BANKING BRIEF

Federal Reserve Bank of Philadelphia

For Pennsylvania, New Jersey, and Delaware

# SPECIAL REPORT: COMMERCIAL BANKS IN 1999

**Financial Performance of Banks Headquartered In the Tri-State Area**

The banking industry performed well in 1999. At banks headquartered in Pennsylvania, New Jersey, and Delaware, and in the nation as a whole, profits increased and loan losses continued to be low. Mergers were less of a factor both locally and nationally in 1999 than in 1998. Loan demand was off slightly but remained fundamentally sound.

The number of banks continued to decline nationally but actually increased in the tri-state area (Table 1). This was due to decreased merger activity and the opening of 20 full-service banks in the tri-state area in 1999. This new entry is part of a continuing trend in the region and the nation. Since 1990, 60 new banks have opened in the tri-state area, the majority since 1997. Nationally, 1065 banks have opened since 1990, including 228 last year. Ironically, this has been partly driven by the consolidation the industry has experienced in the last few years. Mergers among large, multistate banks have left numerous niches available for smaller banks to serve. These niches include serving particular ethnic groups or offering products to a specialized group of customers such as small businesses or even members of a particular profession.

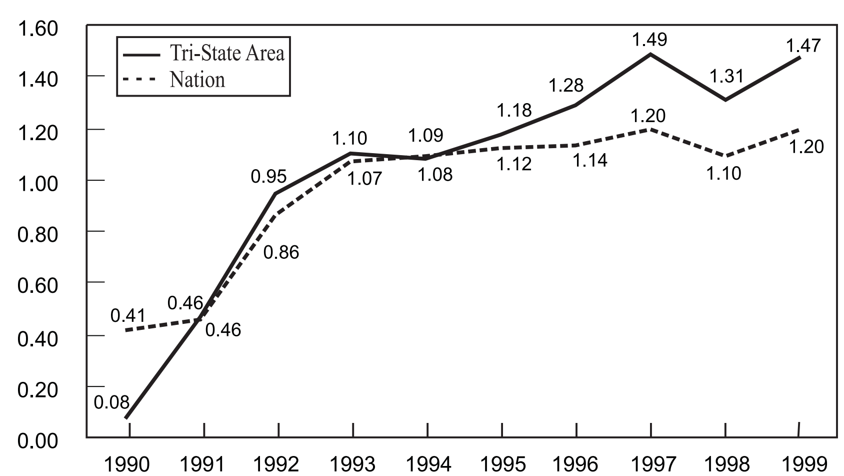
The profitability of banks headquartered in Pennsylvania, New Jersey, and Delaware, as well as throughout the nation, improved in 1999 after a slight downturn in 1998. The return on average assets for tri-state area banks in 1999 was 1.47 percent, up from 1.31 percent in 1998, and the return on average equity in 1999 was 16.71 percent, up from 14.72 percent in 1998 (Figures 1 and 2).[1] The comparable numbers nationwide were a return on average assets of 1.20 percent in 1999, compared with 1.10 for 1998, and a return on average equity of 14.55 percent, compared with 13.36 for 1998. Thus,

[1] All data are aggregate ratios for commercial banks. That is, the numerator and denominator are summed across all banks, then divided to form the ratio. Credit card banks, defined as any bank with at least 50 percent of its loans in credit cards, are excluded from the data, as are bankers' banks, wholesale banks, and trust companies.

Table 1
**Number of Banks, Year-End 1990-99**

| | Nation | Tri-State Area |
|---|---|---|
| 1990 | 12,230 | 449 |
| 1991 | 11,814 | 423 |
| 1992 | 11,362 | 401 |
| 1993 | 10,870 | 374 |
| 1994 | 10,351 | 350 |
| 1995 | 9,842 | 322 |
| 1996 | 9,426 | 299 |
| 1997 | 9,054 | 299 |
| 1998 | 8,690 | 288 |
| 1999 | 8,503 | 292 |

Figure 1
**Return on Average Assets**



commercial banks in the tri-state area significantly outperformed those in the nation as a whole. Overall, the region's economy grew at a more moderate pace in 1999. However, after lagging the nation for much of the last decade, the region's economy drew even with that of the nation in terms of employment growth, unemployment, and retail sales.

One of the reasons for the increase in bank profitability was increased noninterest income. Noninterest income as a percentage of average assets increased in 1999 in both the tri-state region and the nation (Figure 3). In part, this reflects a recovery from the trading losses experienced by many large banks during the disruptions in the credit markets in 1998.

Figure 2
**Return on Average Equity**

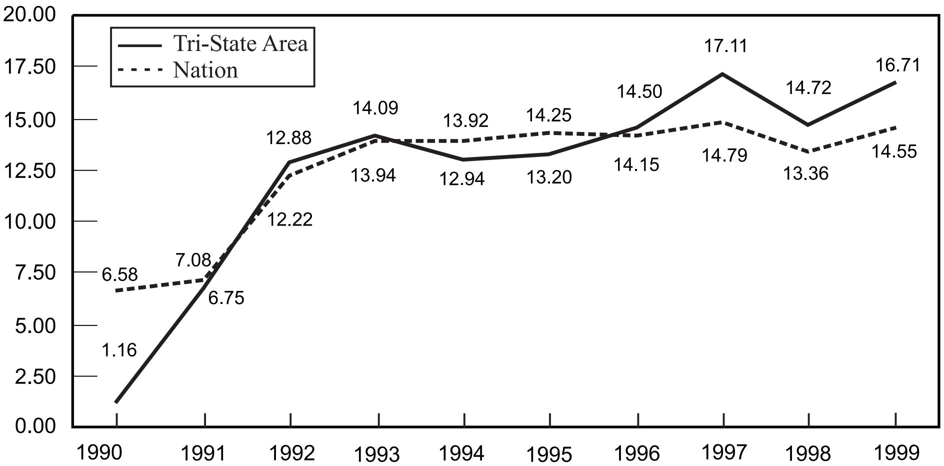
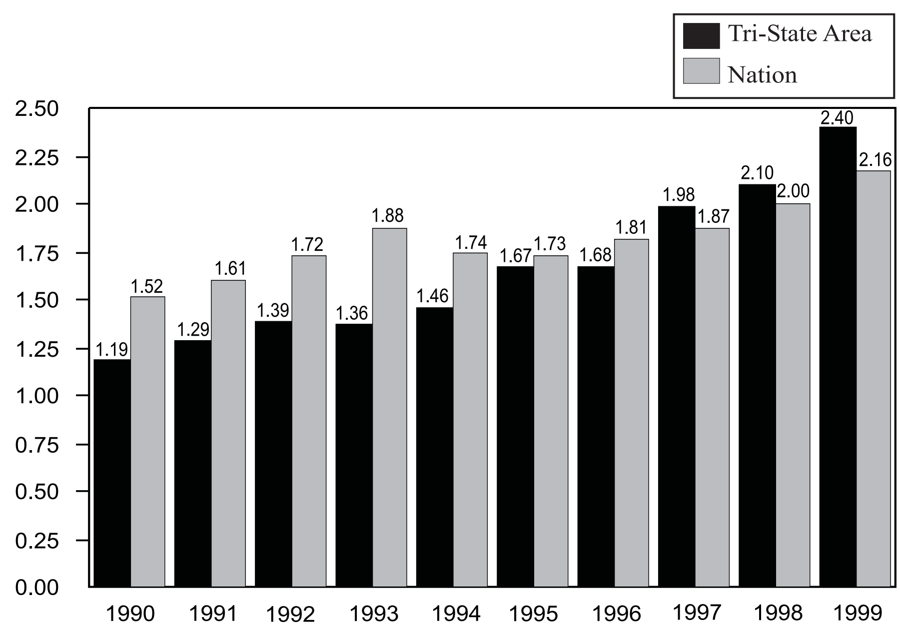



Figure 3
**Noninterest Income/Average Assets**




Although banks in the region have done reasonably well in generating income from sources other than loans, they have not done as well at controlling expenses. In the region noninterest expense as a percent of average assets increased significantly in 1999, while this figure dropped slightly in the nation (Figure 4).

A second reason for high profitability is the continued high asset quality. Net charge-offs as a percent of average assets were basically flat nationally, and they decreased slightly in the tri-state area (Figure 5). This is not likely to change in the short term because bank loan and asset portfolios are sound according to standard measures of performance. Nonperforming loans as a percentage of total loans were little changed or slightly down nationally and locally in 1999, as were nonperforming assets as a percentage of total assets (Figures 6 and 7).[2] A downward trend started in the early 1990s, and nonperforming loans are now at an all-time low. However, throughout the year lending officers polled in the Federal Reserve's Quarterly Survey of Bank Lending Officers have increasingly expressed concerns about potential losses embedded in their loan portfolios. These concerns are reflected in a modest tightening of lending standards and terms for business loans in the latter half of 1999. In addition, federal regulators reported a small increase in the number of adversely classified syndicated loans and loan commitments in 1999.

[2] Nonperforming loans consist of loans past due greater than 90 days and nonaccruing loans. Nonperforming assets are nonperforming loans plus other real estate owned.

Figure 4
**Noninterest Expense/Average Assets**

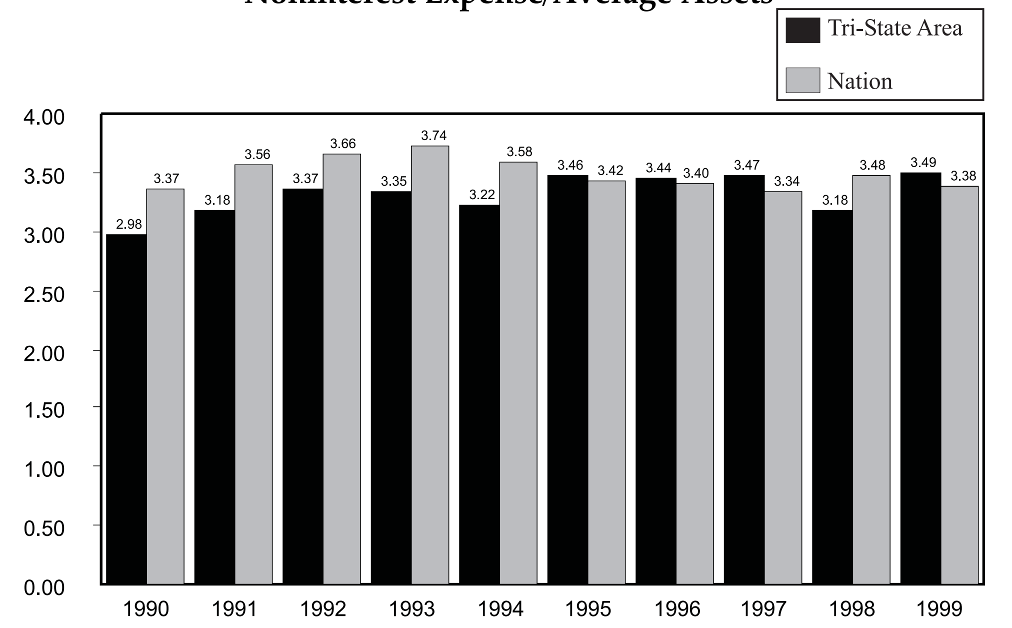
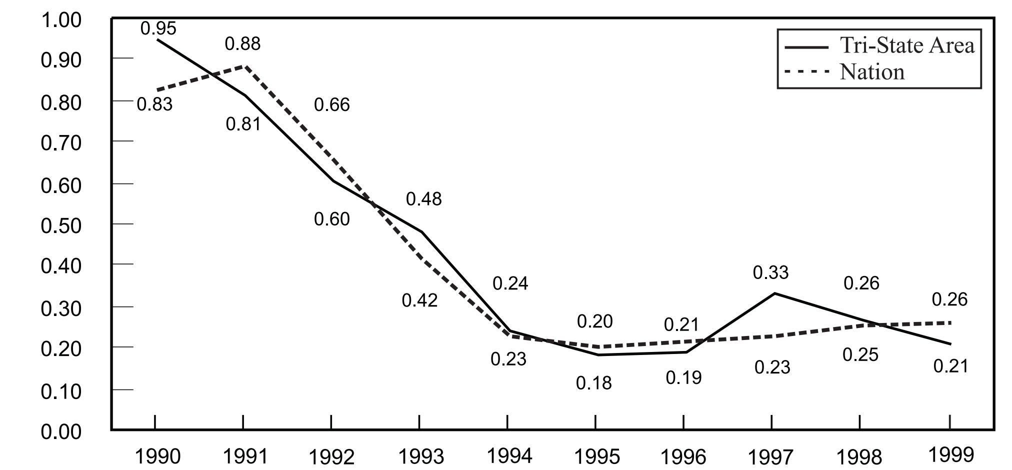



Figure 5
**Net Charge-Offs/Average Assets**




If any loan quality problems do develop in the near future, banks in both the tri-state area and the nation appear well prepared to deal with them. Loan-loss coverage ratios remained high in 1999, both regionally and nationally (Figure 8).[3] The ratios have been decreasing for the past two years, mainly because the continued overall health of bank loans and assets has resulted in fewer contributions to loan-loss reserves.

Loans and deposits grew at a modest pace in the region in 1999 (Figures 9 and 10). Loans outstanding at tri-state area banks increased by only 1.76 percent in 1999, compared with an increase of 8.25 percent for the nation. Deposit growth at tri-state area banks also lagged that of the nation but by a much smaller margin. A comparison with the 1998 figures for the tri-state area is misleading because those figures were severely affected by the mergers of four large tri-state area banks into out-of-area banks, making a healthy increase in loans and deposits look like a large decrease.[4] The true 1998 figures (adjusted for these mergers) reflected an 11.63 percent increase in loans outstanding and an 8.65 percent increase in deposits. Slow deposit growth can be mainly attributed to consumers' reliance on mutual funds and other investment instruments rather than bank accounts to obtain higher yields.

The total loan growth rate was restrained by a decline in consumer loans, particularly credit card loans. Nationally, credit card loans outstanding at banks fell more than 16 percent in 1999. Tri-state area banks experienced a decrease of 64.8 percent in their credit card portfolios, but much of this decline was the result of individual banks' selling their credit card portfolios. Other types of consumer loans fell off as well. Tri-state area banks experienced a drop of 2.7 percent in their non-credit card consumer loans, and nationally, these loans increased only 0.6 percent. The decline in consumer loans made by commercial banks should not be interpreted as a sign of overall weakness

3 The loan-loss coverage ratio is the ratio of loan-loss reserves to nonperforming loans.

4 The four banks were CoreStates Bank, N.A. (Philadelphia, PA), First Union National Bank of Pennsylvania (Avondale, PA), Dauphin Deposit Bank and Trust Company (Harrisburg, PA), and York Bank and Trust Company (York, PA).

Figure 6
**Nonperforming Loans/Total Loans**

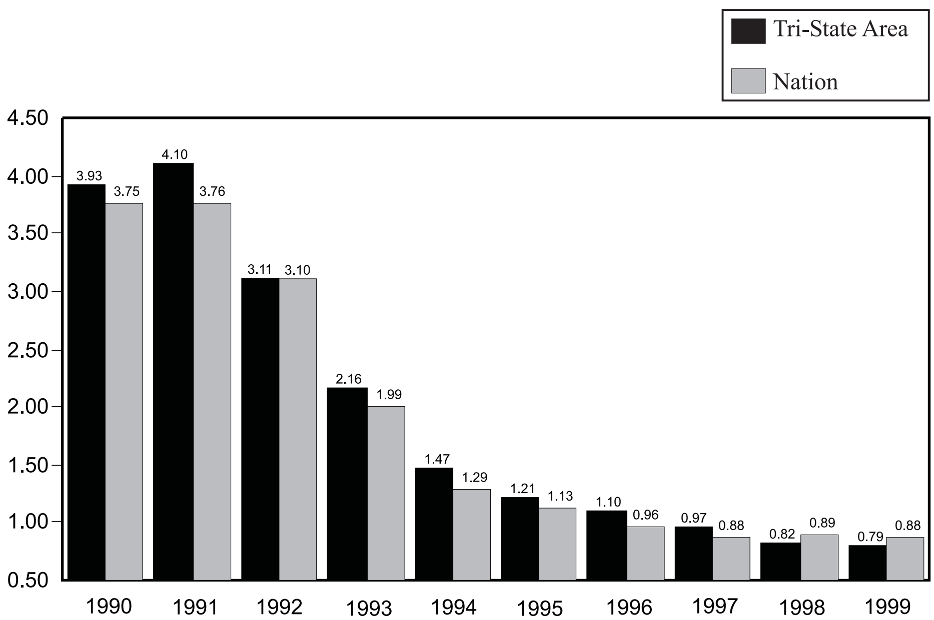
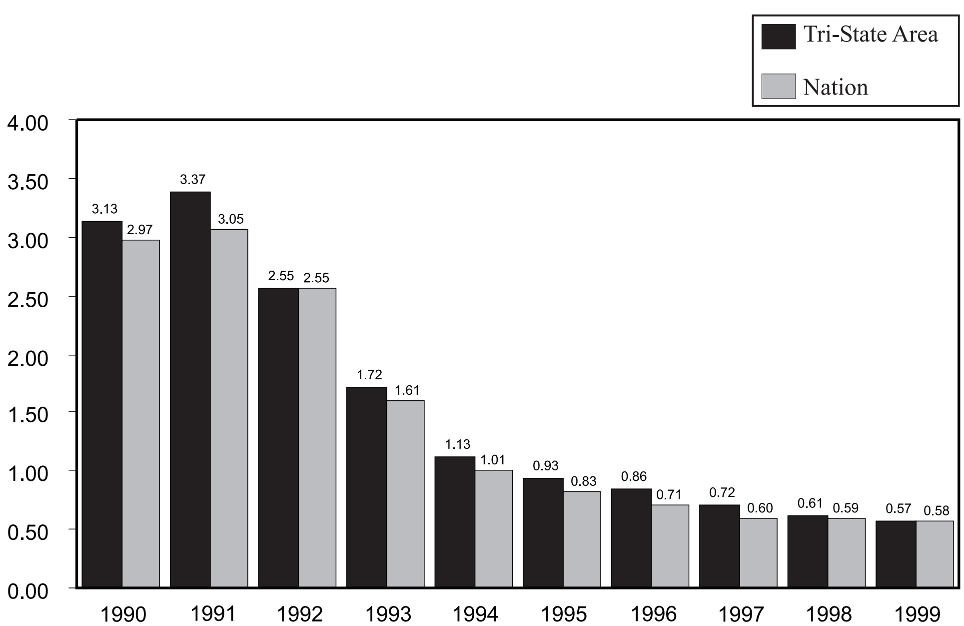



Figure 7
**Nonperforming Assets/Total Assets**




in consumer borrowing. Consumer credit outstanding grew 7.1 percent in 1999, and credit card borrowing grew at a rate of 6.3 percent, so this drop in bank lending represents a shift from commercial banks to more-specialized lenders, as well as the securitization of consumer loans.[5]

The sluggish growth in deposits also contributed to slow loan growth rates. Loan-to-deposit ratios have been increasing for the past five years (Figure 11). In 1999, loan-to-deposit ratios at tri-state area banks stabilized at approximately 92 percent and increased in the nation as a whole to nearly 89 percent. Thus, banks must rely on more expensive sources of funds to further expand lending. Banks' increasing reliance on higher-cost sources of funds is also reflected in net interest margins (Figure 12).[6] Net interest margins have been trending downward in both the region and the nation for the past several years, just as loan-to-deposit ratios have been increasing.

Banks remain well capitalized (Figure 13). Equity-to-assets ratios dropped both regionally and nationally in 1999, but they remain relatively high. Despite a decline in 1999, equity-to-assets levels in both the region and the nation are at roughly the same level they were six years ago.

In summary, profitability at banks was excellent in 1999. Loan quality is extremely good, and banks are increasing their noninterest income. They have not been as successful at controlling expenses. Loan and deposit growth slowed in 1999. The slowdown in deposit growth was mainly due to

Figure 8
**Loan-Loss Coverage Ratio**

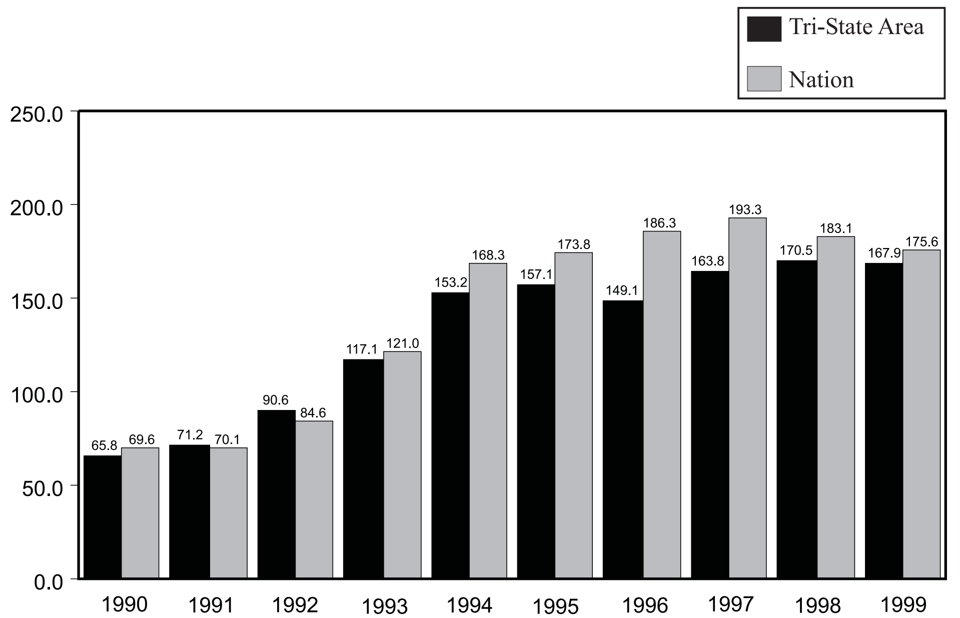
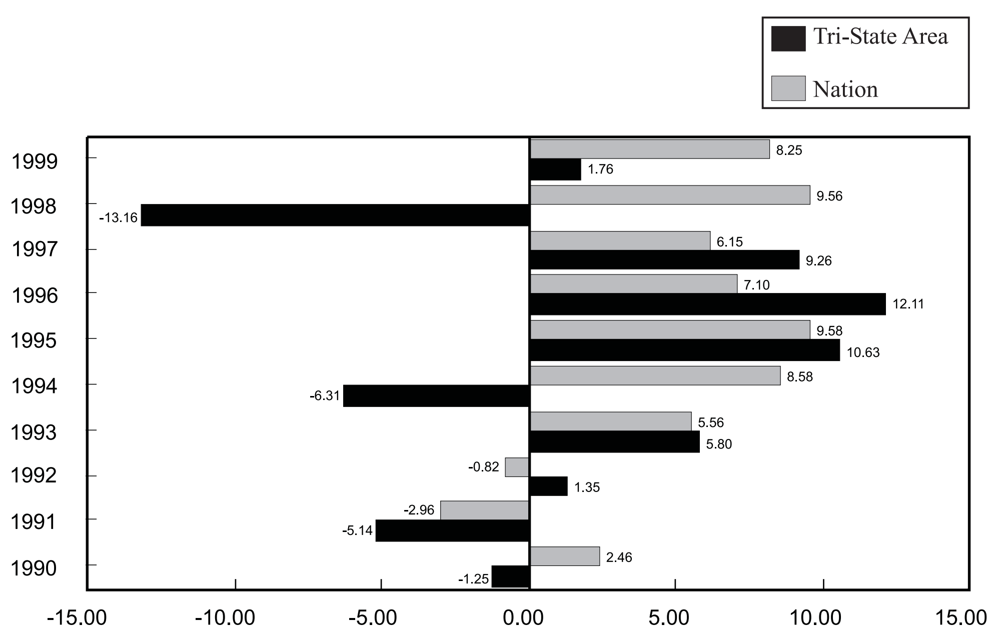



Figure 9
**Percentage Change in Loans Outstanding**




consumers seeking higher yields, and banks' increasing reliance on nondeposit funding sources makes lending more costly. These appear to be minor problems at the moment, as the overall health of the banking industry both regionally and nationally remains very good.

**Changes in Bank Assets In the 1990s**

The banking industry underwent many changes in the 1990s, from the meltdown of the thrift industry early in the decade to the megamerger trend late in the decade that resulted in the creation of many large, multistate organizations. At the beginning of the decade, banks could not branch outside of their home state. As we enter the new millennium, not only can banks branch nationwide, but banks now have the ability to offer a wide variety of financial products, many of which were unthinkable a decade ago (see **Legal Developments,** below). Also, developments in the financial markets have forced banks to change the way they do business, as consumers have switched their savings from bank accounts to mutual funds, and businesses have shifted from relying on bank loans to using the capital markets to raise funds. This section will review the effects these changes have had on bank asset portfolios, that is, the types of loans and

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[5] Federal Reserve G.19 statistical release, April 7, 2000.

[6] Net interest margin is the ratio of net interest income to average earning assets. Earning assets include loans, leases, securities, fed funds sold, and interest-bearing balances.

Figure 10
**Percentage Change in Deposits**

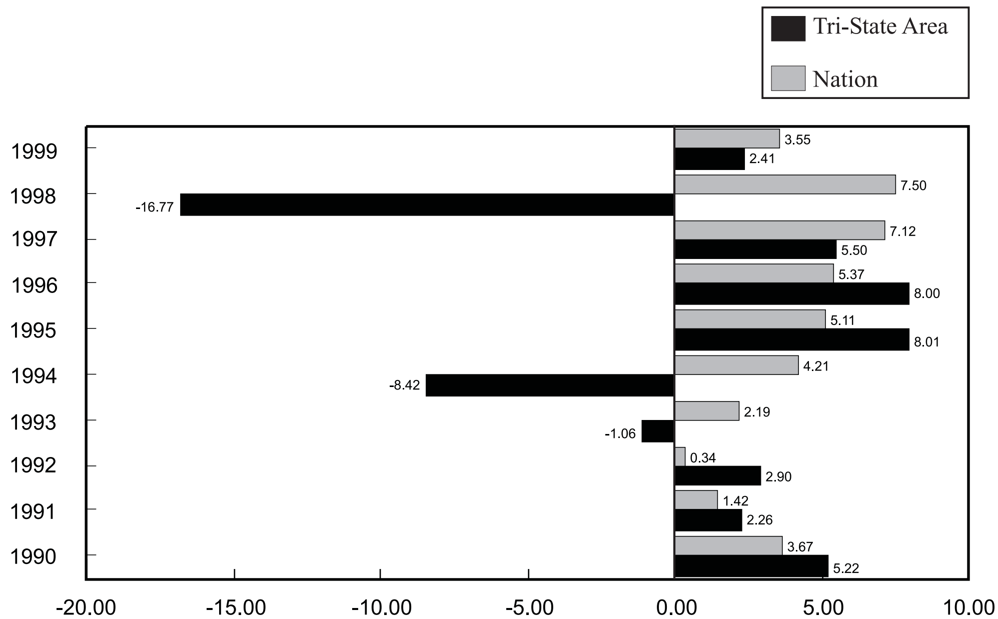
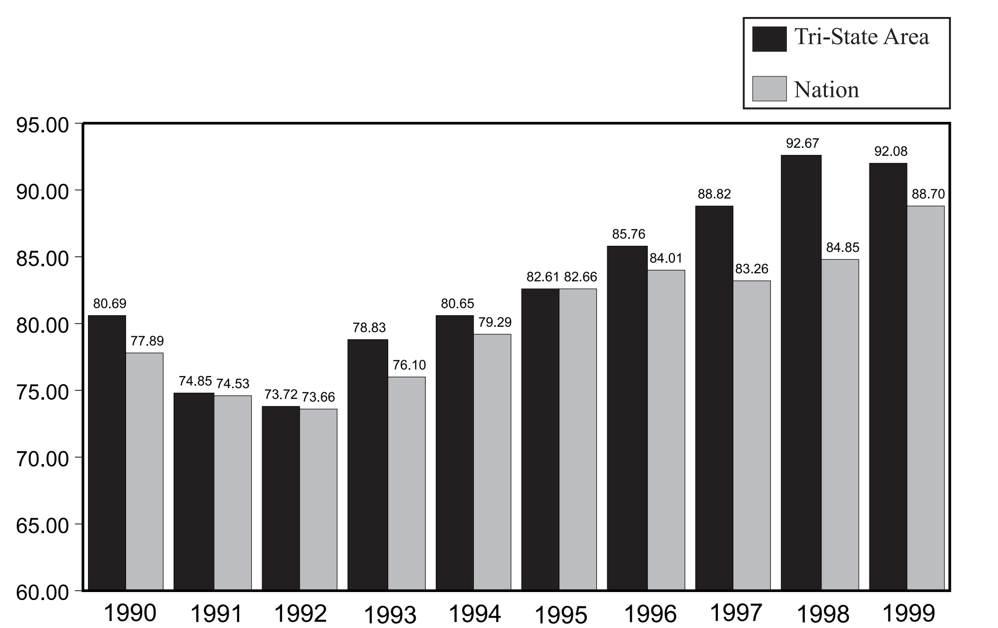



Figure 11
**Loan-to-Deposit Ratio**




investments that banks made in 1989 and 1999.

To analyze these changes, we will split bank assets into eight categories: real estate loans, that is, any loan secured by real estate; commercial and industrial loans; credit card loans; non-credit card consumer loans; other loans, which includes any loan not in any of the other categories; government securities, which includes Treasury securities, obligations of government agencies and government-sponsored enterprises (such as Fannie Mae), and state and municipal bonds; non-government securities; and other assets.[7] The set of banks analyzed is the same as that used to summarize financial performance above—that is, credit card banks are excluded (see footnote 1).

In the region, there has been a shift away from consumer loans and commercial loans into real estate loans and nongovernment securities (Figure 14). In 1989 real estate loans made up 25.1 percent of bank assets; by 1999 this figure was 34.3 percent. Correspondingly, commercial loans dropped from 21.5 percent to 17.9 percent, consumer loans from 9.0 percent to 6.3 percent, and credit card loans from 1.4 percent to 0.5 percent. This drop in card lending's share is surprising in light of large increases in consumer credit card debt in the 1990s. However, the securitization of credit card receivables—which need not remain on bank balance sheets—and the emergence of specialized

[7] Each of these categories is aggregated and divided by aggregate bank assets.

Figure 12
**Net Interest Margin**

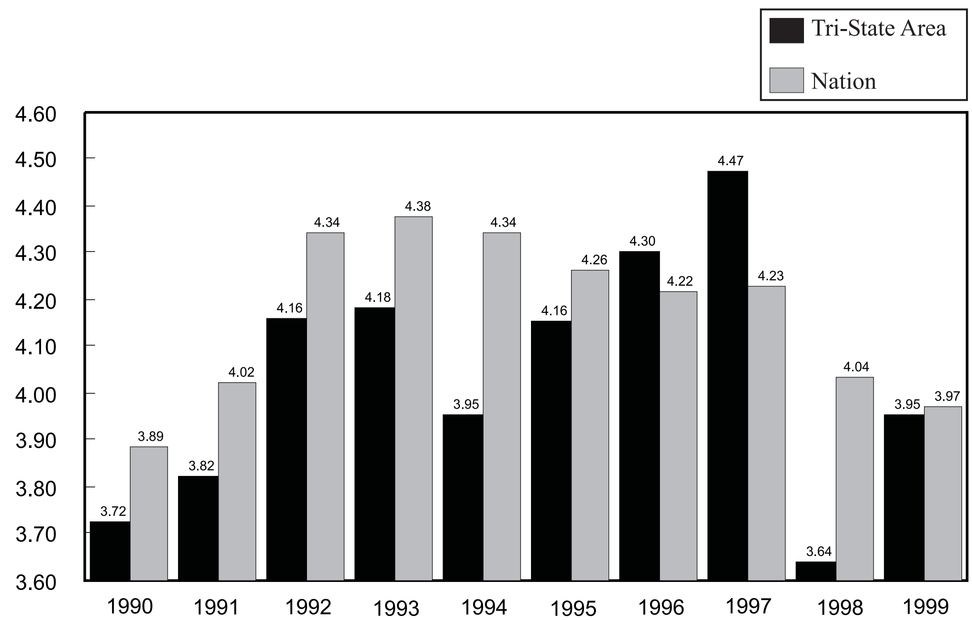
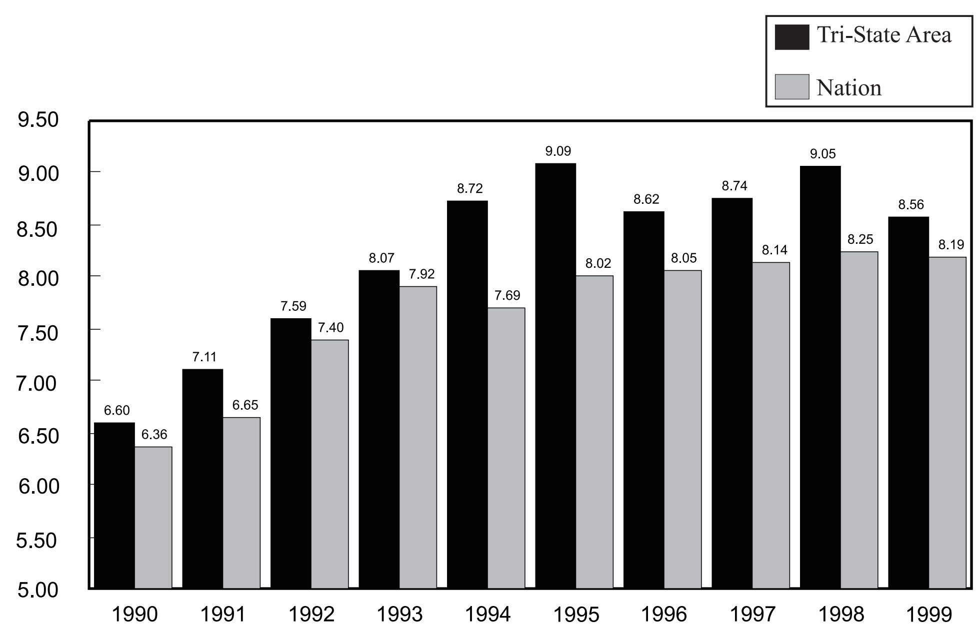



Figure 13
**Total Equity/Total Assets**




credit card lenders such as MBNA Corporation explain the decline. Also, while bank investment in government securities increased only slightly, investment in nongovernment securities increased nearly one-third, from 3.5 to 4.6 percent of assets. Much of this is corporate debt instruments; thus, banks are trying to replace commercial lending business lost to the capital markets by the indirect method of purchasing the bonds.

Changes in bank portfolios in the nation mirror those in the region (Figure 15), although the growth in real estate loans and the increased holdings of securities are less pronounced in the nation than in the tri-state area. In part, this difference reflects the growth of national banking organizations with national branch networks. Many of the largest banks in the area have merged with out-of-state organizations, and a disproportionate share of organizations that are still headquartered in the region are small. Smaller banks generally hold more government securities to ensure adequate liquidity than do large banks, and they are typically more oriented toward consumers as opposed to businesses.

Although all banks are subject to common trends, the aggregate numbers mask significant differences in the composition and evolution of large bank (assets in excess of $1 billion) and small bank portfolios. In the tri-state area, both large and small banks have shifted assets away from commercial and consumer lending and into real estate lending and securities (Figures 16 and 17), but the extent to which small banks have become

Figure 14
**Asset Portfolio for Banks in Tri-State Area**

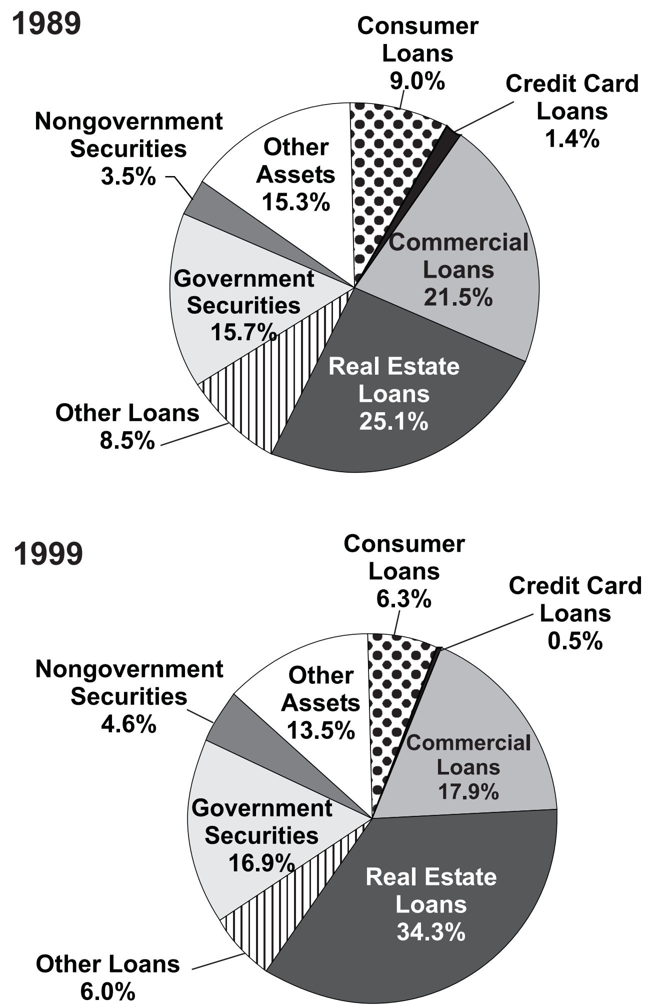
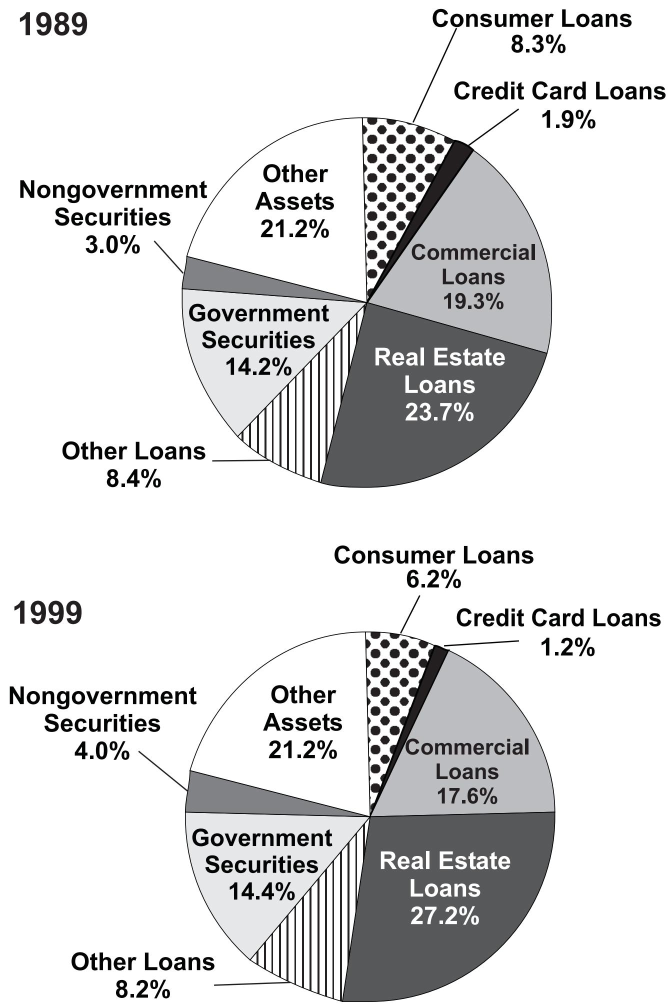



Figure 15
**Asset Portfolio for Banks in Nation**




real estate lenders, first and foremost, is truly dramatic. Real estate loans now comprise more than 30 percent of assets for large banks, and for small banks the figure now exceeds 40 percent. Other lending categories have decreased correspondingly. Although banks of all sizes have increased their holdings of securities, the increase is much more striking at small banks; community banks have increased their holdings of government securities by nearly 8 percentage points. Interestingly, this shift is another reflection of small banks' increasing specialization in real estate lending. Much of the increase in securities holdings is in the form of securities issued by Fannie Mae and Freddie Mac. Thus, small banks have become specialists in originating mortgages, many of which they sell to Fannie Mae and Freddie Mac, which in turn securitize them and sell them on the secondary market where the small banks repurchase them. The gains from dividing up the market in this way include more liquid and geographically diversified real estate portfolios, even for small banks.

Similar trends can be observed for large and small banks in the nation (Figures 18 and 19); however, the loan portfolios of large banks have not shifted as significantly from commercial lending to real estate lending.

The effects of securitization on bank portfolios are also reflected in the "other assets" category, one category in which large and small banks moved in opposite directions, at least at the national level. This category includes (among other things) fed funds, premises and equipment, and intangible assets. Nationwide, large banks' holdings of these assets

Figure 16
**Asset Portfolio for Large Banks In Tri-State Area**

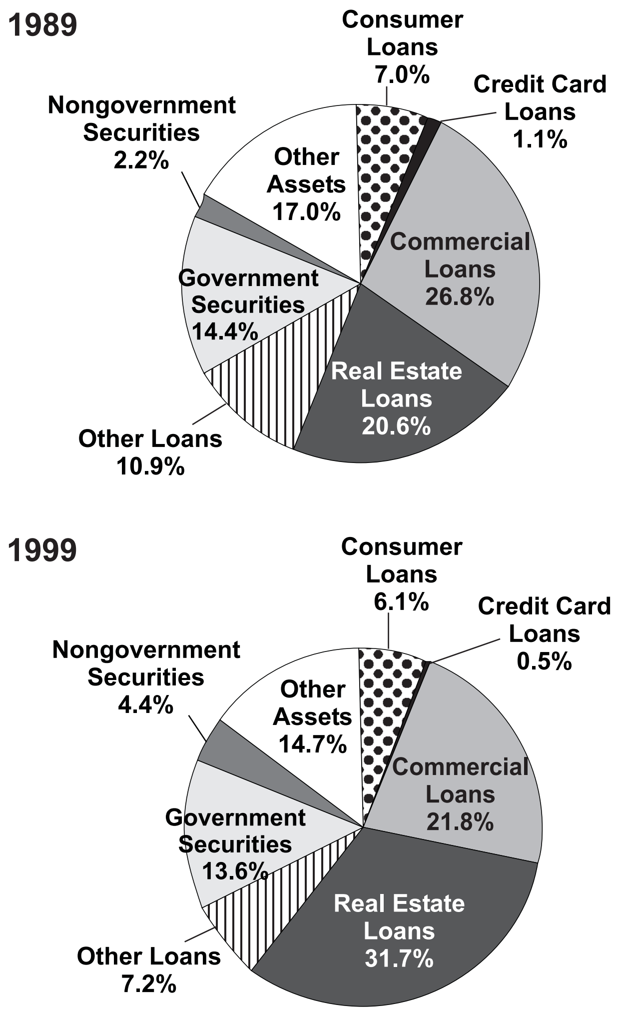
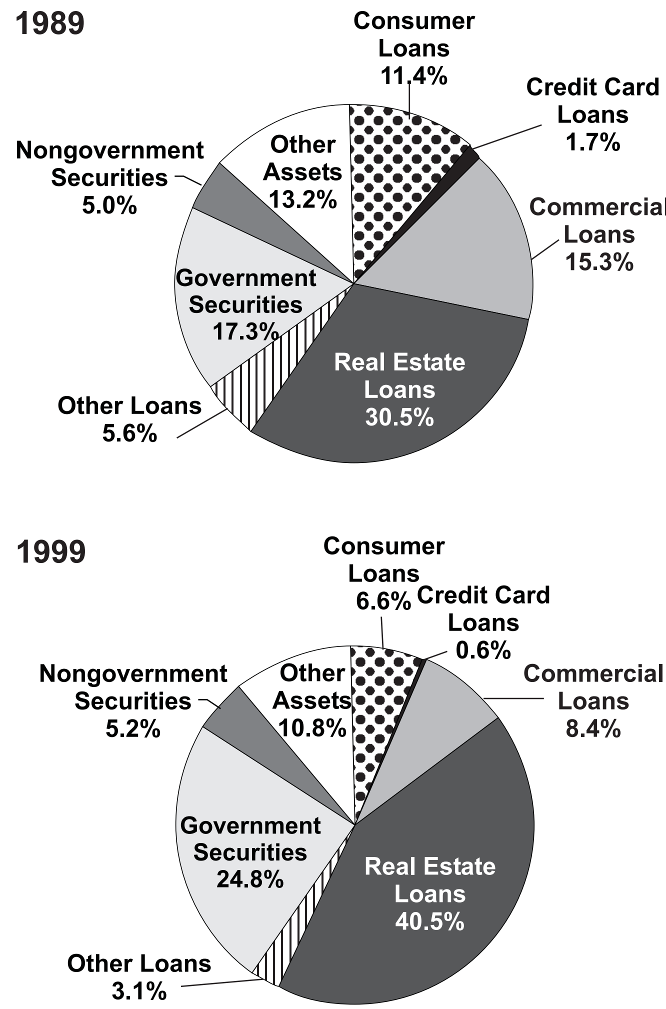



Figure 17
**Asset Portfolio for Small Banks In Tri-State Area**




increased slightly, but small banks experienced a decline from 17.4 percent of assets to 11.4 percent. In part, this occurred because large banks own their land and equipment, but small banks generally rent their land and outsource their data processing. However, the single largest increase in other assets among all banks nationwide in the 1990s was in intangible assets.[8] These include mortgage servicing rights, a market dominated by large banks and other firms that provide data processing services. The data processing capabilities needed to service mortgage portfolios are subject to economies of scale, so large firms—including nonbank specialists—have a competitive advantage in this market. Thus, although small banks are making more mortgages than ever before, they do not receive the income from servicing a significant share of the real estate loans that they generate.

In summary, the asset portfolios of banks have undergone substantial changes in the 1990s. Banks are becoming more reliant on real estate lending and securities and less so on other types of lending. This trend is especially pronounced among banks with total assets less than $1 billion. The shift to real estate lending is, in part, driving the shift to securities, as banks cede their servicing rights but repurchase the loans as government-backed securities. This national trend is even stronger in the tri-state area. Large banks are more heavily involved in real estate lending here than in the nation as a

[8] See the FDIC's *Historical Statistics on Banking.*

whole, and small banks are becoming heavily real estate oriented. Both nationally and locally, nongovernment securities are playing a larger part in bank investment.

**Large Banking Organizations Operating in the Third District**

Large banking organizations that operate in the Third District had a good year in 1999. Aggregate net income at firms operating in the Third District with greater than $1 billion in assets grew 36.45 percent last year. Although 13 of 42 firms reported decreased profits in 1999 compared with 1998, and one firm had a negative return, many organizations reported record profits for the year, and most showed double-digit increases (Table 2).[9]

Aggregate assets at the 42 firms rose nearly 13.4 percent in 1999, which is well off the 1998 rate of 36.0 percent. The reason for the slowing in asset growth was a decrease in the number of mergers and acquisitions by these firms. Several of the companies that engaged in large mergers in 1998 reported some merger-related problems in 1999. These included problems with customer service, difficulties in integrating computer systems, confusion over branch closings and consolidations, and declines in employee morale. Partly as a

[9] Twenty-three of the 42 organizations are headquartered in the Third District.

Figure 18
**Asset Portfolio for Large Banks in Nation**

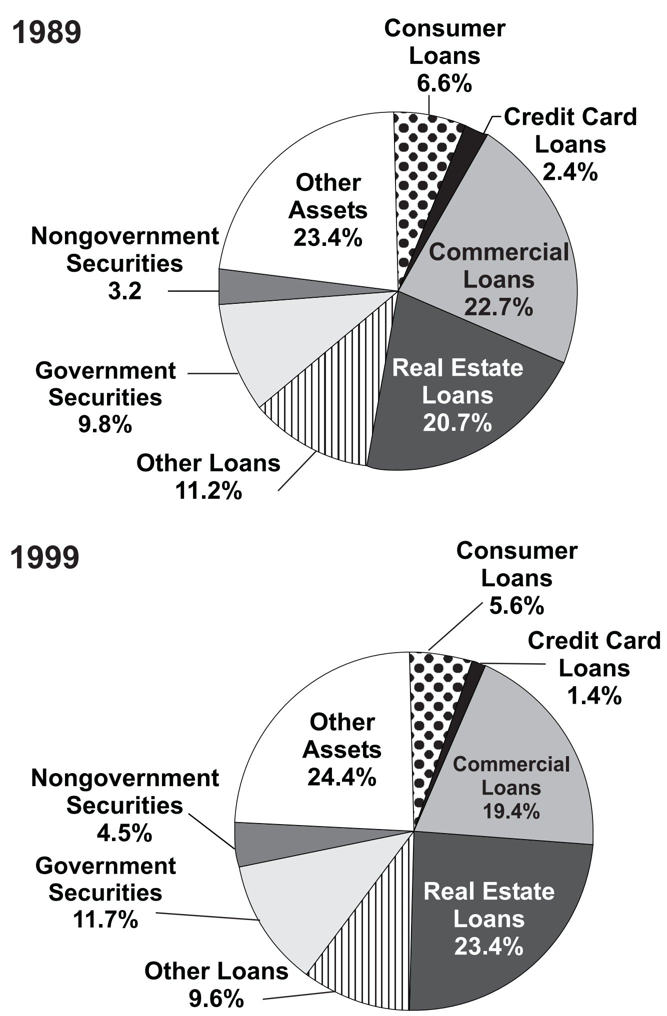
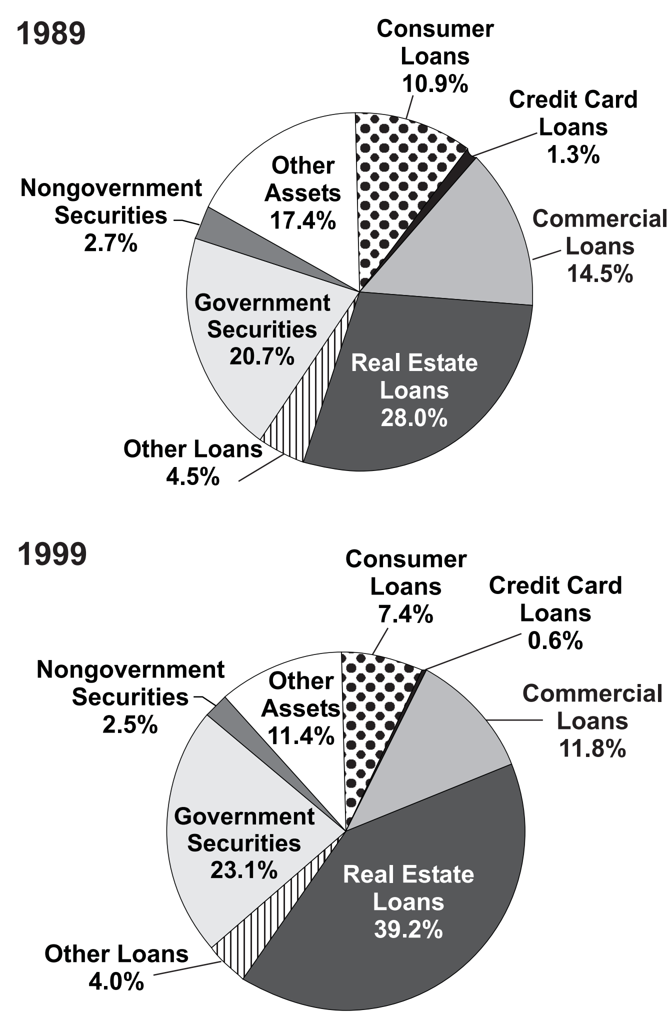



Figure 19
**Asset Portfolio for Small Banks in Nation**



consequence of these problems, merger activity slowed considerably among this group in 1999. However, there were some mergers of note (see **Mergers and Acquisitions**, below).

Two organizations had exceptionally high asset growth and return on average assets: MBNA Corporation and Cross Country Bank. Both of these are special cases because they engage in credit card lending only. Also, MBNA Corporation acquired the entire credit card portfolio of PNC Bank Corporation, an example of the general trend toward increasing concentration in the credit card industry.

**Mergers and Acquisitions**

Merger activity among large banking organizations serving the Third District was much slower in 1999 than in 1998, but there were a few notable transactions. First, Fleet Financial Group, Inc. (Boston, Massachusetts) merged with Bank of Boston Corporation (Boston, Massachusetts) to form FleetBoston Corporation (Boston, Massachusetts). Summit Bancorp, Inc. (Princeton, New Jersey) merged with Prime Bancorp, Inc. (Philadelphia, Pennsylvania). Sovereign Bancorp, Inc. (Wyomissing, Pennsylvania) acquired Peoples Bancorp, MHC (Lawrenceville, New Jersey) and, as part of the FleetBoston merger, acquired approximately 350 branches of Fleet and BankBoston in several New England states. Hudson United Bancorp, Inc. (Mahwah, New Jersey) acquired Advest Bank and Trust Company (Hartford, Connecticut) and JeffBanks, Inc. (Philadelphia, Pennsylvania). Hudson United is also in the process of acquiring Dime Savings Bank of New York (New York, New York). Also, Northwest Bancorp, MHC (Warren, Pennsylvania) acquired Jamestown Savings Bank (Lakewood, New York).

There were several small but notable mergers in Pennsylvania in 1999. Susquehanna Bancshares, Inc. (Lititz) merged with Cardinal Bancorp, Inc. (Everett). National Penn Bancshares, Inc. (Boyertown) acquired The Elverson National Bank (Elverson). Harleysville National Corporation (Harleysville) merged with Northern Lehigh Bancorp, Inc. (Slatington). Patriot Bancorp, Inc. (Pottstown) merged with First Lehigh Corporation (Walnutport). Finally, BT Financial Corporation (Johnstown) acquired First Philson Financial Corporation (Berlin).

Notable intrastate mergers in New Jersey include Hudson United Bancorp, Inc. (Mahwah) acquiring Southern Jersey Bancorp, Inc. (Bridgeton) and Little Falls Bancorp, Inc. (Little Falls). Also, Commerce Bancorp, Inc. (Cherry Hill) merged with Prestige Financial Corporation (Flemington) and Community First Banking Company (Tinton Falls).

In Delaware, MBNA Corporation (Wilmington) purchased PNC National Bank (Wilmington) from PNC Bank Corporation (Pittsburgh, Pennsylvania).

**Legal Developments**

All three Third District states enacted some banking legislation in 1999. On May 18, 1999, Delaware Governor Thomas Carper signed into law a bill that provides a mechanism for foreign banks without an existing headquarters in the United States to select Delaware as their home state under the International Banking Act of 1978.

New Jersey enacted a law that covers several aspects of the banking industry. First, the law permits state-chartered banks to engage in land title insurance. Second, the law redefines automated teller machines (ATMs) as communications terminals rather than branches. It also permits bank directors to value their shareholdings at market, rather than book value. Directors were also given the discretion to delegate to the bank president the power to appoint bank officers except the chairman and president. Also, the law removes the time limits on bank customers' right to dispute a fraudulent withdrawal or a mistake on their bank statement.

On December 16, 1999, Pennsylvania enacted the Electronic Transactions Act, which gives legal recognition to electronic signatures and electronic delivery of information. The law specifies that all parties to the transaction must agree to conduct the transaction electronically beforehand and that the party receiving the transmission must be able to both store and print the information.

All state legislation was overshadowed at the federal level by the enactment of the Gramm-Leach-Bliley Act on November 12, 1999. This law is expected to revolutionize the financial services industry by removing most restrictions on the separation of commercial banking, investment banking, merchant banking, and insurance underwriting by allowing the formation of financial holding companies (FHCs), which can engage in any activity that the Federal Reserve Board and Treasury Department deem to be financial in nature. These activities are to be regulated by function; that is, bank regulators will regulate banking activities, the Securities and Exchange Commission and other securities' regulators will oversee investment banking activities, and state insurance agencies will regulate insurance activities. The Federal Reserve will regulate the FHCs. To date, six Third District bank holding companies have elected to convert to FHCs. The law also addresses consumer privacy issues, Federal Home Loan Bank System reform, the Community Reinvestment Act, and unitary thrift holding companies.

**NOTE: This report is not a statement of the Federal Reserve System's opinion of the condition of any banking firm or firms, but rather a summary of the results as the banking organizations have reported them.**

**Prepared by the Department of Research and Statistics, Economic Research Division. For further information, contact Jim DiSalvo at 215-574-3820 or jim.disalvo@phil.frb.org.**

**Table 2**
**Earnings of Major Banking Organizations Serving**
**The Third Federal Reserve District**

| Institution | Year-End 1999 Total Assets | Change From Year-End 1998 | 1999 Net Income | Change From 1998 | Return on Assets |
|---|---|---|---|---|---|
| Citigroup | 716,937 | 7.22 | 9,994.0 | 72.10 | 1.44 |
| Chase Manhattan Corp. | 406,105 | 11.00 | 5,446.0 | 44.00 | 1.41 |
| First Union Corp. | 253,024 | 6.60 | 3,223.0 | 11.48 | 1.31 |
| FleetBoston Financial Corp.* | 190,692 | 82.39 | 2,038.0 | 33.03 | 1.38 |
| Taunus Corp.* | 178,531 | 34.12 | -606.0 | N/A | -0.39 |
| National City Corp. | 87,121 | -1.27 | 1,405.5 | 31.27 | 1.60 |
| PNC Bank Corp.* | 75,428 | -2.34 | 1,263.7 | 13.32 | 1.66 |
| Bank of New York Company, Inc. | 74,756 | 17.72 | 1,738.6 | 45.88 | 2.51 |
| Mellon Financial Corp. | 48,227 | -5.47 | 988.7 | 13.70 | 1.99 |
| Summit Bancorporation* | 36,411 | 9.91 | 442.6 | -4.98 | 1.27 |
| MBNA Corp.* | 30,860 | 19.58 | 1,024.4 | 31.96 | 3.62 |
| Sovereign Bancorp, Inc.* | 26,587 | 21.32 | 202.3 | 48.31 | 0.83 |
| M&T Bank Corp. | 22,409 | 8.87 | 265.6 | 27.69 | 1.24 |
| Allfirst Financial, Inc. | 17,520 | -4.83 | 178.1 | -18.34 | 0.99 |
| Hudson United Bancorp, Inc.* | 9,743 | 42.30 | 69.3 | 198.71 | 0.84 |
| Hudson City Bancorp, MHC | 8,519 | 9.89 | 56.7 | -39.23 | 0.70 |
| Mercantile Bankshares Corp. | 7,895 | 3.75 | 157.7 | 7.21 | 2.03 |
| Wilmington Trust Corp. | 7,298 | 12.90 | 107.3 | -6.12 | 1.56 |
| Keystone Financial, Inc. | 6,888 | -1.15 | 37.1 | -62.79 | 0.54 |
| Commerce Bancorp, Inc.* | 6,714 | 36.08 | 66.0 | 33.87 | 1.13 |
| Fulton Financial Corp. | 6,070 | 3.44 | 97.2 | 9.83 | 1.63 |
| Investors Bancorp, MHC | 4,658 | 17.66 | 28.1 | 11.51 | 0.65 |
| First Commonwealth Financial Corp. | 4,343 | 5.83 | 53.0 | 55.88 | 1.25 |
| Susquehanna Bancshares, Inc.* | 4,311 | 6.05 | 43.4 | -4.82 | 1.04 |
| Northwest Bancorp, MHC* | 3,371 | 15.92 | 15.5 | 12.32 | 0.49 |
| Harris Financial, MHC | 2,695 | -8.60 | 12.7 | -3.79 | 0.45 |
| Provident Savings Bank | 2,578 | 5.03 | 19.6 | -0.51 | 0.78 |
| USBANCORP, Inc. | 2,467 | 3.79 | 20.4 | -3.32 | 0.84 |
| National Penn Bancshares, Inc.* | 2,242 | 23.76 | 27.4 | 33.66 | 1.35 |
| S&T Bancorp | 2,194 | 5.99 | 41.4 | 8.95 | 1.94 |
| BT Financial Corp.* | 2,061 | 21.09 | 20.8 | 13.66 | 1.11 |
| Sun Bancorp, Inc. | 1,981 | 30.72 | 9.7 | 10.23 | 0.55 |
| WSFS Financial Corp. | 1,753 | 7.15 | 18.7 | 3.89 | 1.10 |
| Firstrust Savings Bank | 1,748 | 4.06 | 30.0 | -7.41 | 1.75 |
| Beneficial Mutual Savings Bank | 1,691 | 7.57 | 14.9 | -2.61 | 0.91 |
| Harleysville National Corporation* | 1,636 | 22.79 | 22.3 | 18.62 | 1.50 |
| Main Street Bancorp, Inc. | 1,499 | 29.00 | 7.9 | -32.48 | 0.59 |
| Cross Country Bank | 1,340 | 53.21 | 128.5 | 89.53 | 11.60 |
| Patriot Bank Corp.* | 1,130 | 15.19 | 2.2 | -46.34 | 0.21 |
| Yardville National Bancorp, Inc. | 1,124 | 48.28 | 8.0 | 42.86 | 0.85 |
| Univest Corp. of Pennsylvania | 1,121 | 4.67 | 15.8 | 8.97 | 1.44 |
| Omega Financial Corp. | 1,056 | -0.94 | 17.4 | 1.75 | 1.64 |
| Sterling Financial Corp. | 1,059 | 15.23 | 13.2 | 13.79 | 1.33 |
| **Aggregate 1999** | | **13.36** | | **36.45** | **1.35** |
| **Aggregate 1998** | | **36.03** | | **20.73** | **1.22** |

Companies ranked according to year-end 1999 total assets. The companies shown are those that have at least $1 billion in total assets and are either (1) headquartered in the Third District, (2) have a bank subsidiary in the Third District, or (3) have at least $250 million in total deposits in the Third District. Note that a number of these organizations are not included in the regional banking sample in the preceding sections. Organizations that are starred (*) engaged in mergers, acquisitions, or divestitures in 1999.