



Pennsylvania • New Jersey • Delaware

## Third Quarter 2016 Highlights

FEDERAL RESERVE BANK OF PHILADELPHIA  
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# Summary Table of Bank Structure and Conditions — Third Quarter 2016

|                                     | Small Banks   |               |               |               |               |               | Large Banks                         |               |               |               |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------------------------|---------------|---------------|---------------|
|                                     | U.S.          |               |               | Tristate      |               |               | U.S.                                |               |               |               |
|                                     | \$ Billions   | % Change From |               | \$ Billions   | % Change From |               | \$ Billions                         | % Change From |               |               |
|                                     | 2016Q3        | 2016Q2        | 2015Q3        | 2016Q3        | 2016Q2        | 2015Q3        |                                     | 2016Q3        | 2016Q2        | 2015Q3        |
| Total Assets                        | 2,207.0       | 8.56          | 7.64          | 118.1         | 12.60         | 8.51          | Total Assets                        | 12,669.7      | 5.44          | 6.14          |
| Total Loans                         | 1,503.1       | 9.95          | 9.98          | 85.7          | 13.31         | 10.70         | Total Loans                         | 6,478.7       | 3.23          | 6.65          |
| C&I                                 | 233.9         | 3.25          | 7.77          | 11.3          | 18.56         | 10.05         | C&I                                 | 1,573.8       | 2.04          | 8.26          |
| Real Estate                         | 1,102.6       | 10.60         | 10.51         | 67.3          | 12.90         | 10.72         | Real Estate                         | 2,932.7       | 3.62          | 5.42          |
| Consumer                            | 63.1          | 13.34         | 7.51          | 3.4           | 15.24         | 8.64          | Consumer                            | 929.8         | 5.77          | 5.54          |
| Total Deposits                      | 1,816.4       | 9.38          | 7.32          | 96.1          | 15.76         | 9.27          | Total Deposits                      | 9,634.7       | 10.00         | 6.89          |
| <b>Ratios (in %)</b>                | <b>2016Q3</b> | <b>2016Q2</b> | <b>2015Q3</b> | <b>2016Q3</b> | <b>2016Q2</b> | <b>2015Q3</b> | <b>Ratios (in %)</b>                | <b>2016Q3</b> | <b>2016Q2</b> | <b>2015Q3</b> |
| Net Income/Avg. Assets (ROA)        | 1.05          | 1.03          | 0.98          | 0.90          | 0.89          | 0.92          | Net Income/Avg. Assets (ROA)        | 0.97          | 0.95          | 0.98          |
| Net Interest Inc./Avg. Assets (NIM) | 3.30          | 3.32          | 3.34          | 3.13          | 3.15          | 3.17          | Net Interest Inc./Avg. Assets (NIM) | 2.42          | 2.40          | 2.46          |
| Noninterest Inc./Avg. Assets        | 0.96          | 0.95          | 0.96          | 1.21          | 1.21          | 1.25          | Noninterest Inc./Avg. Assets        | 1.56          | 1.57          | 1.63          |
| Noninterest Exp./Avg. Assets        | 2.83          | 2.85          | 2.95          | 3.04          | 3.07          | 3.14          | Noninterest Exp./Avg. Assets        | 2.38          | 2.41          | 2.53          |
| Loans/Deposits                      | 82.75         | 82.64         | 80.75         | 89.25         | 89.72         | 88.09         | Loans/Deposits                      | 67.24         | 68.32         | 67.40         |
| Equity/Assets                       | 11.14         | 11.17         | 11.12         | 10.83         | 10.71         | 10.72         | Equity/Assets                       | 11.04         | 11.11         | 11.15         |
| Nonperforming Loans/Total Loans     | 0.90          | 0.92          | 1.01          | 0.95          | 0.98          | 1.08          | Nonperforming Loans/Total Loans     | 1.54          | 1.61          | 1.72          |

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 and 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, 2015, 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, 2015.

The *tristate area* consists of Pennsylvania, New Jersey, and Delaware.

*Small U.S. banks* are defined as those based outside the tristate area that were not in the top 100 in assets as of December 31, 2015, including assets of only their commercial bank subsidiaries.

*U.S.* excludes tristate banks.

The sample includes 141 small tristate banks, 4,577 small U.S. banks, and 99 large U.S. banks.

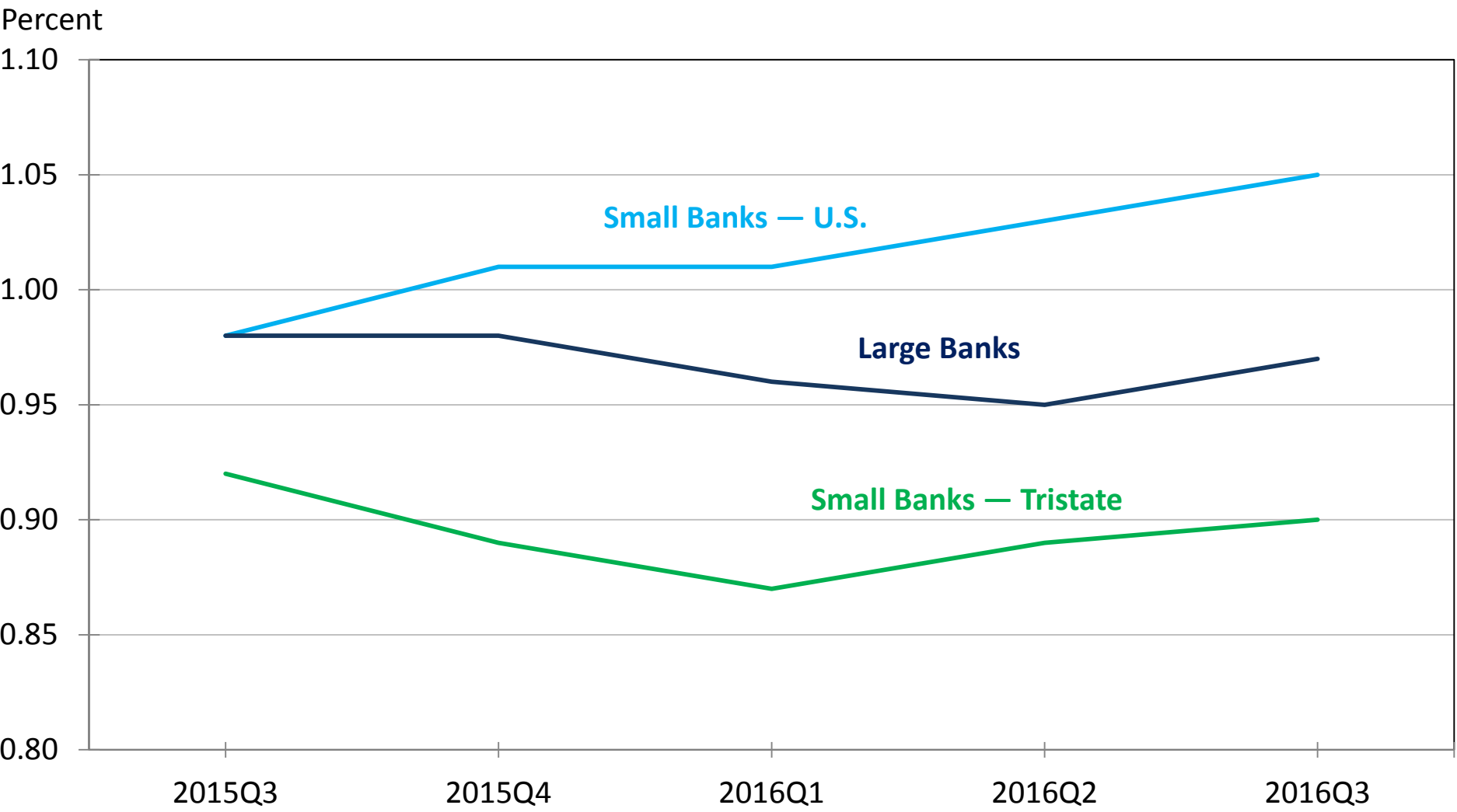
## Recent Trends in Tristate and U.S. Banking Markets

In the third quarter of 2016, profitability increased at small banks outside of the tristate area, while it remained relatively modest at large banks and small banks in the tristate area. Large banks saw another quarter of accelerated asset growth. Real estate continued to be strong for all banks in the United States. Commercial real estate (CRE) lending was the largest force behind loan growth overall, but commercial and industrial (C&I) loans also grew at a solid pace at large banks. Residential real estate (RRE) lending picked up at large banks and small banks in the tristate area. Deposit growth at large banks and small banks outside of the tristate area strengthened. Asset quality continued to improve for all banks, but C&I nonperforming loans saw yet another slight uptick.

# CHART 1

## Profitability Increased at Small Banks Outside the Region

### Return on Average Assets

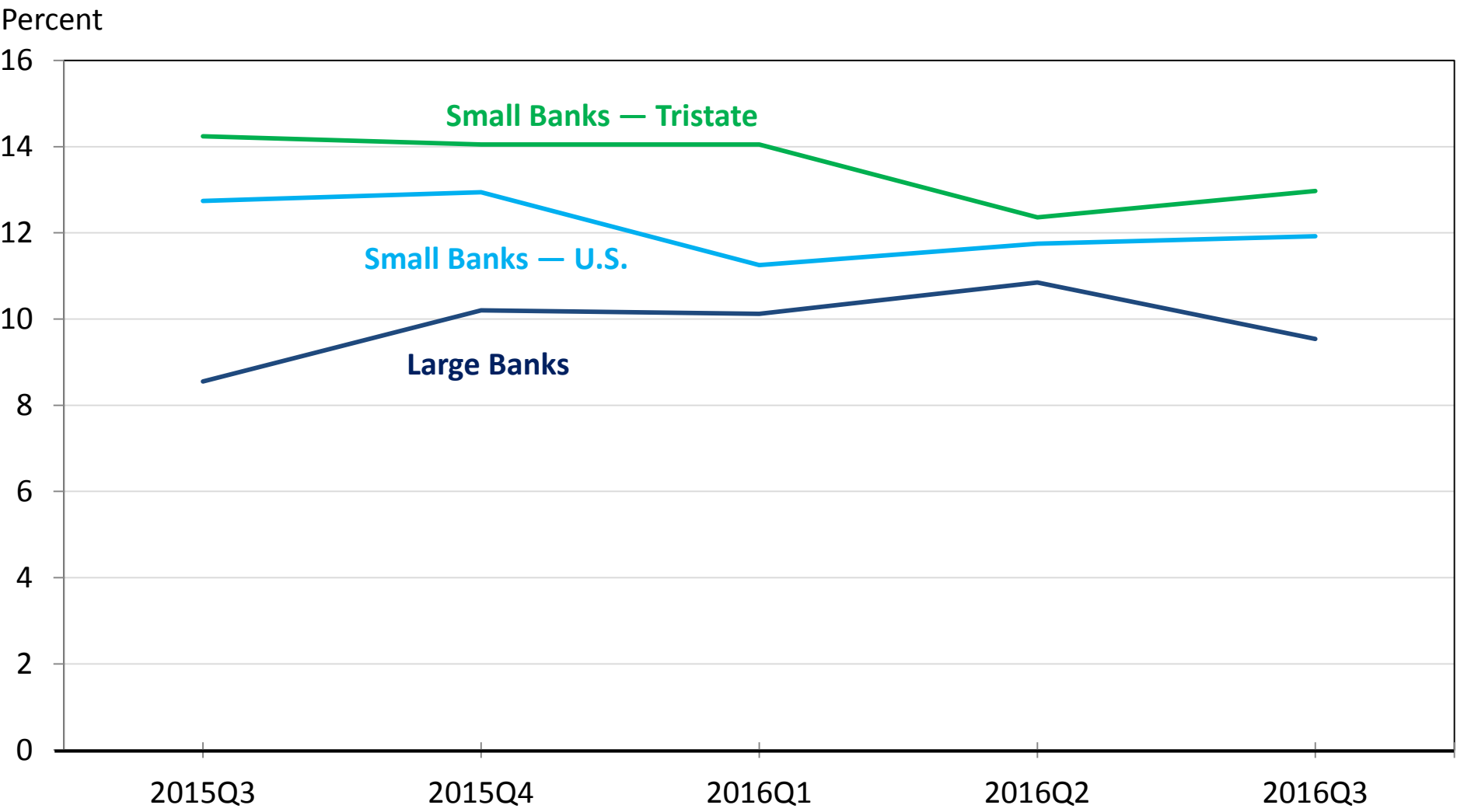


However, net interest margins in the third quarter slightly decreased for all banks (see Summary Table on slide 2).

# CHART 2

## CRE Growth Remained Solid

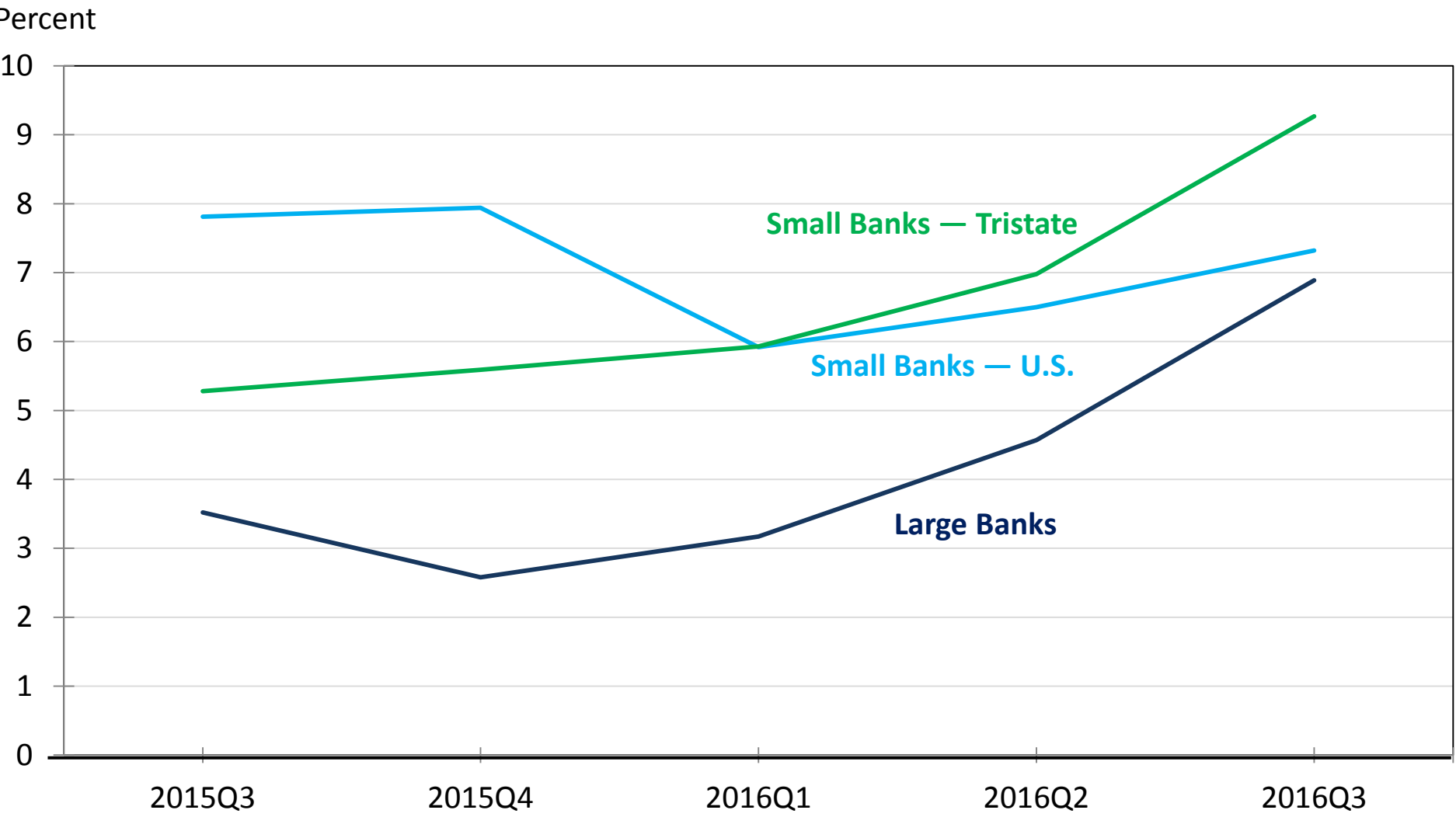
### Annual Growth of CRE Loans



RRE loan growth at large banks was its highest within the last year at 3.44%, while RRE loans at small banks both within and outside of the tristate area grew at 6.71% and 8.75%, respectively.



# CHART 3 Deposits Strengthened at Large Banks and Small Banks in the Tristate Area Annual Growth of Total Deposits

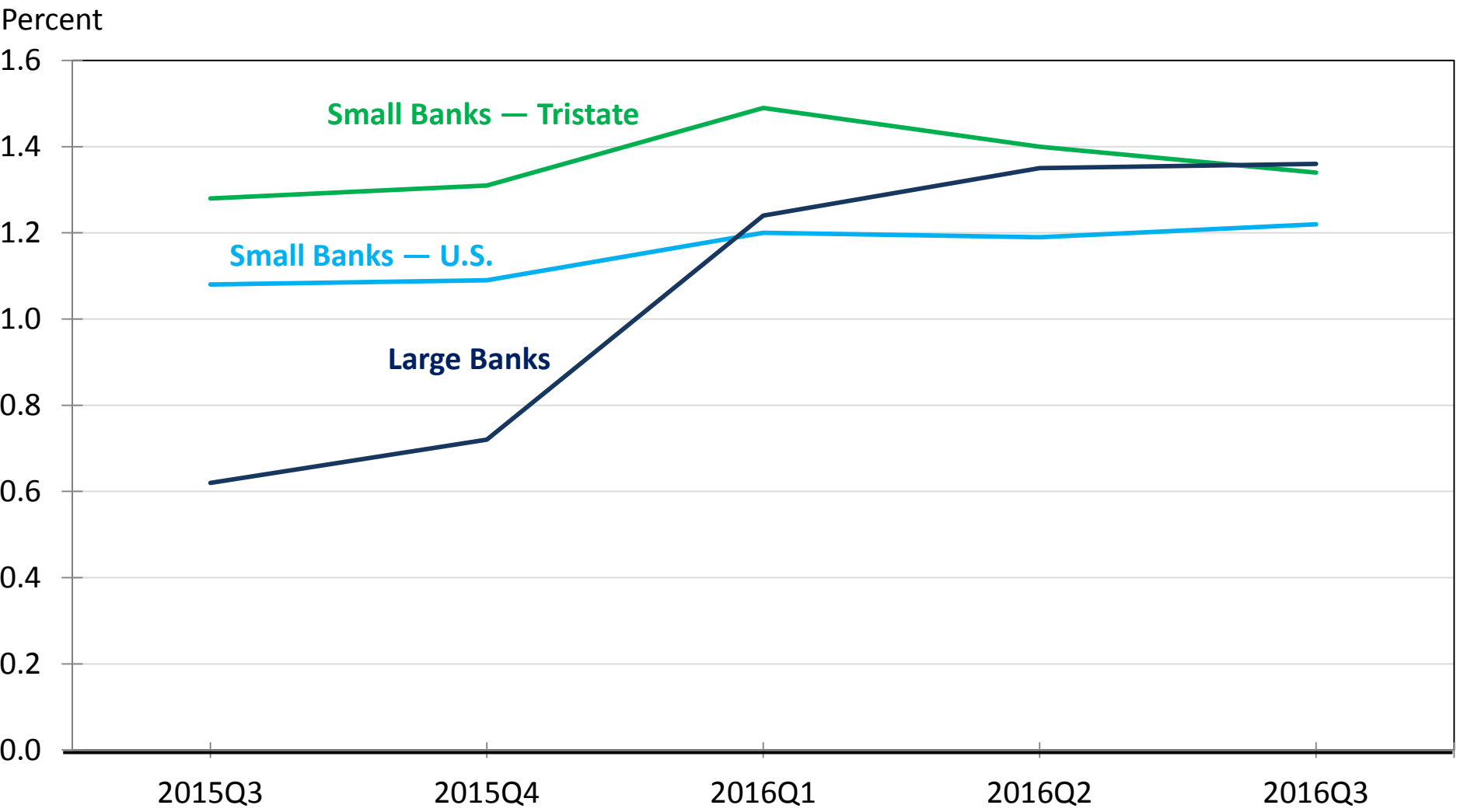


Deposit growth was fueled mainly by increases in domestic, nontransaction accounts. In the third quarter, nontransaction accounts for large banks, small banks in the U.S., and small banks in the tristate area increased 9.02%, 10.98%, and 15.76%, respectively.

# CHART 4

## C&I Nonperforming Loans Increased at Large Banks

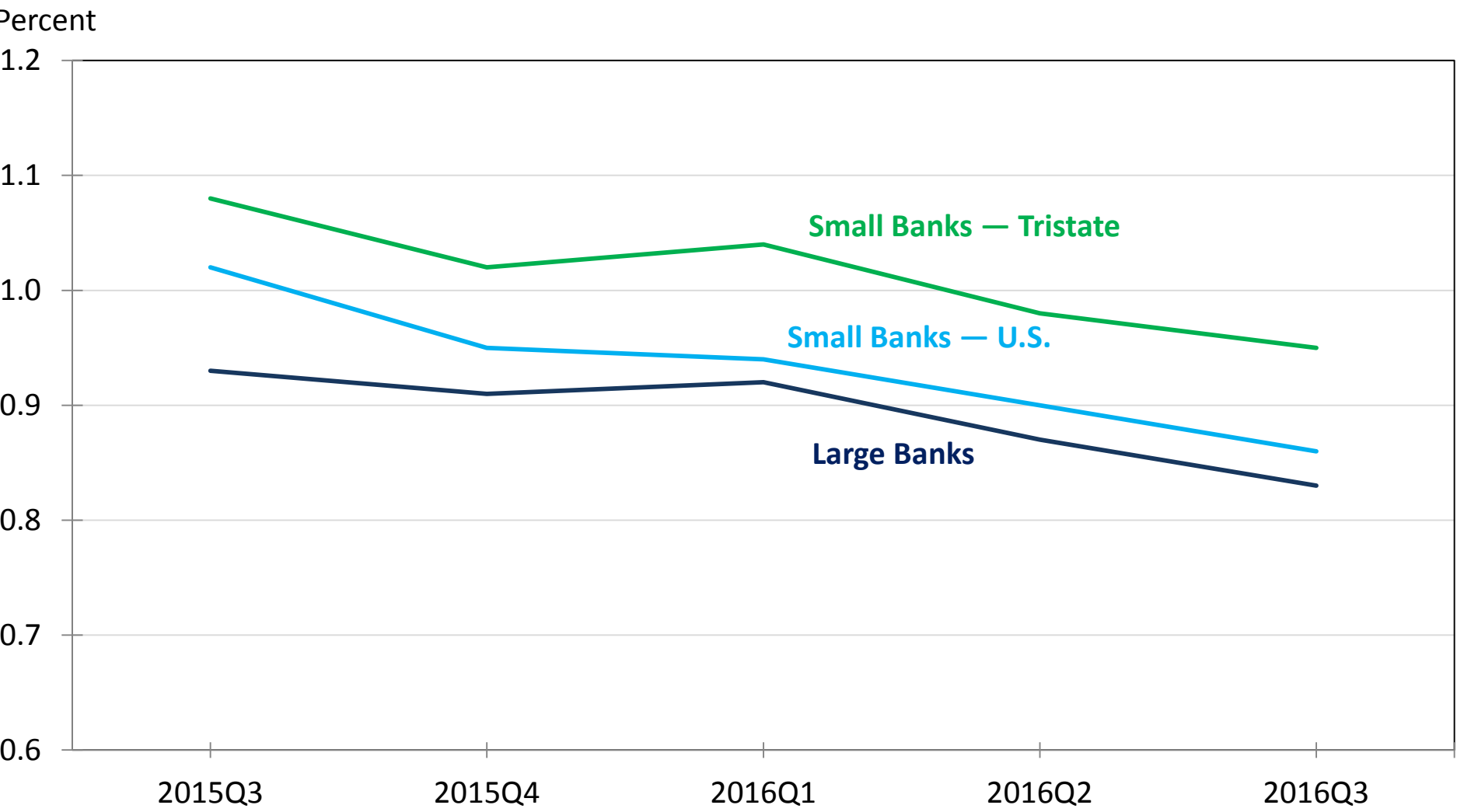
### C&I Nonperforming Loan Ratio



# CHART 5

## Overall Asset Quality Continued to Improve

### Nonperforming Assets as a Share of Total Assets







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