Banking Brief
Research Department

Third Quarter 2022

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>Third Quarter 2022</th>
<th>Small Banks</th>
<th>Large Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S.</td>
<td>Tristate</td>
</tr>
<tr>
<td></td>
<td>$ Billion</td>
<td>% Change From</td>
</tr>
<tr>
<td>Total Assets</td>
<td>3,073.1</td>
<td>3.87</td>
</tr>
<tr>
<td>Total Loans</td>
<td>2,010.4</td>
<td>16.62</td>
</tr>
<tr>
<td>C&amp;I</td>
<td>305.0</td>
<td>7.02</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1,501.7</td>
<td>18.49</td>
</tr>
<tr>
<td>Consumer</td>
<td>91.4</td>
<td>33.01</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>2,643.6</td>
<td>2.26</td>
</tr>
<tr>
<td>Ratios (in %)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income/Avg. Assets (ROA)</td>
<td>1.21</td>
<td>1.20</td>
</tr>
<tr>
<td>Net Interest Inc./Avg. Assets (NIM)</td>
<td>3.12</td>
<td>3.03</td>
</tr>
<tr>
<td>Noninterest Inc./Avg. Assets</td>
<td>0.90</td>
<td>0.95</td>
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<tr>
<td>Noninterest Exp./Avg. Assets</td>
<td>2.46</td>
<td>2.46</td>
</tr>
<tr>
<td>Loans/Deposits</td>
<td>76.05</td>
<td>73.59</td>
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<tr>
<td>Nonperforming Loans/Total Loans</td>
<td>0.50</td>
<td>0.54</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, 2021, 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, 2021, including assets of only their commercial bank subsidiaries. U.S. excludes tristate banks. The sample includes 107 small tristate banks, 3,733 small U.S. banks, and 99 large U.S. banks.
Part 1: Earnings Ratios
CHART 1

Return on Average Assets
Percent

![Chart showing Return on Average Assets for Small Banks — Tristate, Small Banks — U.S., and Large Banks from 2021Q3 to 2022Q3. The chart indicates a trend of decreasing returns for all categories.]
CHART 2

Net Interest Margin
Percent

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

Annual Growth of Quarterly Net Income
Percent

-60 -40 -20 0 20 40 60 80 100

2021Q3 2021Q4 2022Q1 2022Q2 2022Q3

Small Banks — U.S.
Small Banks — Tristate
Large Banks
CHART 4

Annual Growth of Total Assets
Percent

-5 0 5 10 15 20

2021Q3 2021Q4 2022Q1 2022Q2 2022Q3

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

Annual Growth of Total Loans

Percent

2021Q3 2021Q4 2022Q1 2022Q2 2022Q3

-6 -4 -2 0 2 4 6 8 10 12 14

Large Banks

Small Banks — U.S.

Small Banks — Tristate
CHART 5a

Annual Growth of RRE Loans
Percent

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

Annual Growth of CRE Loans
Percent

-2 -1 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

2021Q3 2021Q4 2022Q1 2022Q2 2022Q3

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

2021Q3 2021Q4 2022Q1 2022Q2 2022Q3
Annual Growth of Loans Secured by Multifamily Properties
Percent

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

Chart 5d
Annual Growth of Commercial Mortgages
Percent

- Small Banks — U.S.
- Small Banks — Tristate
- Large Banks
Annual Growth of Commercial and Industrial Loans
Percent

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

2021Q3 2021Q4 2022Q1 2022Q2 2022Q3
CHART 5g

Annual Growth of Consumer Loans
Percent

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

Data points for each category are plotted against time from 2021Q3 to 2022Q3.
CHART 6

Annual Growth of Total Deposits

Percent

-4 0 4 8 12 16 20

2021Q3 2021Q4 2022Q1 2022Q2 2022Q3

Small Banks — U.S.

Small Banks — Tristate

Large Banks
Part 3: Asset Quality Ratios
CHART 7
Nonperforming Assets as a Share of Total Assets
Percent

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

2021Q3 2021Q4 2022Q1 2022Q2 2022Q3
CHART 8

Nonperforming Loans as a Share of Total Loans

Percent

Small Banks — Tristate
Large Banks
Small Banks — U.S.
CHART 9

Residential Real Estate Nonperforming Loan Ratio
Percent

Large Banks

Small Banks — U.S.

Small Banks — Tristate
CHART 10

Commercial Real Estate Nonperforming Loan Ratio
Percent

Federal Reserve Bank of Philadelphia
Research Department
CHART 11

Commercial and Industrial Nonperforming Loan Ratio
Percent

Small Banks — Tristate

Small Banks — U.S.

Large Banks
CHART 12
Consumer Nonperforming Loan Ratio
Percent

![Chart showing the consumer nonperforming loan ratio for large banks, small banks in the U.S., and small banks in the Tristate area from 2021Q3 to 2022Q3. The graph indicates that the nonperforming loan ratio for large banks remained relatively stable, while small banks showed an increase, particularly in the Tristate area.](chart_image)
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

2021Q3 2021Q4 2022Q1 2022Q2 2022Q3
CHART 14

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

[Graph showing net charge-offs as a share of loan loss provisions for small banks (Tristate and U.S.) and large banks, with data points for 2021Q3 to 2022Q3.]
CHART 15

Loan Loss Provision as a Share of Operating Income
Percent

![Graph showing Loan Loss Provision as a Share of Operating Income for Small Banks (US and Tristate) and Large Banks. The x-axis represents quarters from 2021Q3 to 2022Q3, and the y-axis represents the percentage. The graph indicates an increasing trend for all categories during the specified quarters.](image-url)
CHART 16

Loan Loss Coverage Ratio
Percent

285
260
235
210
185
160
135
110
85
60

2021Q3 2021Q4 2022Q1 2022Q2 2022Q3

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

Year:
- 2021Q3
- 2021Q4
- 2022Q1
- 2022Q2
- 2022Q3
Tier One Leverage Ratio
Percent

2021Q3 2021Q4 2022Q1 2022Q2 2022Q3

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

Risk-Based Capital Ratio
Percent

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

2021Q3 2021Q4 2022Q1 2022Q2 2022Q3
Part 6: Liquidity Ratios
CHART 20

Total Loans as a Share of Total Deposits
Percent

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

[Graph showing the total loans as a share of total deposits for different bank categories over time (2021Q3 to 2022Q3).]
Core Deposits as a Share of Total Deposits

Percent

CHART 21

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

- 2021Q3
- 2021Q4
- 2022Q1
- 2022Q2
- 2022Q3
Part 7: Market Conditions
CHART 23

New and Existing Total U.S. Home Sales
Thousands

- 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.


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