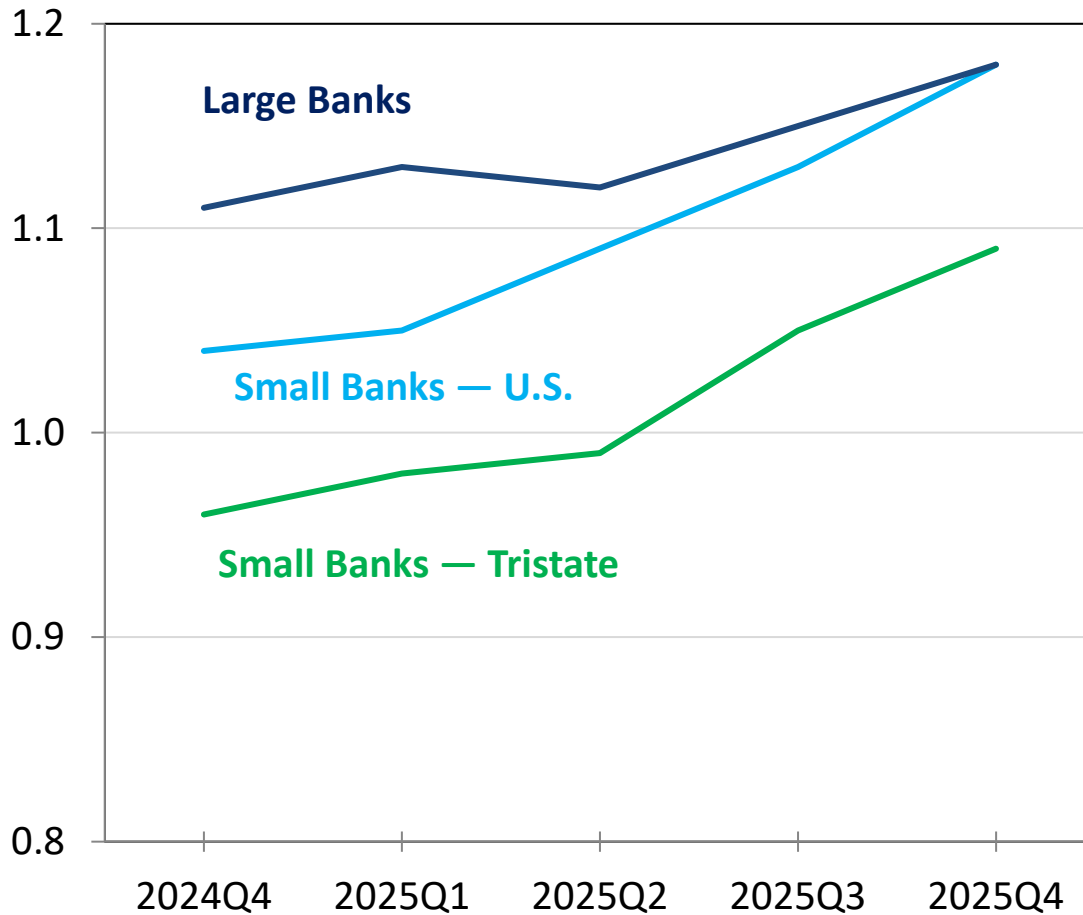
## Recent Trends in Tristate and U.S. Banking Markets

Year over year, return on average assets (ROAA) rose at large banks, local banks, and community banks. Net interest margins (NIMs) stabilized at large banks relative to last quarter, while NIMs continued to rise at local and community banks. Total asset growth ticked up at community banks, particularly local banks, and normalized at large banks after year-over-year growth dipped lower in the third quarter. Loan growth at local banks was elevated again this quarter, continuing to approach the strong growth at community banks around the country. Loan growth at large banks increased this quarter, reaching growth rates comparable to those in the first quarter this year. Overall lending growth at local banks was driven by continued strong and stable real estate lending. Small banks locally and around the nation continued to show strong growth in CRE loans, while CRE lending at large banks improved but remained negative compared with a year ago. Consumer lending growth slipped back into negative territory for community banks in the region, consistent with community banks nationwide, while growth in consumer lending at large banks remained negative. Among large banks, lending to nonbank financial institutions (NBFIs) continues to grow faster than other loan types. Loan quality for banks in all categories remained steady in the fourth quarter. The Tier 1 Leverage ratio ticked up in 2025 at community banks around the country, while it remained relatively steady at local banks and fell slightly at large banks.

CHART 1

## Strong ROAA Growth for All Bank Categories

Percent

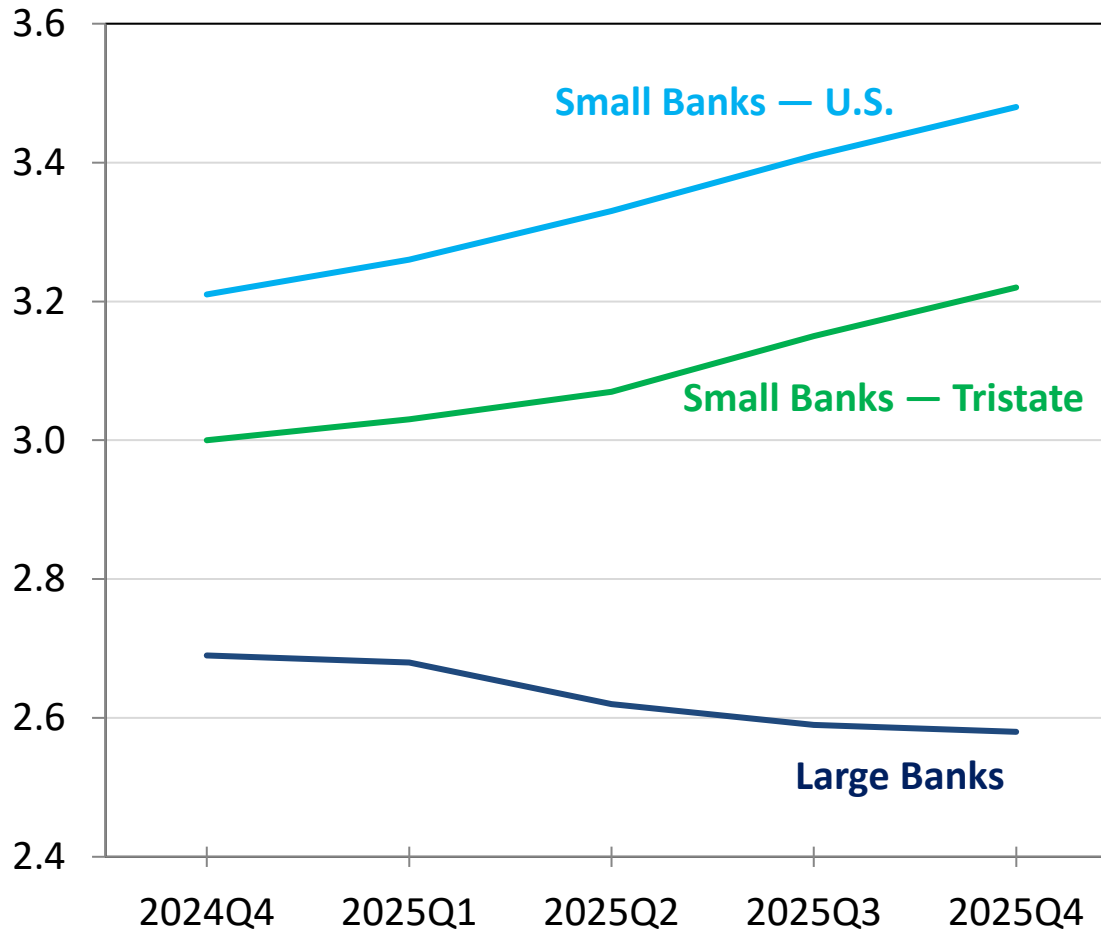


Return on average assets (ROAA) is annual net income divided by average assets. Annual net income is the sum of quarterly net income in the current quarter plus that of the three previous quarters. Average assets are the average of total assets in each of the last five quarters, including the current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

CHART 2

## NIMs Ticked Up at Community Banks, Slipped at Large Banks

Percent

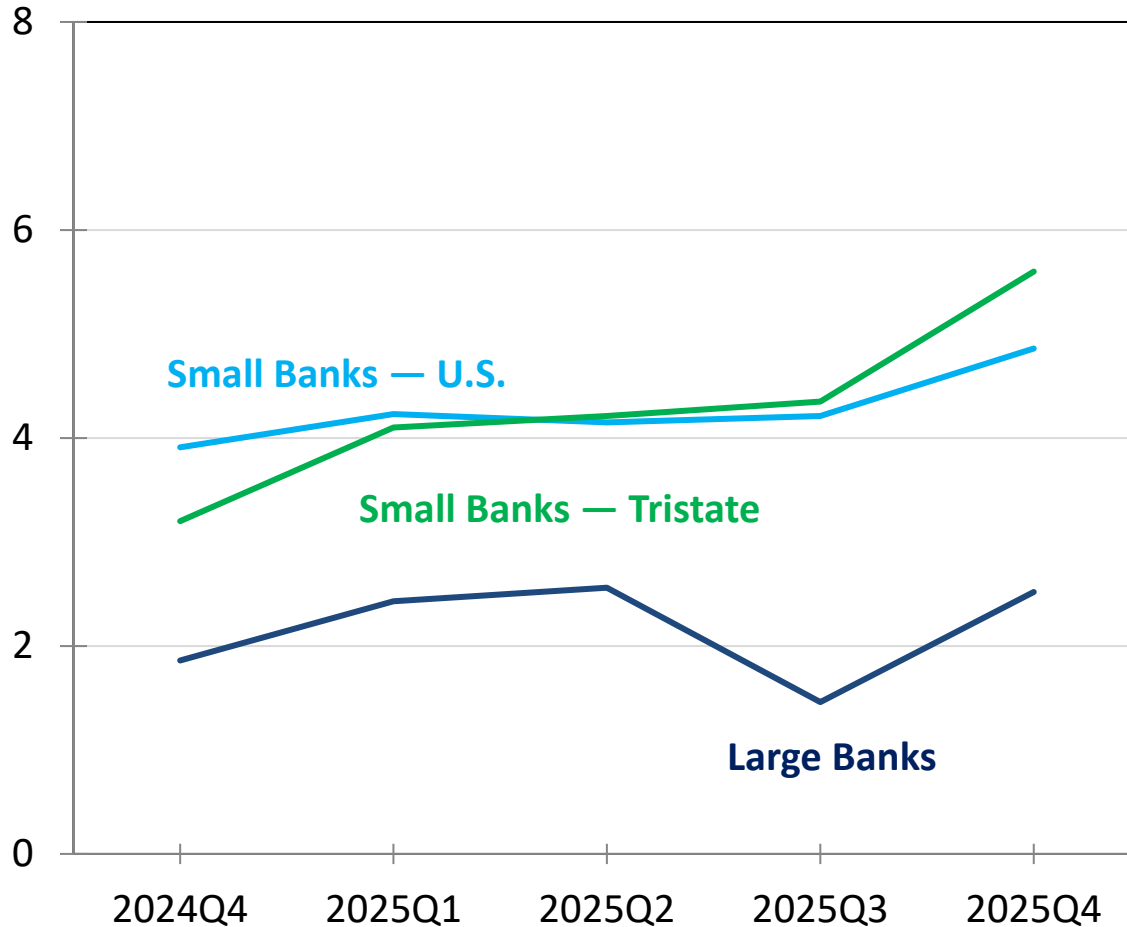


Net interest margin is the ratio of net interest income to average assets. Net interest income is defined as total interest income minus total interest expense.

CHART 3

### Total Asset Growth Improved in All Bank Categories

Percent

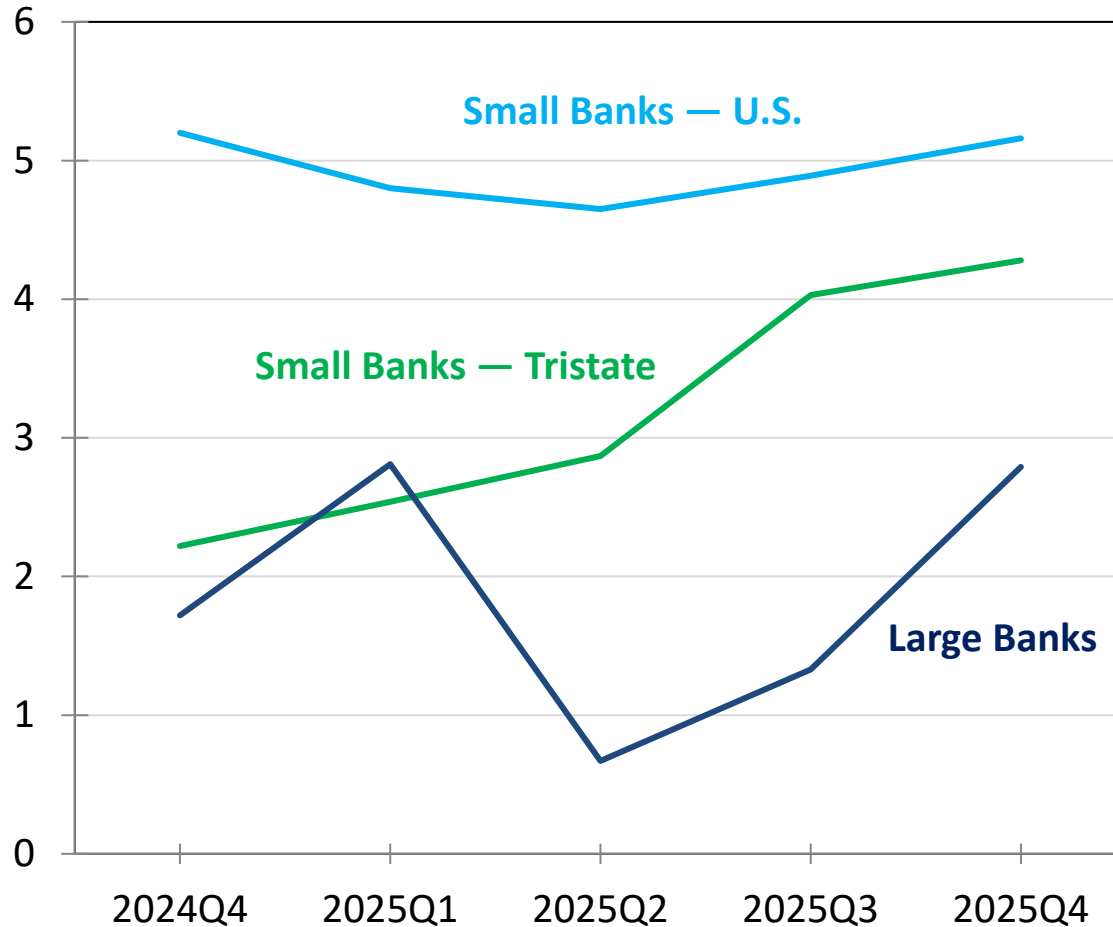


The percentage change in total assets in the current quarter from the same quarter in the previous year.

CHART 4

## Loan Growth Strong at Local Banks, Rebounding at Large Banks

Percent

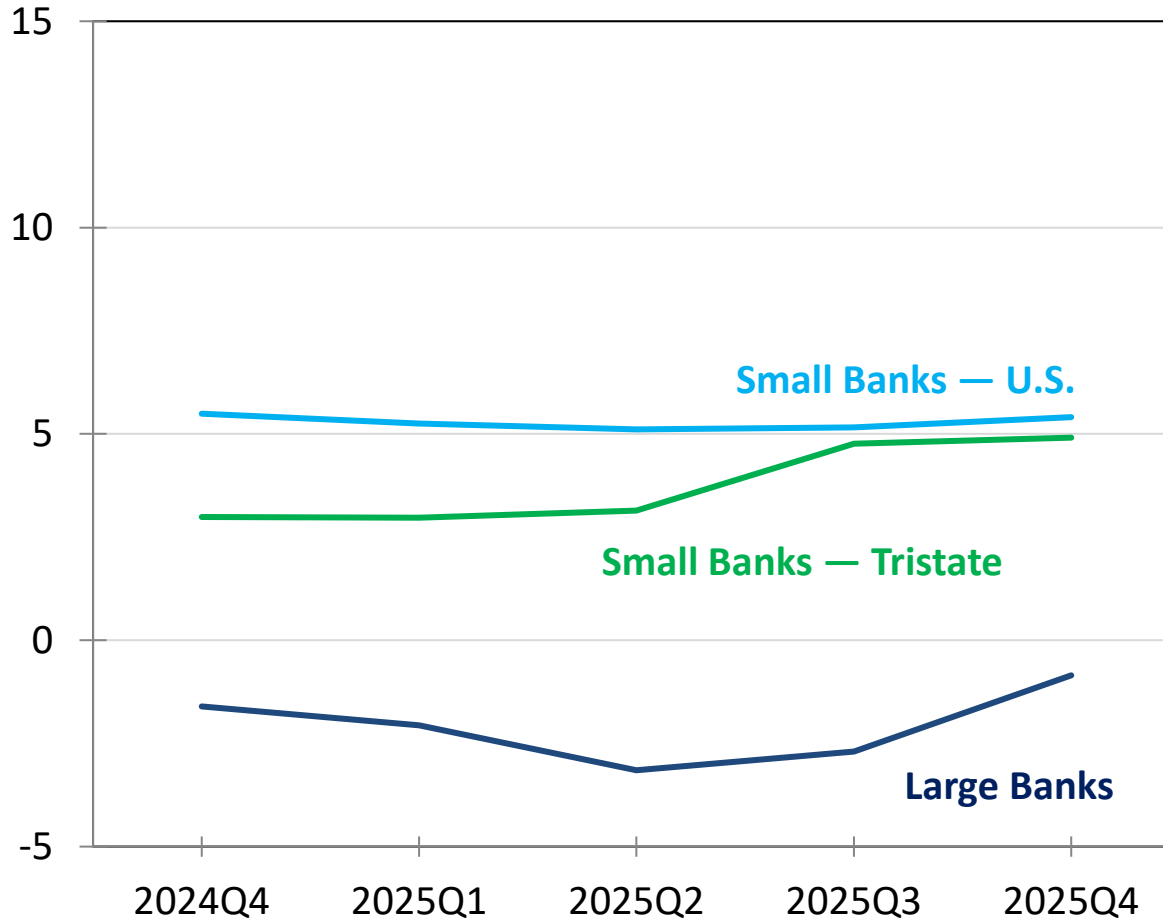


The percentage change in total loans and leases (net of unearned income) in the current quarter from the same quarter in the previous year.

CHART 5

### CRE Lending Continues to Be Strong at Community Banks, Improves at Large Banks

Percent

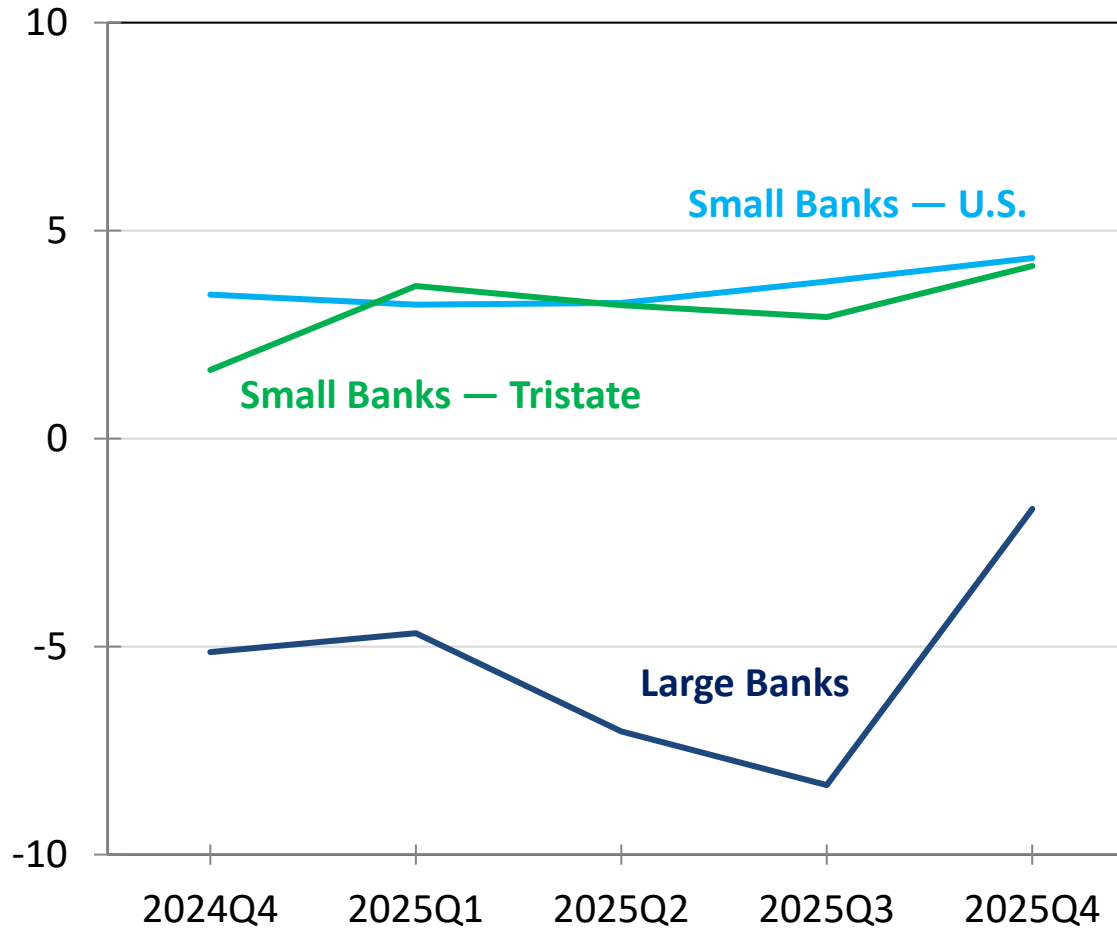


The percentage change in commercial real estate (CRE) loans in the current quarter from the same quarter in the previous year. CRE loans are the sum of all construction loans, loans secured by multifamily properties, and loans secured by nonfarm, nonresidential properties.

CHART 6

### C&I Lending Steady at Community Banks, Improves at Large Banks

Percent

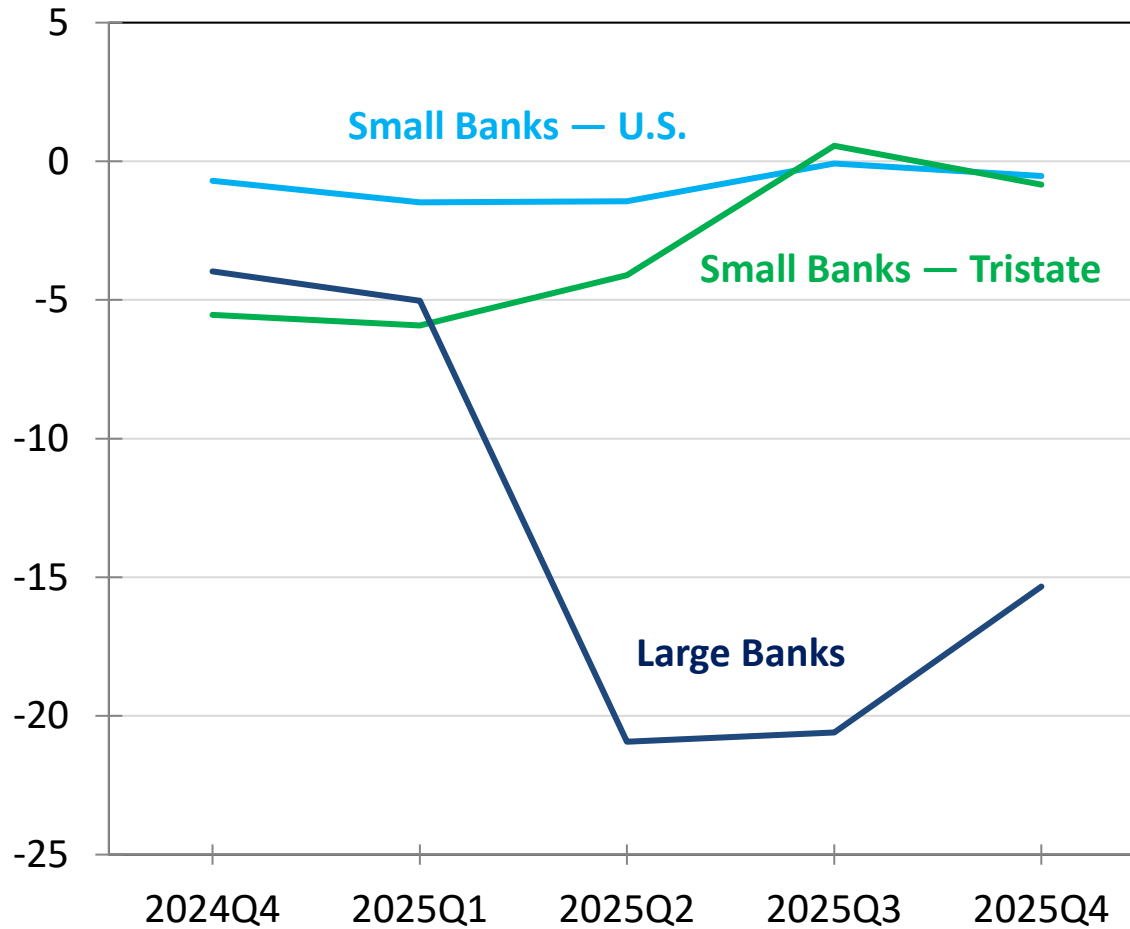


The percentage change in commercial and industrial loans (C&I loans, both domestic and foreign) in the current quarter from the same quarter in the previous year.

CHART 7

## Consumer Lending Growth Remains Negative at Community and Large Banks

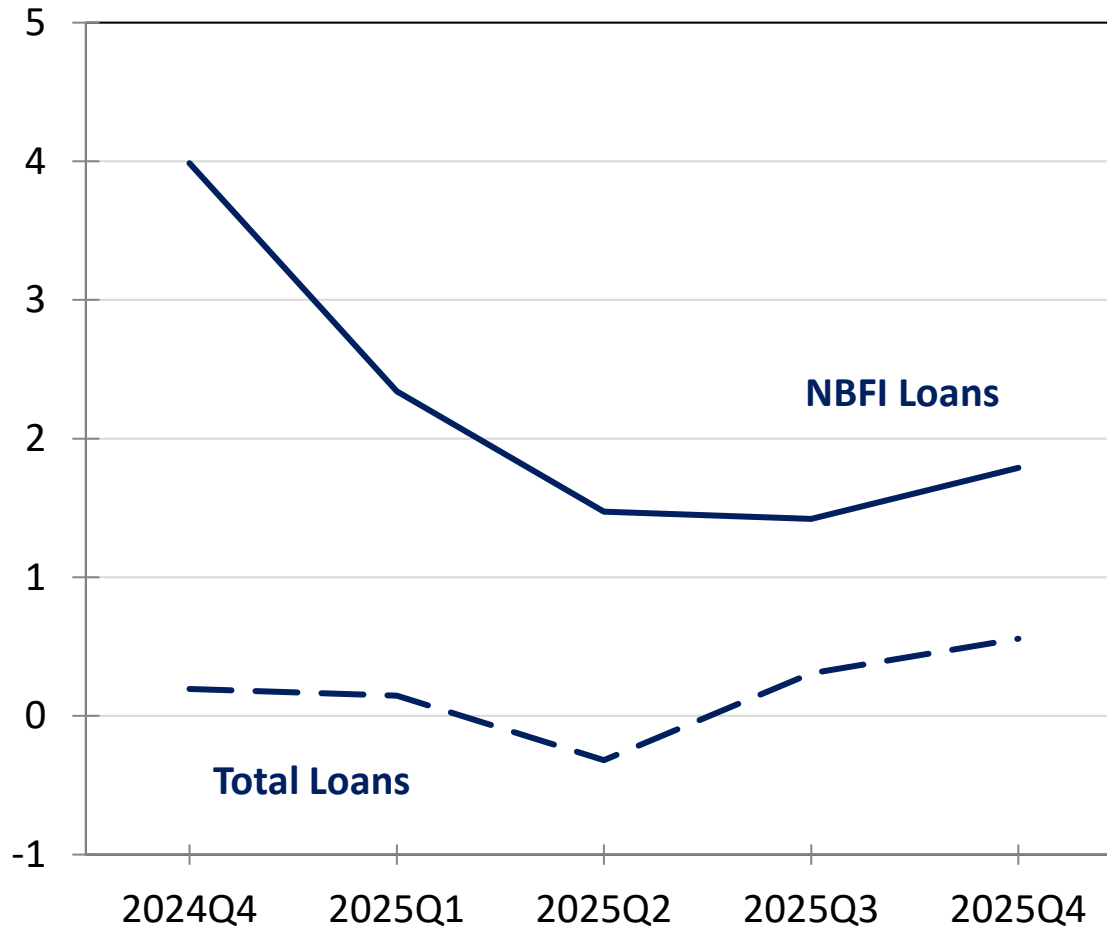
Percent



The percentage change in consumer loans (both domestic and foreign) in the current quarter from the same quarter in the previous year. Consumer loans include installment loans, auto loans, credit cards, and other revolving credit to consumers.

CHART 8

## Annualized Quarterly Growth of Loans to NBFIs Drives Large Bank Overall Loan Growth Percent

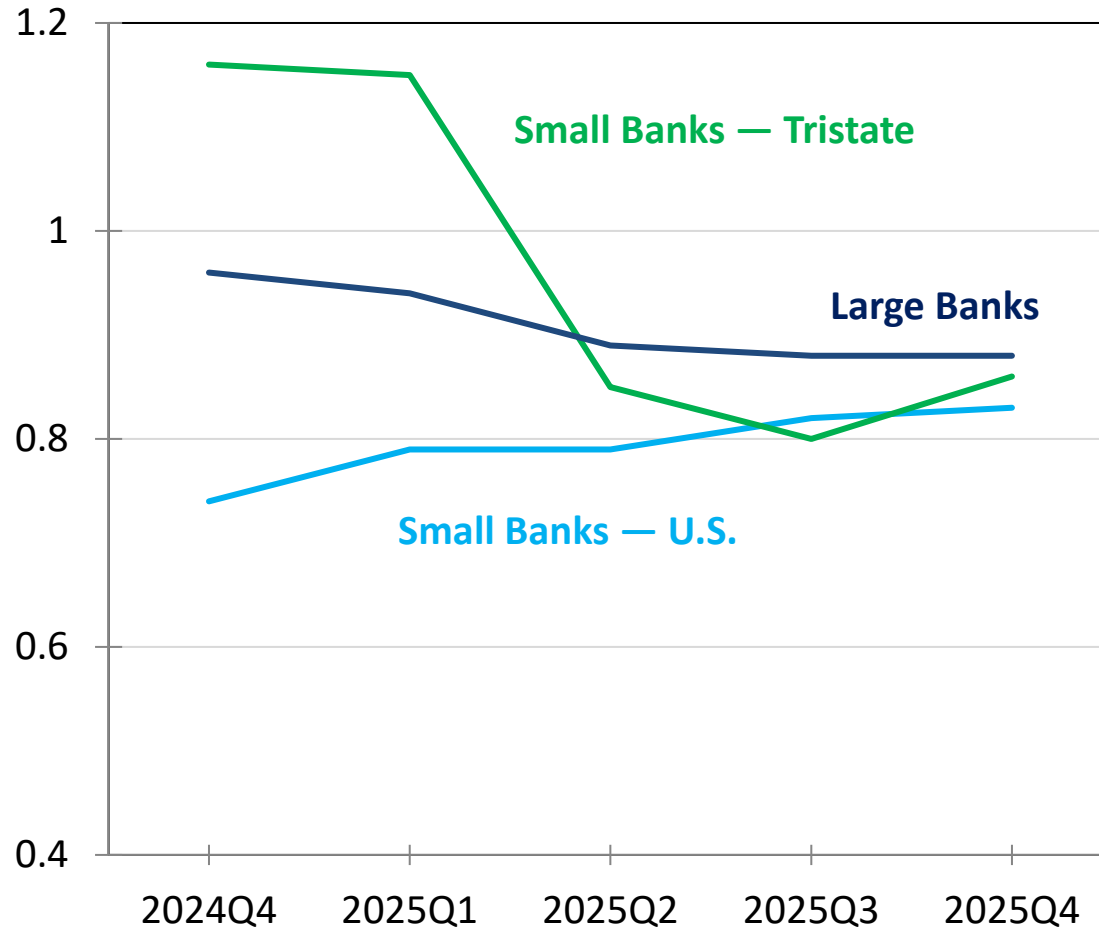


The annualized quarterly growth rate percentage in NBFi lending. Beginning in 2024Q4, banks were required to categorize a wider array of loans as NBFi loans. Some of these loans were previously categorized as Commercial and Industrial (C&I) loans; their reclassification somewhat contributed to the negative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

CHART 9

## Nonperforming Loan Shares Comparable for All Bank Categories

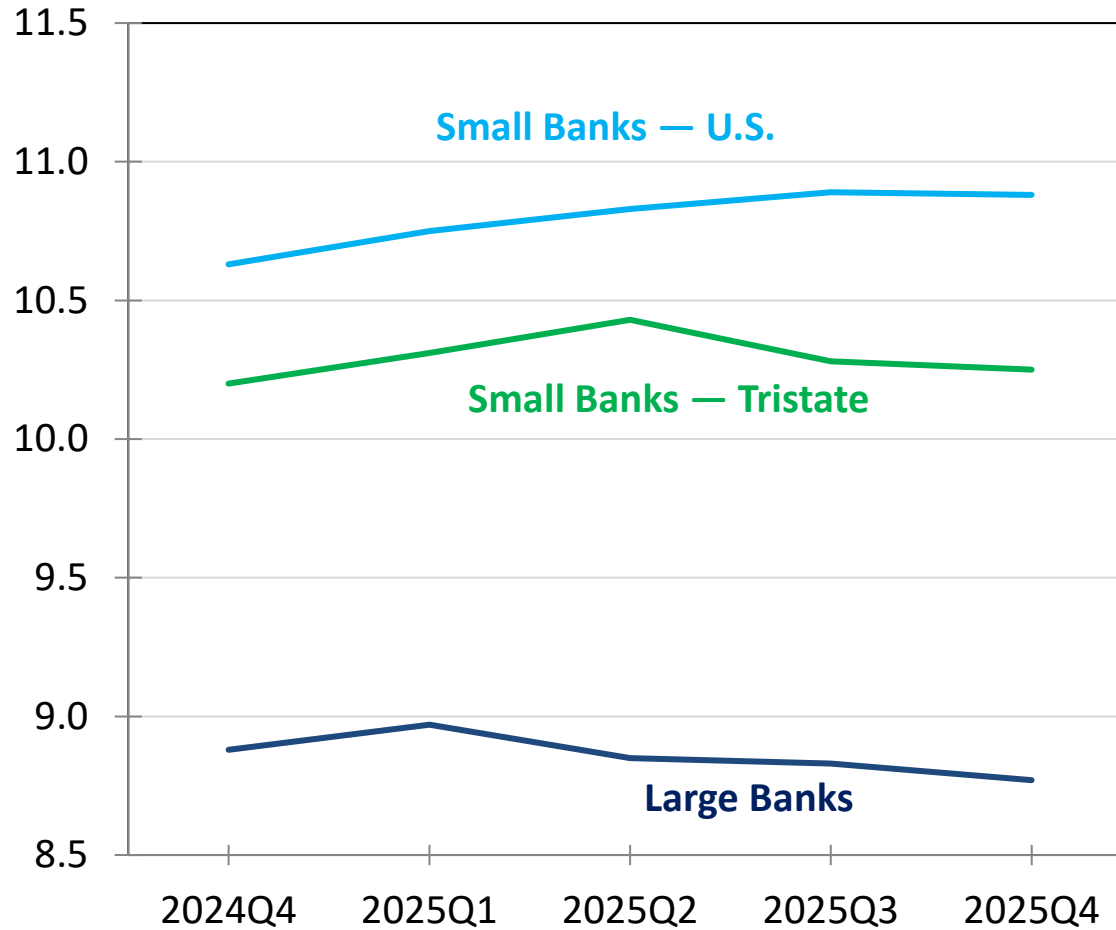
Percent



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

### Tier 1 Leverage Ratio Ticks Up at Community Banks Around the U.S., Ticks Down at Large Banks Percent



The ratio of Tier 1 capital to total average assets for Tier 1 leverage (as defined by bank regulators – see Regulation Q).

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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