Banking Brief
Research Department

Third Quarter 2020

Part 1. Earnings Ratios
Part 2. Annual Growth Rates
Part 3. Asset Quality Ratios
Part 4. Loan Loss Provisioning and Reserves
Part 5. Capital Ratios
Part 6. Liquidity Ratios
Part 7. Market Conditions
### Summary Table of Bank Structure and Conditions

<table>
<thead>
<tr>
<th></th>
<th>Small Banks</th>
<th>Tristate Banks</th>
<th>Large Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S.</td>
<td>U.S.</td>
<td>U.S.</td>
</tr>
<tr>
<td></td>
<td>$ Billion</td>
<td>20Q3</td>
<td>$ Billion</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20Q2 19Q3</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>2,782.4</td>
<td>6.20 19.43</td>
<td>199.9</td>
</tr>
<tr>
<td>Total Loans</td>
<td>1,926.8</td>
<td>5.82 17.13</td>
<td>150.8</td>
</tr>
<tr>
<td>C&amp;I</td>
<td>433.3</td>
<td>2.76 72.07</td>
<td>40.8</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1,300.9</td>
<td>6.10 7.17</td>
<td>92.9</td>
</tr>
<tr>
<td>Consumer</td>
<td>70.0</td>
<td>10.36 3.87</td>
<td>8.4</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>2,296.9</td>
<td>7.46 19.41</td>
<td>155.3</td>
</tr>
<tr>
<td>Ratios (in %)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income/Avg. Assets (ROA)</td>
<td>1.12</td>
<td>1.14 1.26</td>
<td>0.80</td>
</tr>
<tr>
<td>Net Interest Inc./Avg. Assets (NIM)</td>
<td>3.27</td>
<td>3.36 3.50</td>
<td>2.91</td>
</tr>
<tr>
<td>Noninterest Inc./Avg. Assets</td>
<td>1.07</td>
<td>1.02 0.95</td>
<td>1.04</td>
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<tr>
<td>Noninterest Exp./Avg. Assets</td>
<td>2.69</td>
<td>2.74 2.82</td>
<td>2.53</td>
</tr>
<tr>
<td>Loans/Deposits</td>
<td>83.89</td>
<td>84.21 85.52</td>
<td>97.12</td>
</tr>
<tr>
<td>Equity/Assets</td>
<td>10.84</td>
<td>10.75 11.84</td>
<td>9.52</td>
</tr>
<tr>
<td>Nonperforming Loans/Total Loans</td>
<td>0.75</td>
<td>0.74 0.72</td>
<td>0.63</td>
</tr>
</tbody>
</table>

**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, 2019, 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, 2019. 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, 2019, including assets of only their commercial bank subsidiaries. U.S. excludes tristate banks. The sample includes 113 small tristate banks, 3,891 small U.S. banks, and 100 large U.S. banks. *Data for Large Banks were adjusted due to an internal merger at one institution during the second quarter of 2019 in which credit card loans previously held at a nonbanking subsidiary were brought onto the bank’s balance sheet, thus making assets, loans, and consumer loans appear to grow at an extremely and artificially high rate.
Part 1: Earnings Ratios
CHART 2

Net Interest Margin
Percent

2019Q3 2019Q4 2020Q1 2020Q2 2020Q3

Small Banks — U.S.
Small Banks — Tristate
Large Banks
Part 2: Annual Growth Rates
CHART 3

Annual Growth of Quarterly Net Income
Percent

Small Banks — Tristate
Small Banks — U.S.
Large Banks

2019Q3  2019Q4  2020Q1  2020Q2  2020Q3
CHART 4

Annual Growth of Total Assets*
Percent

*Data for Large Banks were adjusted due to an internal merger at one institution during the second quarter of 2019 in which credit card loans previously held at a nonbanking subsidiary were brought onto the bank’s balance sheet, thus making assets, loans, and consumer loans appear to grow at an extremely and artificially high rate.
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CHART 5a

Annual Growth of RRE Loans
Percent

-2 0 2 4 6 8
2019Q3 2019Q4 2020Q1 2020Q2 2020Q3

Small Banks — U.S.
Small Banks — Tristate
Large Banks
Annual Growth of CRE Loans
Percent

CHART 5b

Small Banks — U.S.
Small Banks — Tristate
Large Banks
CHART 5c

Annual Growth of Construction Loans

Percent

- Small Banks — U.S.
- Small Banks — Tristate
- Large Banks

2019Q3, 2019Q4, 2020Q1, 2020Q2, 2020Q3
CHART 5d

Annual Growth of Loans Secured by Multifamily Properties
Percent

- Small Banks — U.S.
- Large Banks
- Small Banks — Tristate
Annual Growth of Commercial Mortgages
Percent

- Small Banks — U.S.
- Small Banks — Tristate
- Large Banks

CHART 5e
CHART 5f

Annual Growth of Commercial & Industrial Loans
Percent

Small Banks — Tristate
Small Banks — U.S.
Large Banks
Annual Growth of Consumer Loans*

Percent

*Data for Large Banks were adjusted due to an internal merger at one institution during the second quarter of 2019 in which credit card loans previously held at a nonbanking subsidiary were brought onto the bank’s balance sheet, thus making assets, loans, and consumer loans appear to grow at an extremely and artificially high rate.
CHART 6

Annual Growth of Total Deposits*
Percent

*Data for Large Banks were adjusted due to an internal merger at one institution during the second quarter of 2019 in which credit card loans previously held at a nonbanking subsidiary were brought onto the bank’s balance sheet, thus making assets, loans, and consumer loans appear to grow at an extremely and artificially high rate.
Part 3: Asset Quality Ratios
CHART 7

Nonperforming Assets as a Share of Total Assets
Percent

Small Banks — U.S.
Small Banks — Tristate
Large Banks
CHART 8

Nonperforming Loans as a Share of Total Loans
Percent

Large Banks
Small Banks — U.S.
Small Banks — Tristate

2019Q3 2019Q4 2020Q1 2020Q2 2020Q3
Residential Real Estate Nonperforming Loan Ratio

Percent

Large Banks

Small Banks — U.S.

Small Banks — Tristate

2019Q3 2019Q4 2020Q1 2020Q2 2020Q3
CHART 10

Commercial Real Estate Nonperforming Loan Ratio

Percent

Small Banks — U.S.
Small Banks — Tristate
Large Banks

2019Q3 2019Q4 2020Q1 2020Q2 2020Q3
Chart 11

Commercial and Industrial Nonperforming Loan Ratio
Percent

- Small Banks — U.S.
- Large Banks
- Small Banks — Tristate
CHART 12

Consumer Nonperforming Loan Ratio
Percent

Large Banks
Small Banks — U.S.
Small Banks — Tristate
Part 4: Loan Loss Provisioning and Reserves
CHART 13

Loan Loss Reserves as a Share of Total Assets
Percent

Large Banks
Small Banks — U.S.
Small Banks — Tristate

2019Q3  2019Q4  2020Q1  2020Q2  2020Q3
CHART 14

Net Charge-Offs as a Share of Loan Loss Provisions

Percent

Large Banks

Small Banks — Tristate

Small Banks — U.S.
CHART 15

Loan Loss Provision as a Share of Operating Income
Percent

- Large Banks
- Small Banks — U.S.
- Small Banks — Tristate

- 2019Q3
- 2019Q4
- 2020Q1
- 2020Q2
- 2020Q3
CHART 16

Loan Loss Coverage Ratio
Percent

- Large Banks
- Small Banks – Tristate
- Small Banks – U.S.
Part 5: Capital Ratios
Total Equity as a Share of Total Assets
Percent

- **Small Banks — U.S.**
- **Large Banks**
- **Small Banks — Tristate**
**CHART 18**

**Tier One Leverage Ratio**
Percent

![Graph showing Tier One Leverage Ratio for Small Banks in Tristate, Large Banks, and Small Banks in U.S.](chart)
CHART 19

Risk-Based Capital Ratio
Percent

- Small Banks — U.S.
- Large Banks
- Small Banks — Tristate
Part 6: Liquidity Ratios
CHART 20

Total Loans as a Share of Total Deposits
Percent

- Small Banks — Tristate
- Small Banks — U.S.
- Large Banks
CHART 21

Core Deposits as a Share of Total Deposits
Percent

Small Banks — Tristate
Small Banks — U.S.
Large Banks
CHART 22

Liquid Assets as a Share of Total Assets

Percent

- Large Banks
- Small Banks — U.S.
- Small Banks — Tristate
Part 7: Market Conditions
CHART 23

New and Existing Home Sales
Percent

Existing Home Sales
New Home Sales
Questions and comments may be directed to James V. DiSalvo at 215-574-3820 or jim.disalvo@phil.frb.org.

For methodology documentation and back issues, visit


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