Banking Brief
Research Department

Fourth Quarter 2021

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

**Fourth Quarter 2021**

<table>
<thead>
<tr>
<th></th>
<th><strong>Small Banks</strong></th>
<th><strong>Tristate</strong></th>
<th><strong>Large Banks</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>U.S.</strong></td>
<td><strong>Tristate</strong></td>
<td><strong>U.S.</strong></td>
</tr>
<tr>
<td></td>
<td>$ Billion</td>
<td>$ Billion</td>
<td>$ Billion</td>
</tr>
<tr>
<td></td>
<td>21Q4</td>
<td>21Q3</td>
<td>20Q4</td>
</tr>
<tr>
<td>Total Assets</td>
<td>3,122.5</td>
<td>10.69</td>
<td>11.94</td>
</tr>
<tr>
<td>Total Loans</td>
<td>1,911.8</td>
<td>7.57</td>
<td>2.79</td>
</tr>
<tr>
<td>C&amp;I</td>
<td>312.1</td>
<td>-14.03</td>
<td>-18.38</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1,407.6</td>
<td>13.17</td>
<td>8.54</td>
</tr>
<tr>
<td>Consumer</td>
<td>77.1</td>
<td>9.48</td>
<td>13.21</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>2,676.5</td>
<td>13.10</td>
<td>14.74</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ratios (in %)</th>
<th><strong>21Q4</strong></th>
<th><strong>21Q3</strong></th>
<th><strong>20Q4</strong></th>
<th><strong>21Q4</strong></th>
<th><strong>21Q3</strong></th>
<th><strong>20Q4</strong></th>
<th><strong>21Q4</strong></th>
<th><strong>21Q3</strong></th>
<th><strong>20Q4</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income/Avg. Assets (ROA)</td>
<td>1.30</td>
<td>1.32</td>
<td>1.10</td>
<td>1.31</td>
<td>1.30</td>
<td>0.85</td>
<td>1.10</td>
<td>1.11</td>
<td>0.59</td>
</tr>
<tr>
<td>Net Interest Inc./Avg. Assets (NIM)</td>
<td>3.04</td>
<td>3.08</td>
<td>3.21</td>
<td>2.99</td>
<td>3.00</td>
<td>2.96</td>
<td>1.97</td>
<td>2.00</td>
<td>2.23</td>
</tr>
<tr>
<td>Noninterest Inc./Avg. Assets</td>
<td>1.04</td>
<td>1.10</td>
<td>1.12</td>
<td>1.08</td>
<td>1.08</td>
<td>1.06</td>
<td>1.26</td>
<td>1.28</td>
<td>1.32</td>
</tr>
<tr>
<td>Noninterest Exp./Avg. Assets</td>
<td>2.47</td>
<td>2.52</td>
<td>2.69</td>
<td>2.42</td>
<td>2.43</td>
<td>2.56</td>
<td>2.04</td>
<td>2.06</td>
<td>2.26</td>
</tr>
<tr>
<td>Loans/Deposits</td>
<td>71.43</td>
<td>72.33</td>
<td>79.73</td>
<td>82.09</td>
<td>83.03</td>
<td>90.51</td>
<td>53.26</td>
<td>52.93</td>
<td>56.61</td>
</tr>
<tr>
<td>Equity/Assets</td>
<td>10.51</td>
<td>10.61</td>
<td>10.88</td>
<td>10.43</td>
<td>10.24</td>
<td>10.37</td>
<td>9.81</td>
<td>9.89</td>
<td>10.02</td>
</tr>
<tr>
<td>Nonperforming Loans/Total Loans</td>
<td>0.55</td>
<td>0.63</td>
<td>0.78</td>
<td>0.56</td>
<td>0.62</td>
<td>0.75</td>
<td>0.85</td>
<td>0.89</td>
<td>1.12</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, 2020, 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, 2020. 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, 2020, including assets of only their commercial bank subsidiaries. **U.S.** excludes tristate banks. The sample includes 110 small tristate banks, 3,749 small U.S. banks, and 97 large U.S. banks. *Data for large banks were adjusted because of 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 1

Return on Average Assets
Percent

<table>
<thead>
<tr>
<th>Year</th>
<th>Small Banks — U.S.</th>
<th>Small Banks — Tristate</th>
<th>Large Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020Q4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021Q1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021Q2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021Q3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021Q4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHART 2

Net Interest Margin
Percent

2020Q4 2021Q1 2021Q2 2021Q3 2021Q4

Small Banks — U.S.
Small Banks — Tristate
Large Banks
Part 2: Annual Growth Rates
Annual Growth of Quarterly Net Income
Percent

CHART 3

2020Q4 2021Q1 2021Q2 2021Q3 2021Q4

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

Small Banks — U.S.
CHART 5

Annual Growth of Total Loans

Percent

-10 -5 0 5 10 15 20

2020Q4 2021Q1 2021Q2 2021Q3 2021Q4

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

Annual Growth of RRE Loans
Percent

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

-6 -4 -2 0 2 4 6
2020Q4 2021Q1 2021Q2 2021Q3 2021Q4
CHART 5b

Annual Growth of CRE Loans
Percent

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

Federal Reserve Bank of Philadelphia
Research Department
CHART 5c

Annual Growth of Construction Loans
Percent

- Chart shows the annual growth of construction loans for Small Banks in Tristate, Small Banks in the U.S., and Large Banks from 2020Q4 to 2021Q4.
- Small Banks in Tristate had a growth rate that remained relatively stable until 2021Q3, after which it increased sharply.
- Small Banks in the U.S. had a decreasing growth rate until 2021Q3, after which it stabilized.
- Large Banks had a sharp decrease in growth rate from 2020Q4 to 2021Q3, followed by a slower decrease until 2021Q4.

Federal Reserve Bank of Philadelphia
Research Department
Annual Growth of Loans Secured by Multifamily Properties

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

Percent

2020Q4 2021Q1 2021Q2 2021Q3 2021Q4
CHART 5e

Annual Growth of Commercial Mortgages
Percent

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

2020Q4 2021Q1 2021Q2 2021Q3 2021Q4
Annual Growth of Commercial and Industrial Loans
Percent

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

Chart showing the annual growth of commercial and industrial loans for small banks in Tristate and U.S., and large banks, from 2020Q4 to 2021Q4.
CHART 5g

Annual Growth of Consumer Loans

Percent
CHART 6

Annual Growth of Total Deposits

Percent

2020Q4 2021Q1 2021Q2 2021Q3 2021Q4

Small Banks ― U.S.

Small Banks ― Tristate

Large Banks
Part 3: Asset Quality Ratios
Nonperforming Assets as a Share of Total Assets

- Small Banks — U.S.
- Small Banks — Tristate
- Large Banks
Nonperforming Loans as a Share of Total Loans

Percent

CHART 8

2020Q4 2021Q1 2021Q2 2021Q3 2021Q4

Small Banks ― U.S.

Small Banks ― Tristate

Large Banks
Residential Real Estate Nonperforming Loan Ratio
Percent

CHART 9

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

Federal Reserve Bank of Philadelphia
Research Department
CHART 10

Commercial Real Estate Nonperforming Loan Ratio
Percent

- Large Banks
- Small Banks — Tristate
- Small Banks — U.S.
CHART 11

Commercial and Industrial Nonperforming Loan Ratio
Percent

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

Plot showing the trend of Commercial and Industrial Nonperforming Loan Ratio from 2020Q4 to 2021Q4 for Large Banks, Small Banks — U.S., and Small Banks — Tristate.
CHART 12

Consumer Nonperforming Loan Ratio
Percent

0.0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 0.9 1.0
2020Q4 2021Q1 2021Q2 2021Q3 2021Q4

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

Small Banks — U.S.

Small Banks — Tristate

Large Banks
CHART 14

Net Charge-Offs as a Share of Loan Loss Provisions
Percent

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

2020Q4 2021Q1 2021Q2 2021Q3 2021Q4
CHART 15

Loan Loss Provision as a Share of Operating Income
Percent

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

Federal Reserve Bank of Philadelphia
Research Department
CHART 16

Loan Loss Coverage Ratio
Percent

Small Banks — U.S.
Large Banks
Small Banks — Tristate
Part 5: Capital Ratios
CHART 17

Total Equity as a Share of Total Assets
Percent

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

Yearly data from 2020Q3 to 2021Q3.
CHART 18

Tier One Leverage Ratio
Percent

2020Q3 2020Q4 2021Q1 2021Q2 2021Q3

Small Banks — U.S.
Small Banks — Tristate
Large Banks
CHART 19

Risk-Based Capital Ratio
Percent

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

Y-axis: 12.0 to 16.0
X-axis: 2020Q4 to 2021Q4
Part 6: Liquidity Ratios
CHART 20

Total Loans as a Share of Total Deposits

Small Banks — Tristate

Small Banks — U.S.

Large Banks

Percent

2020Q4 2021Q1 2021Q2 2021Q3 2021Q4
Core Deposits as a Share of Total Deposits

Percent

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

Years: 2020Q4 to 2021Q4
CHART 22

Liquid Assets as a Share of Total Assets
Percent

Large Banks

Small Banks — U.S.

Small Banks — Tristate

2020Q4 2021Q1 2021Q2 2021Q3 2021Q4
Part 7: Market Conditions
CHART 23

New and Existing Total U.S. Home Sales
Thousands

Existing Home Sales

New Home Sales

Dec-19 Apr-20 Aug-20 Dec-20 Apr-21 Aug-21 Dec-21

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


To receive e-mail notifications on the latest Banking Brief, please go to www.philadelphiafed.org/notifications/.