

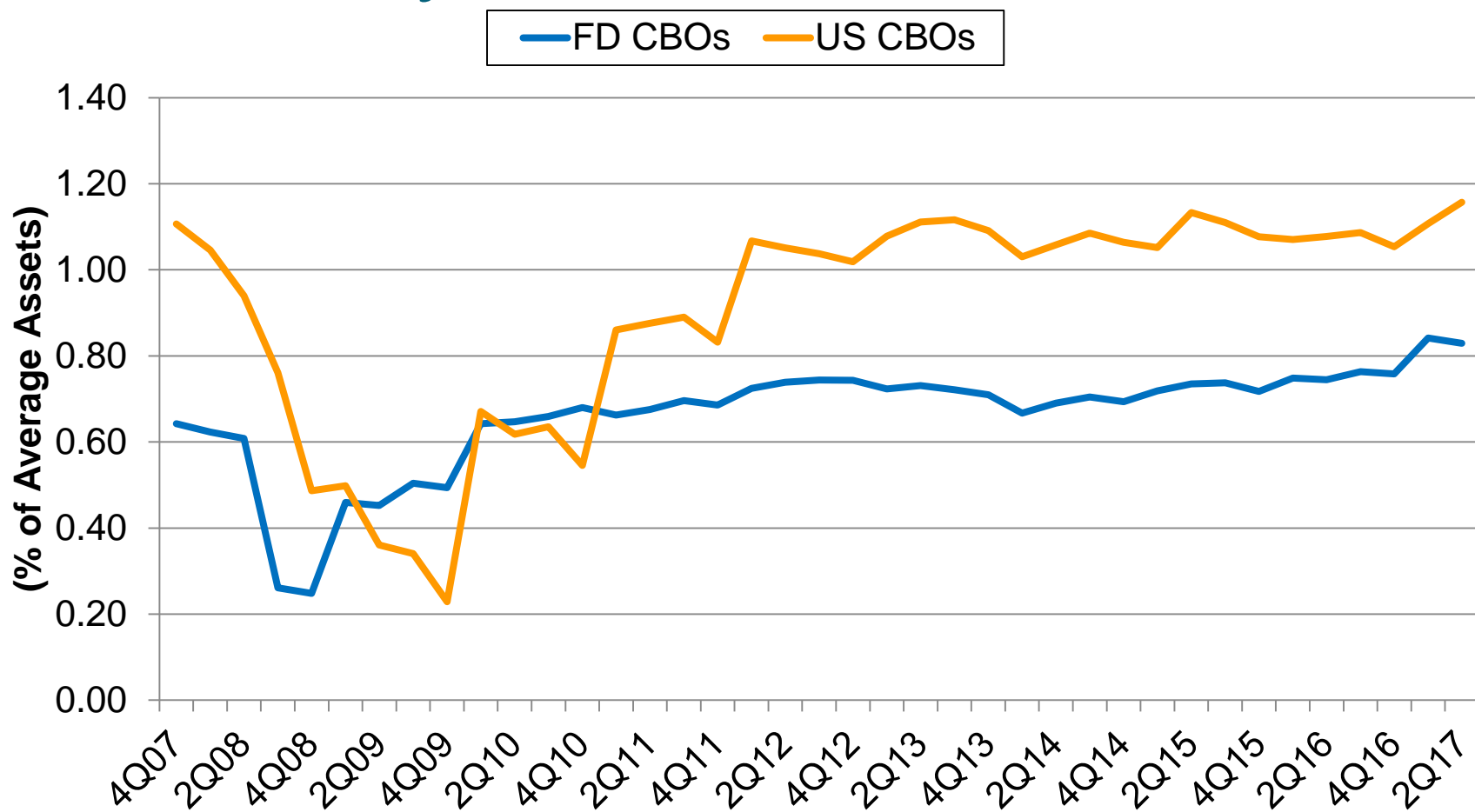
COMMUNITY BANK PROFITABILITY

16th R&C Conference
November 16, 2017



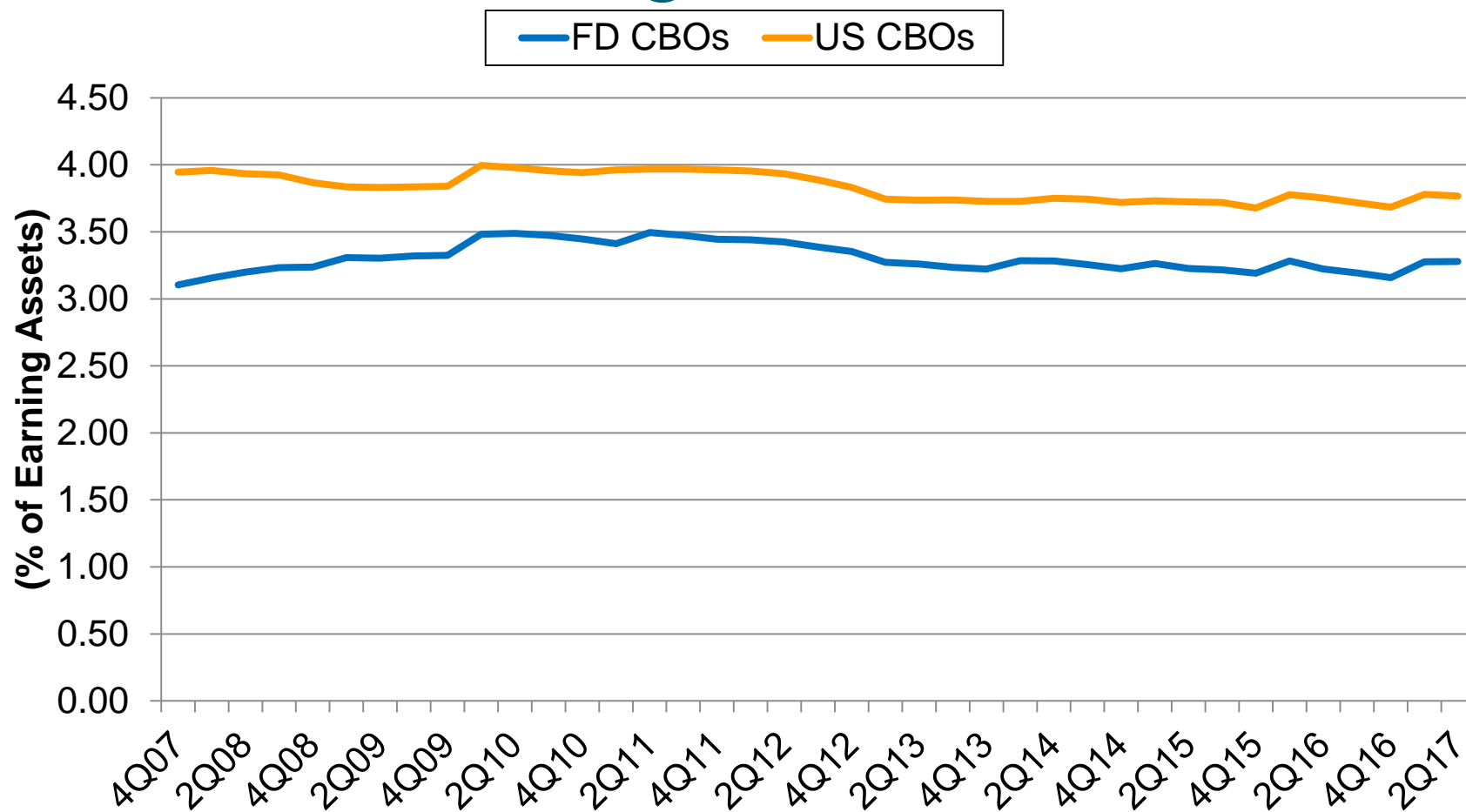
The views expressed here are those of the speaker and do not necessarily represent the views of the Federal Reserve Bank of Boston or the Federal Reserve System

Community Bank ROAA



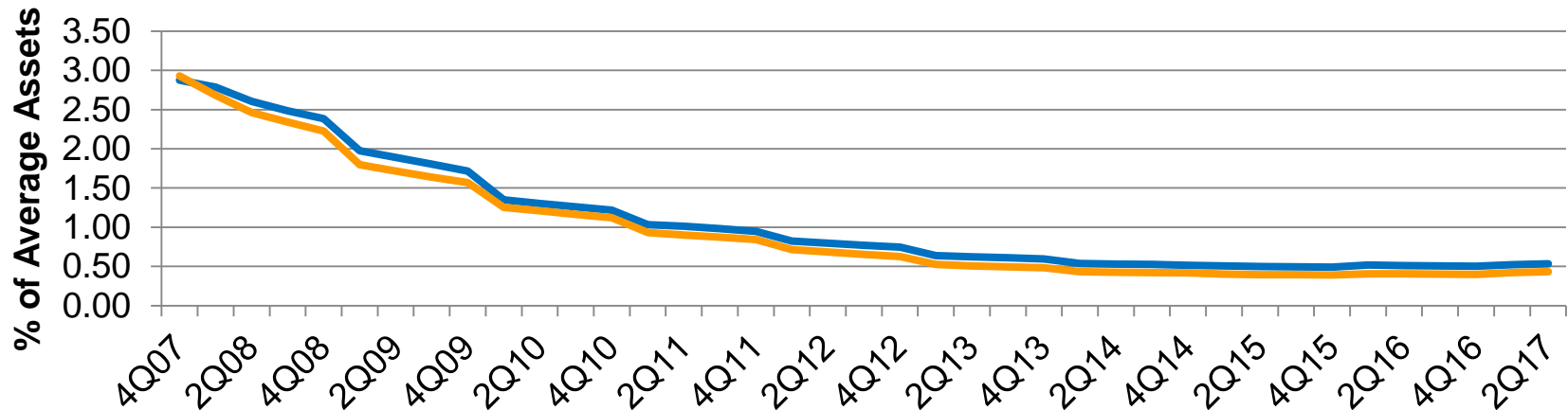
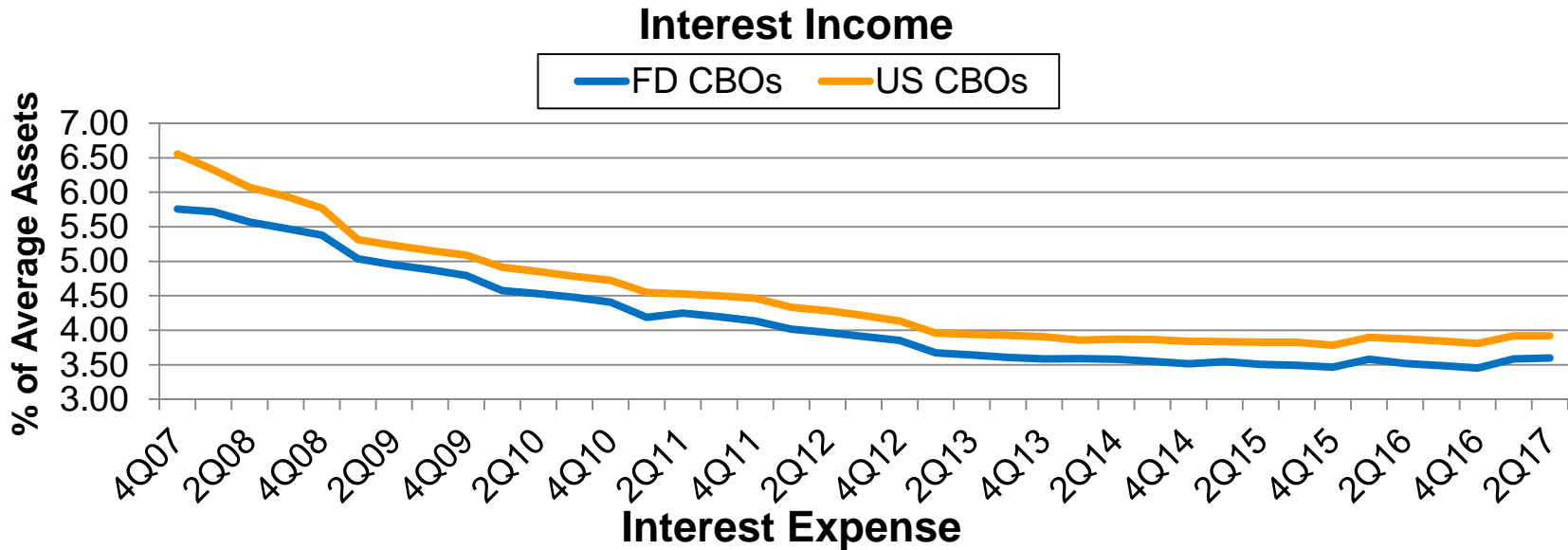
Source: Call Report

Net Interest Margin



Source: Call Report

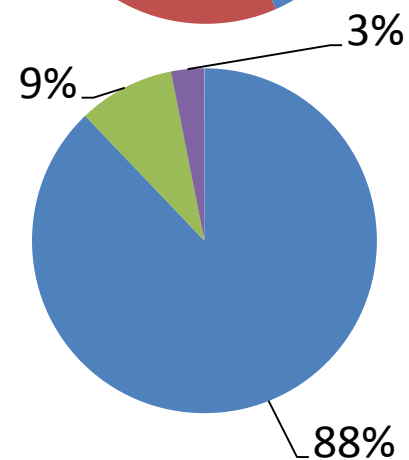
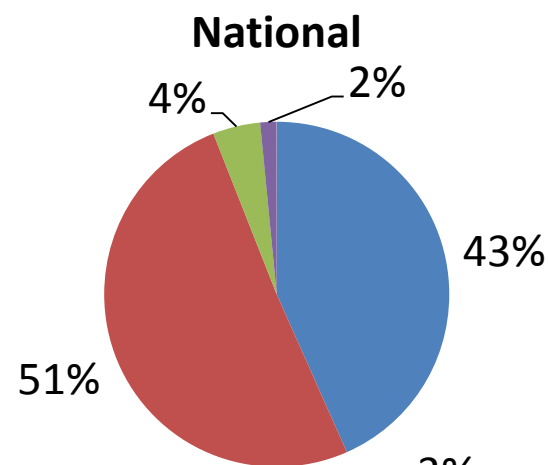
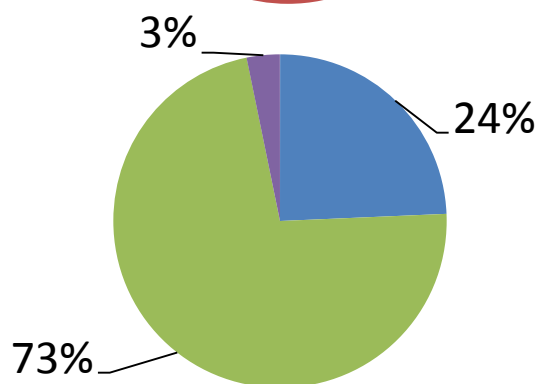
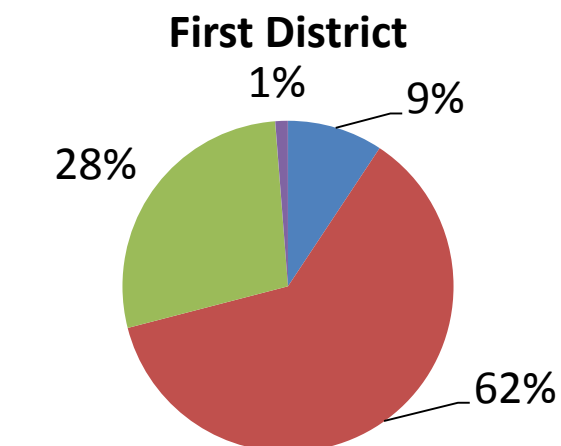
Interest Income and Expense



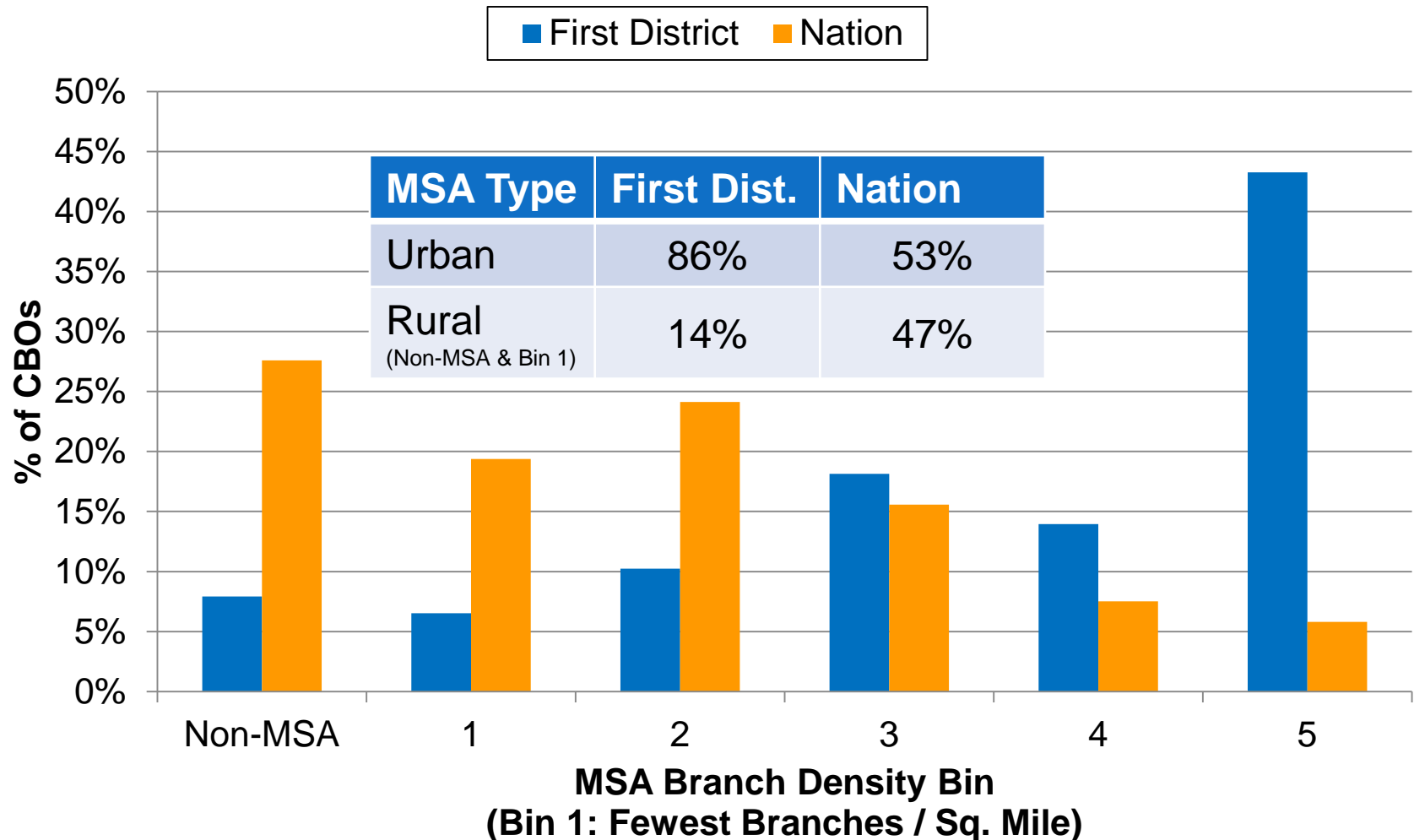
First District Characteristics

- Depository Type
- Density
- Asset Size
- Customer

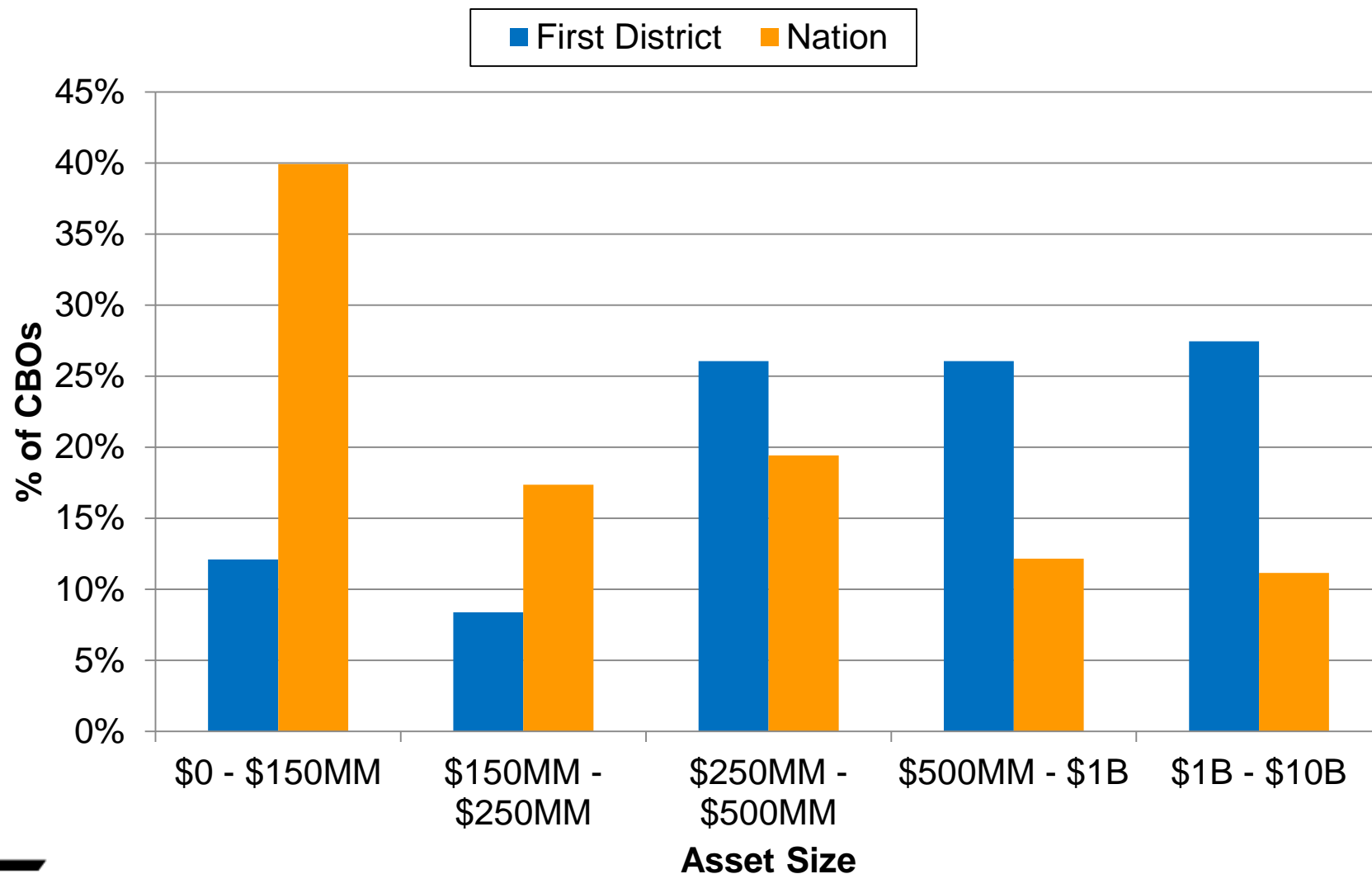
Depository Types



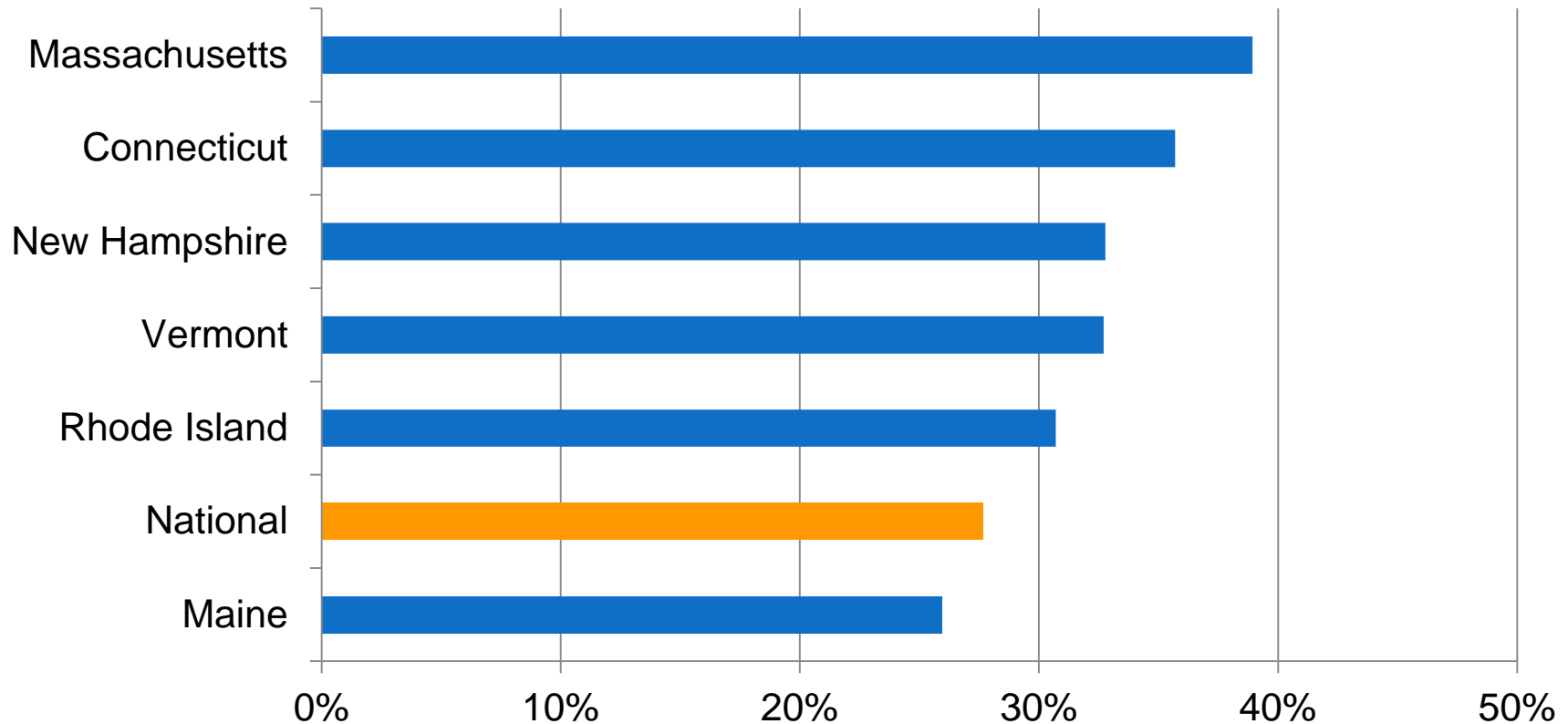
Branch Density



Asset Size



Percentage of the population* with bachelor degree or higher



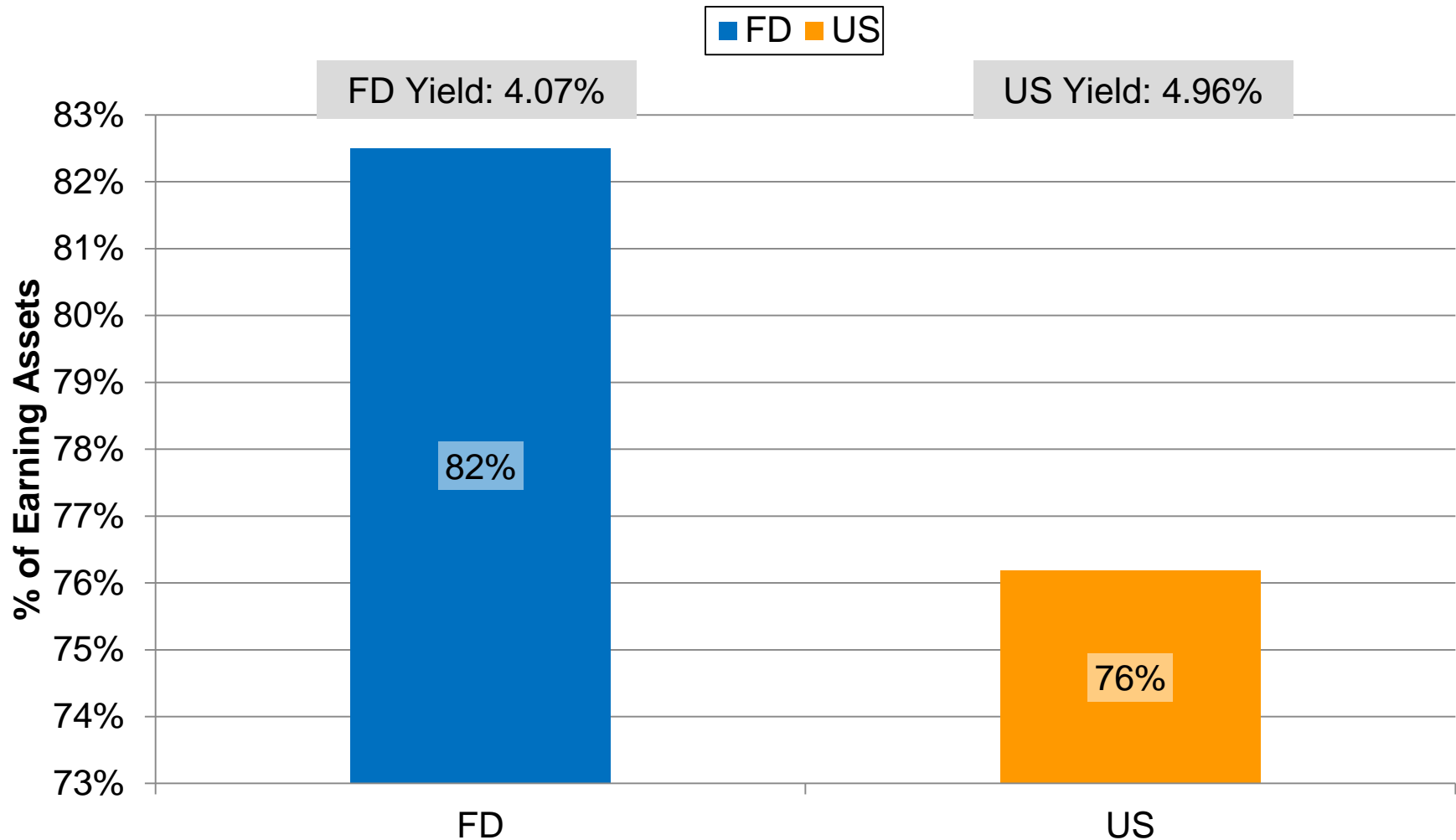
*Population aged between 18 and 65

Source: US Census Bureau 2013 American Community Survey

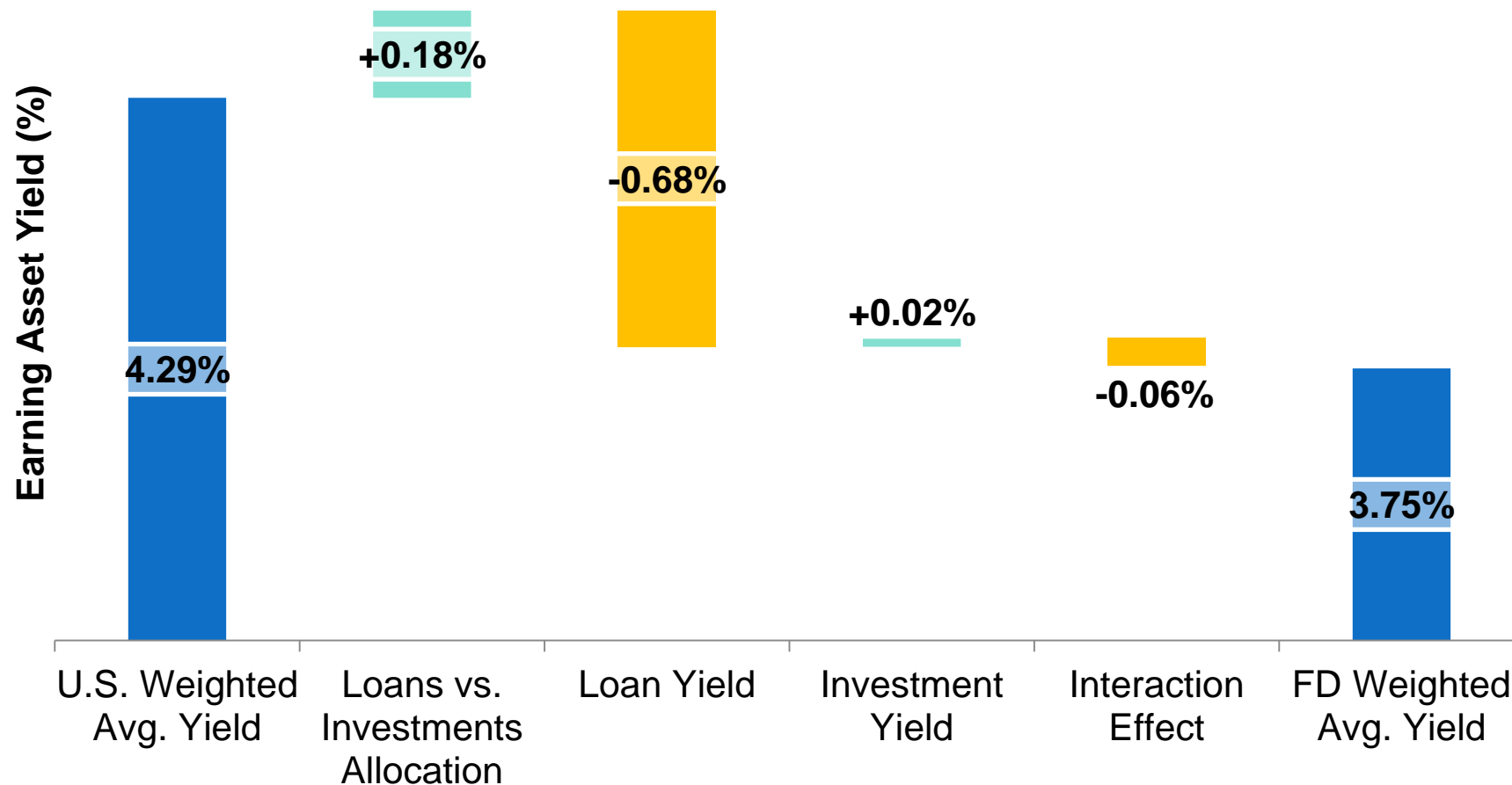
In the Numbers

- Balance Sheet Composition
- Yields

Loan Yield and Composition

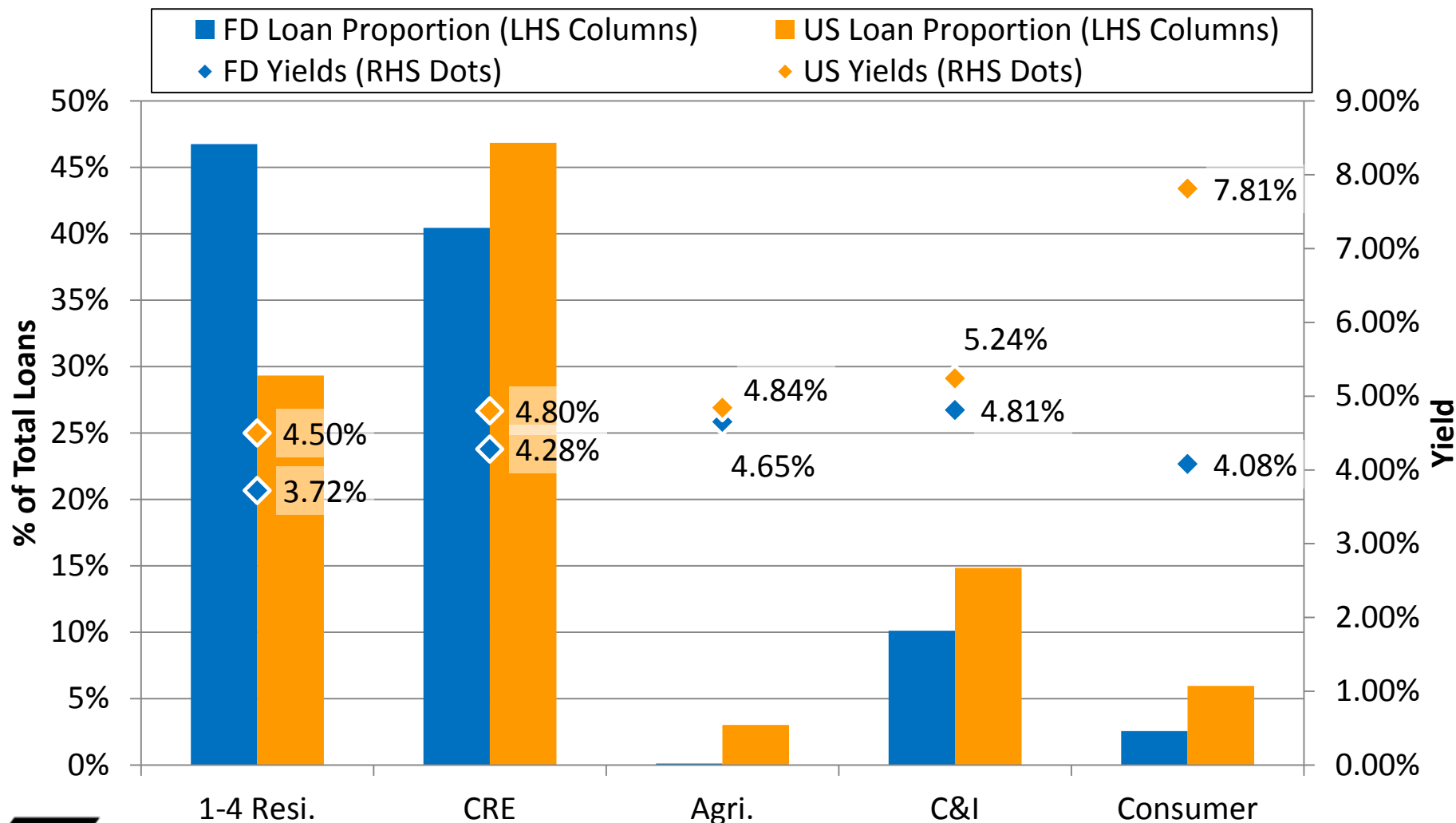


Earning Asset Attribution: FD vs. Nation



Source: Call Report

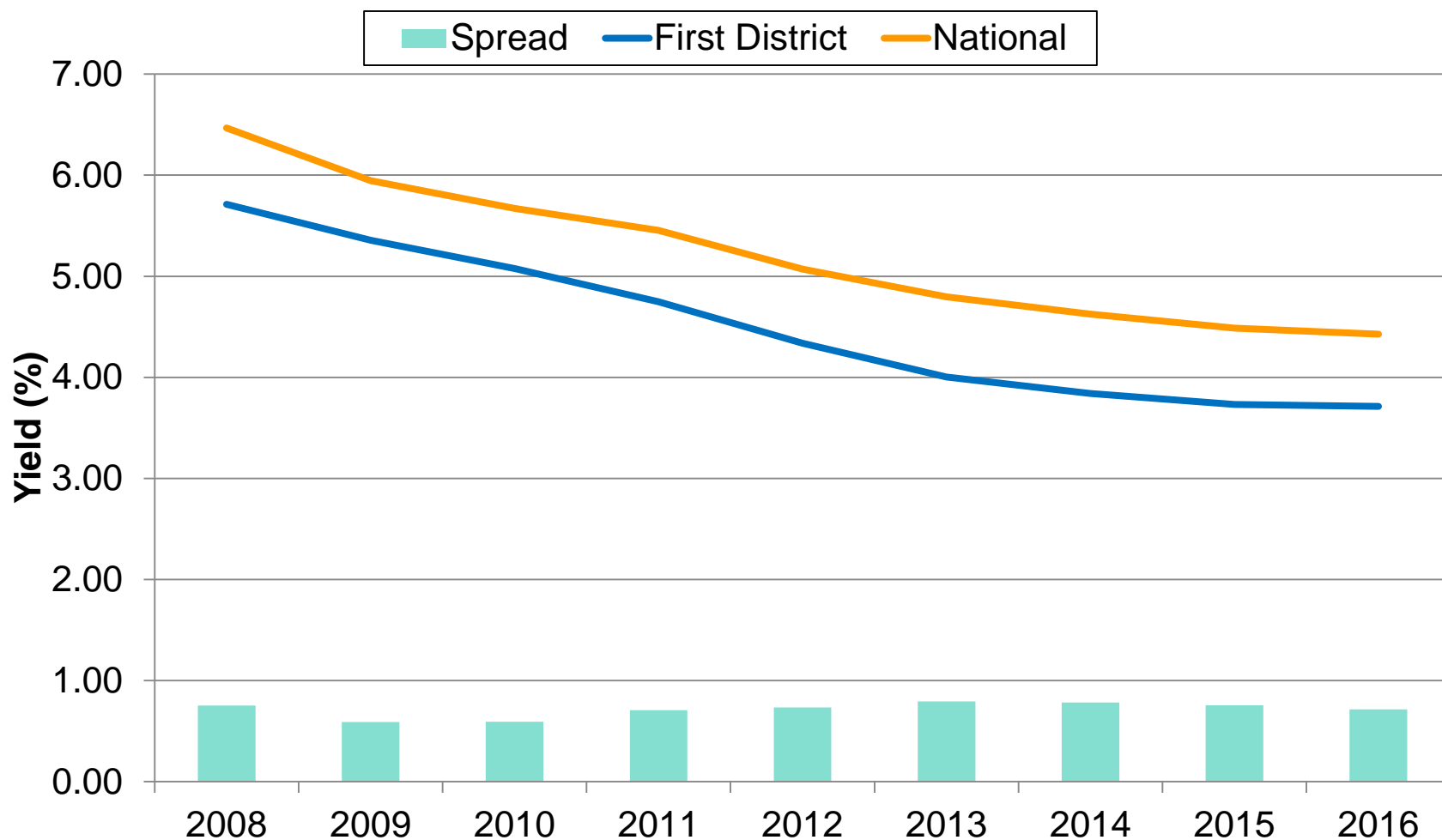
Loan Composition & Yield: FD vs. Nation



Residential Yield Factors

- Historical
 - Maturity
 - Rate type
 - Size
 - Type
- Density and Assets

1-4 Family Residential RE Loan Yields



Source: Call Reports

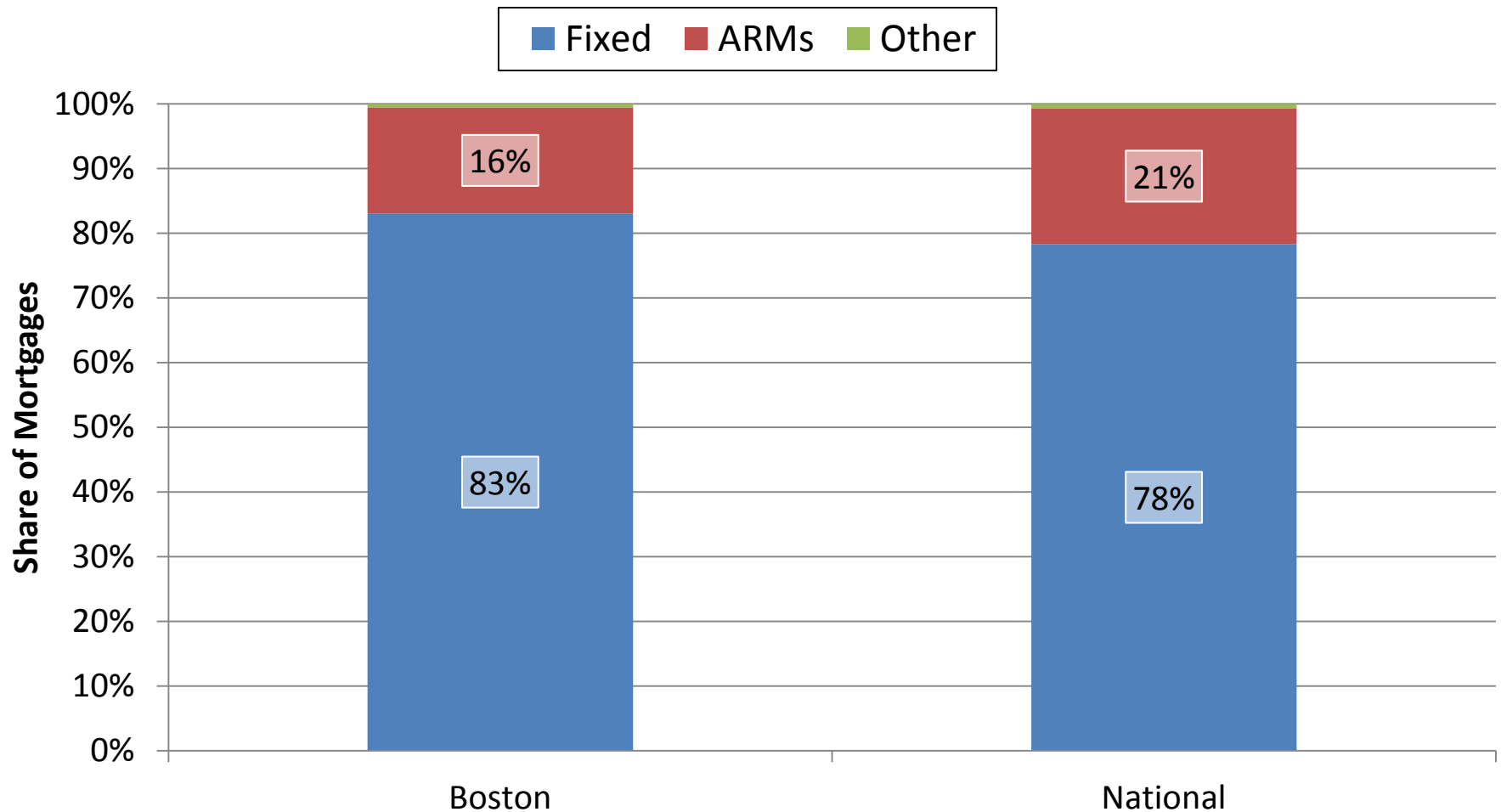
Mortgages by Maturity

First District vs. Nation, March 2017



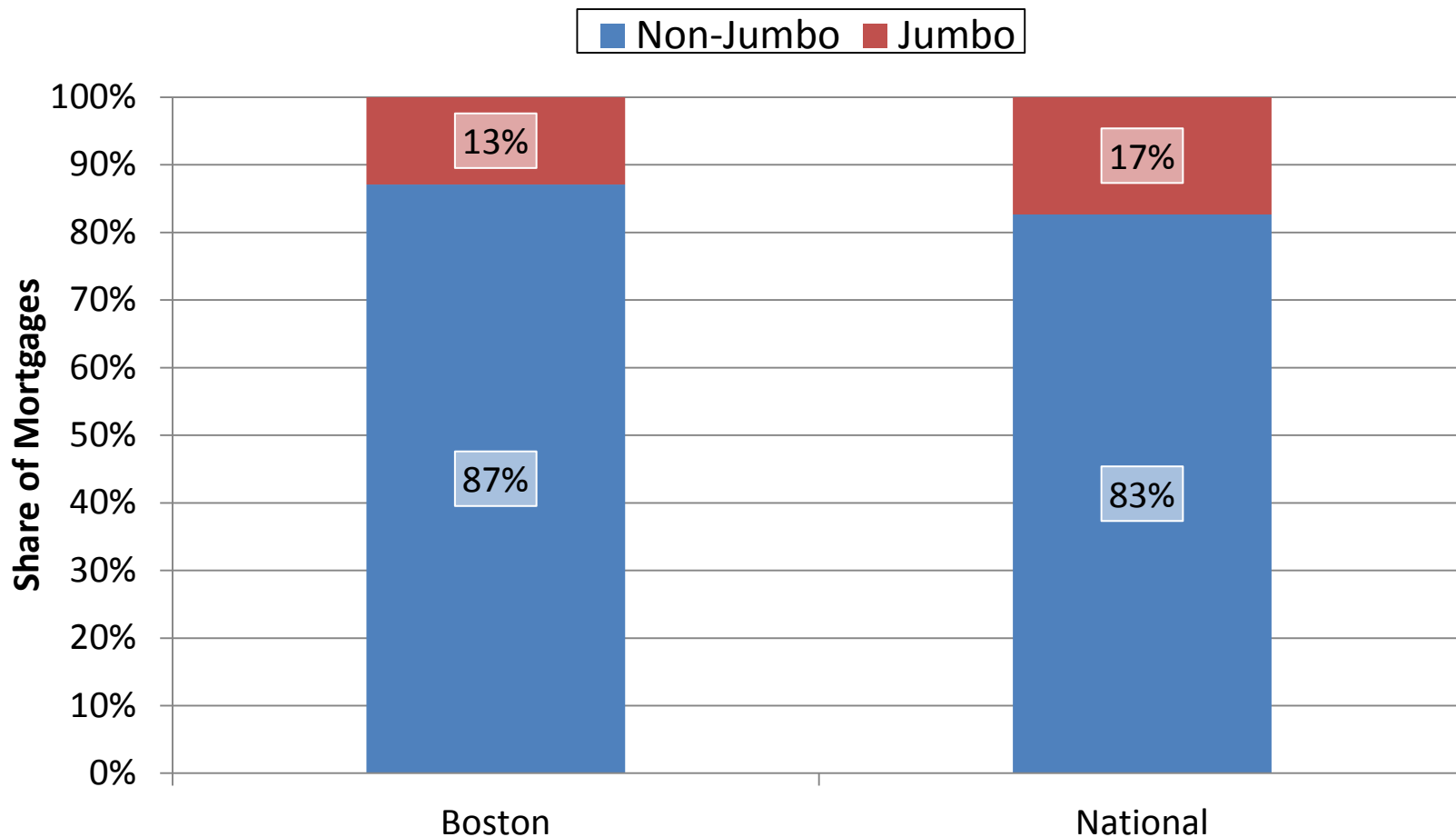
Mortgages by Interest Type

First District vs. Nation, March 2017



Jumbo Mortgages

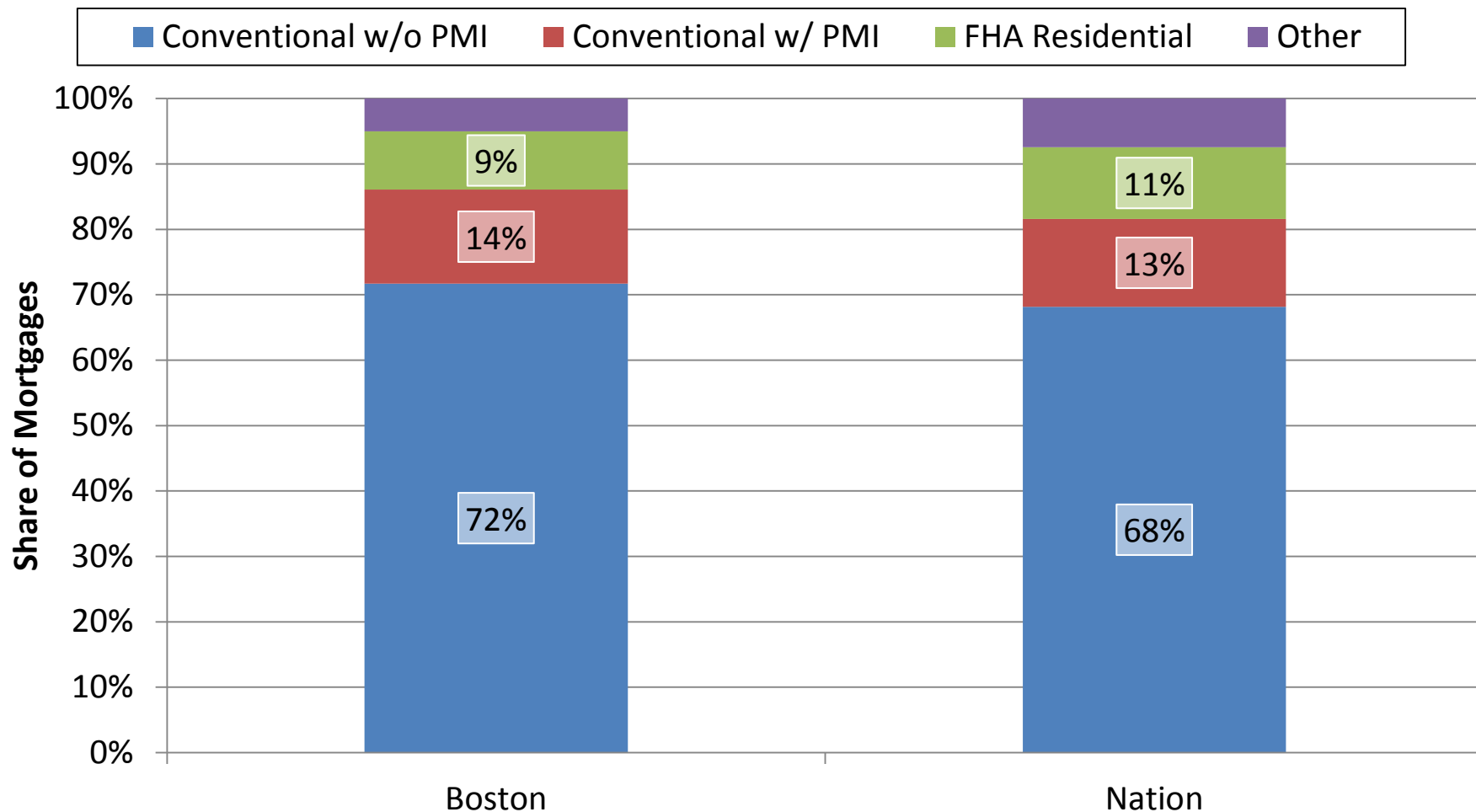
First District vs. Nation, March 2017



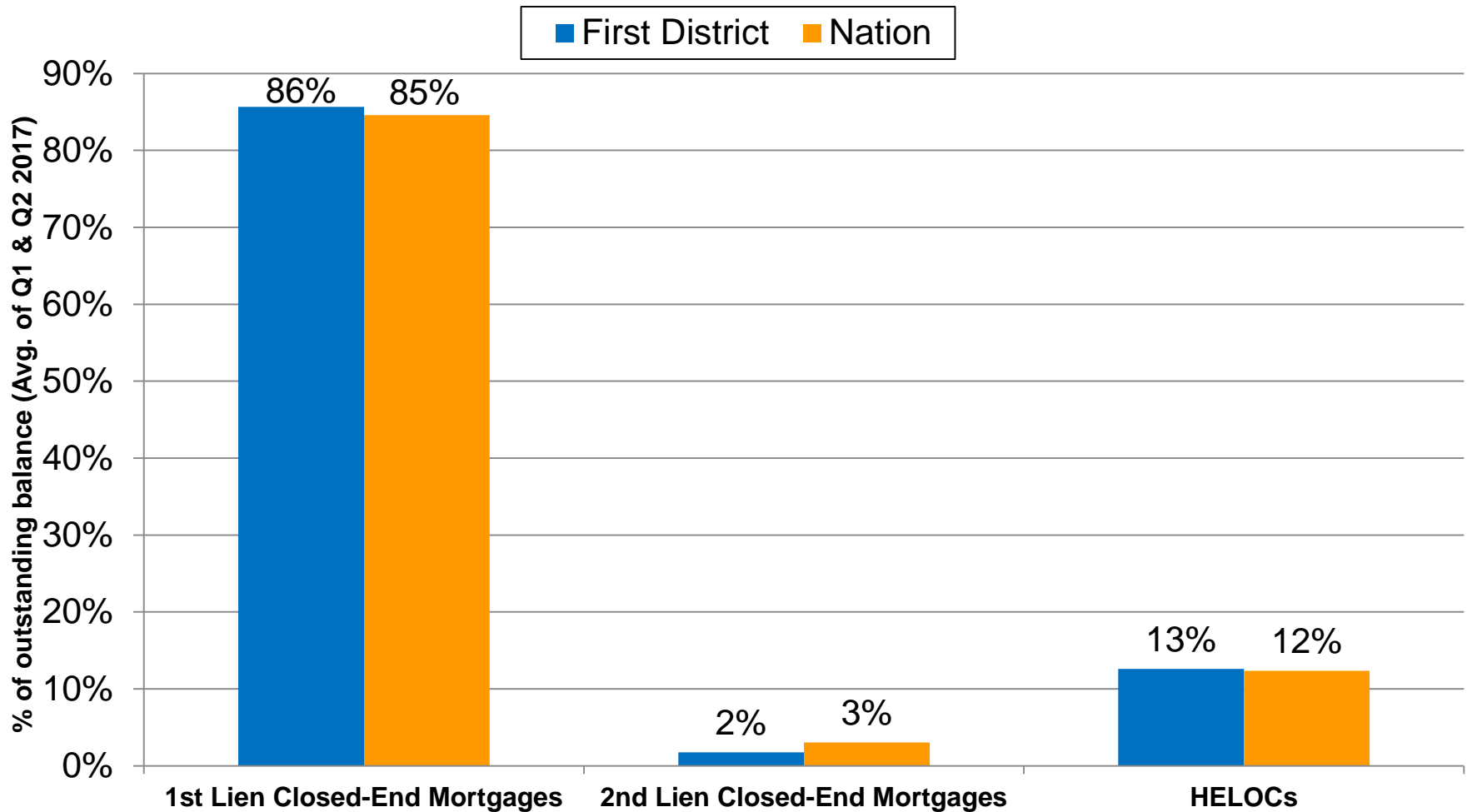
Source: Residential Mortgage Servicing Database

Mortgage Type Composition

First District vs. Nation, March 2017

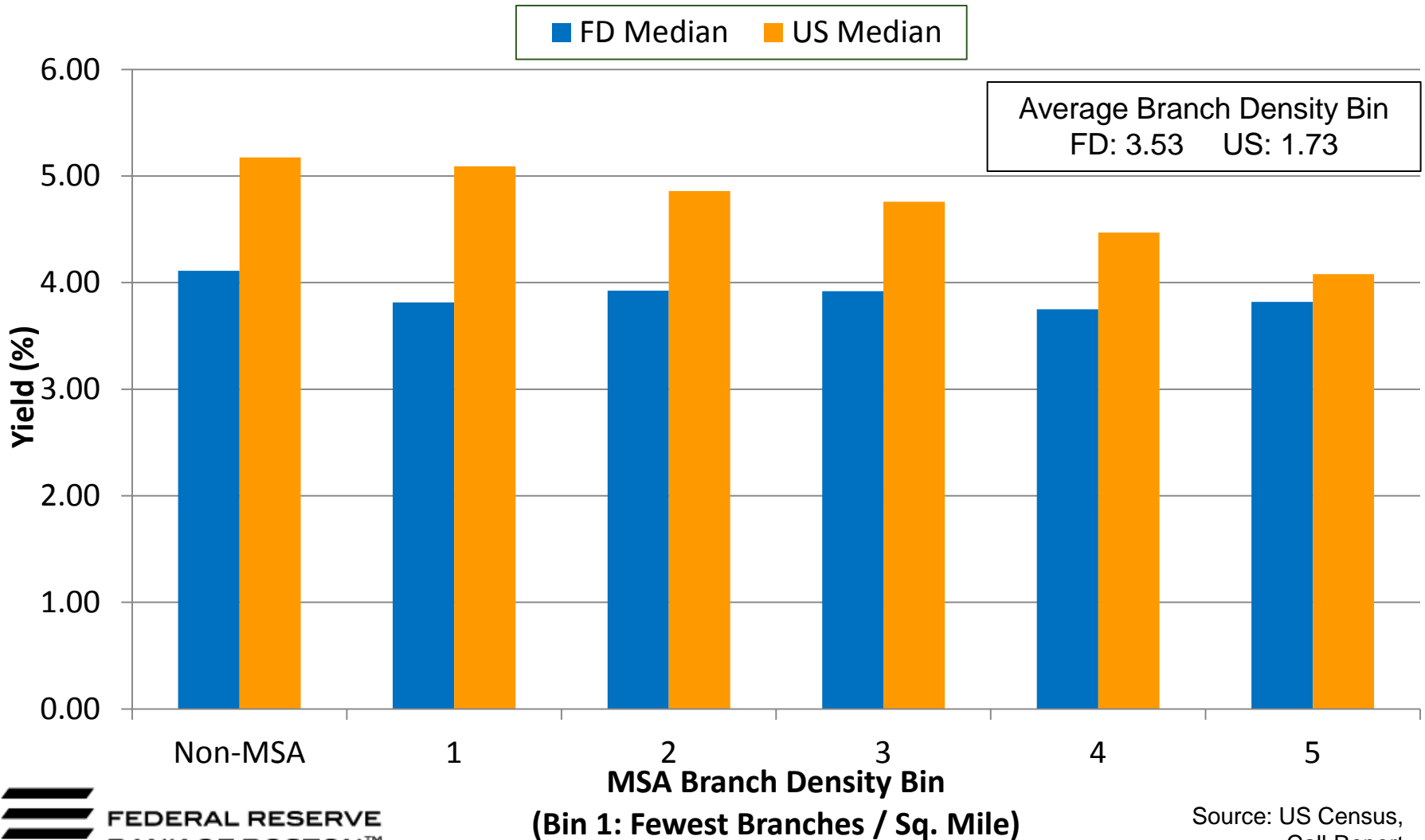


Residential Loans in the FD and Nation



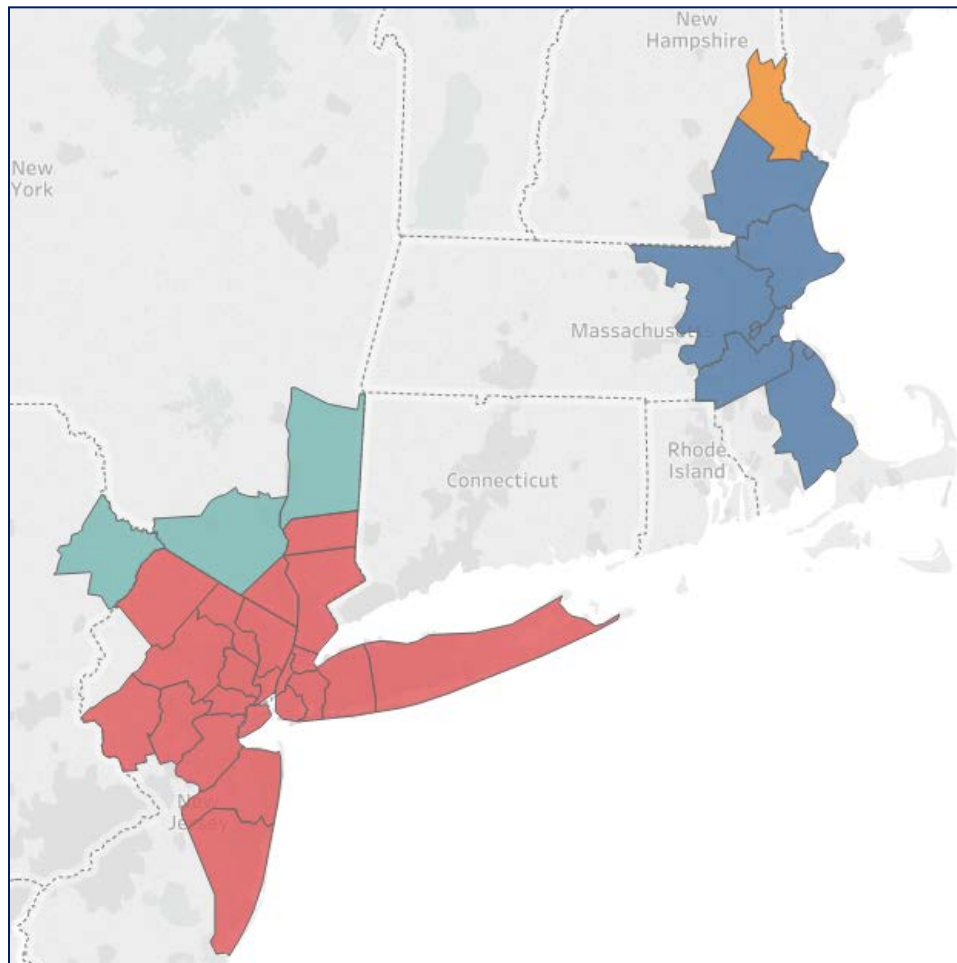
Median Residential Real Estate Loan Yield

Q2 2017 YTD



Boston and New York MSAs

Central and Outlying Boundaries



Counties in Boston MSA

MA: Norfolk, Plymouth, Suffolk, Essex, Middlesex

NH: Rockingham, **Strafford**

Counties in New York MSA

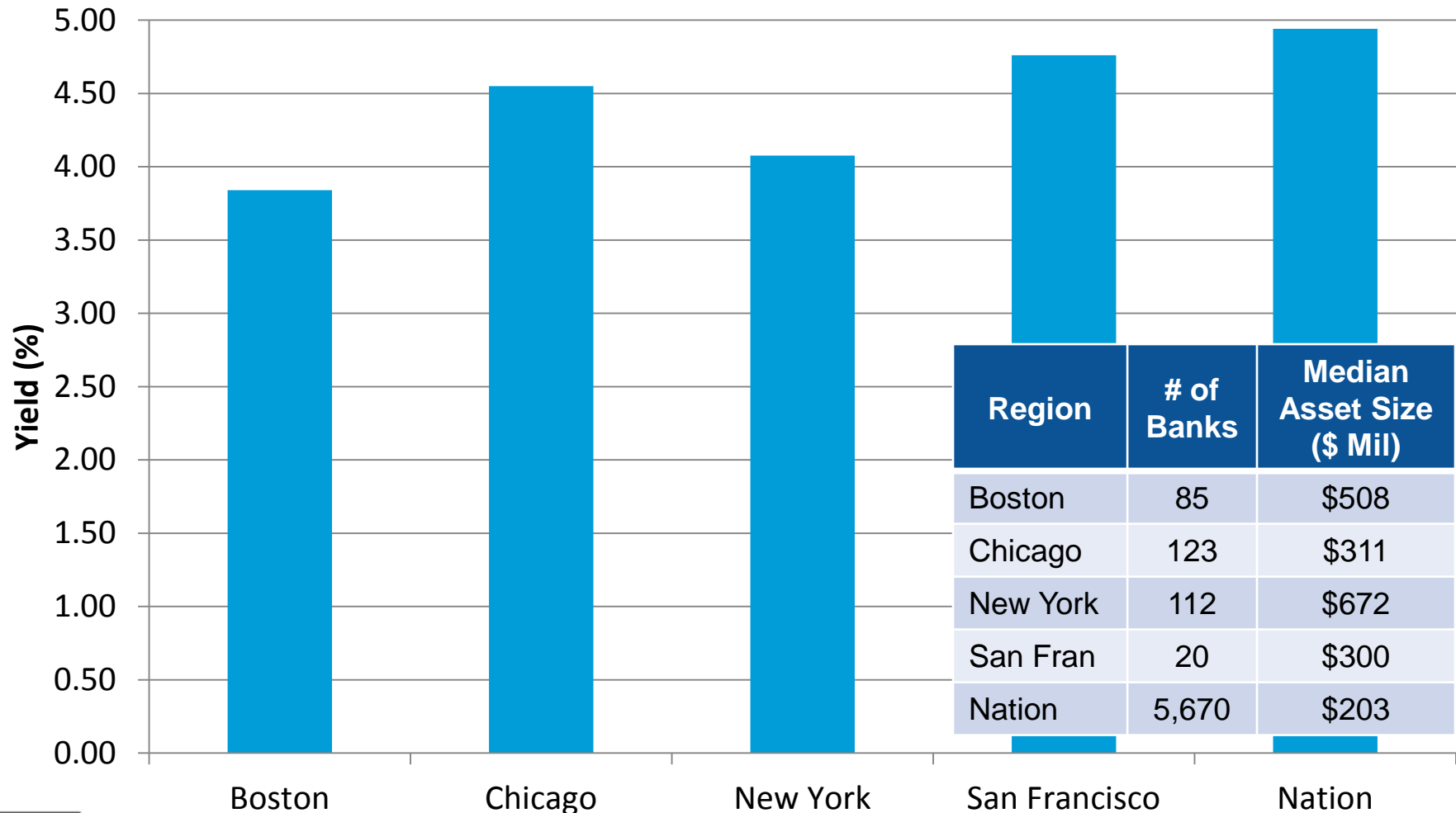
NJ: Essex, Hunterdon, Morris, Somerset, Sussex, Union, Bergen, Hudson, Middlesex, Monmouth, Ocean, Passaic

NY: **Dutchess**, Putnam, Nassau, Suffolk, Bronx, Kings, New York, **Orange**, Queens, Richmond, Rockland

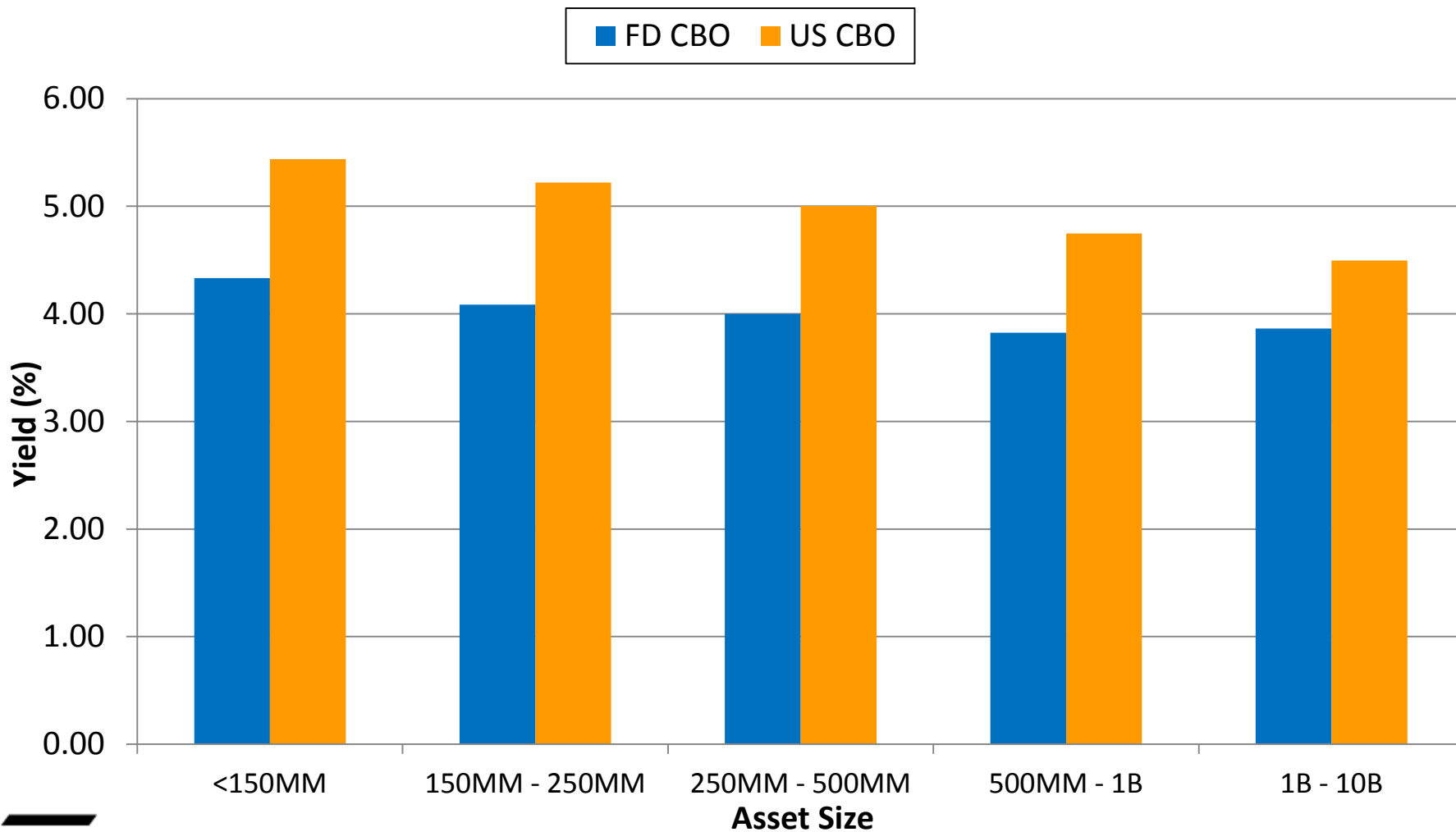
PA: **Pike**

(**Green** = Outlying)

Median Residential Real Estate Yield Central Portion of MSA, Q2 2017 YTD

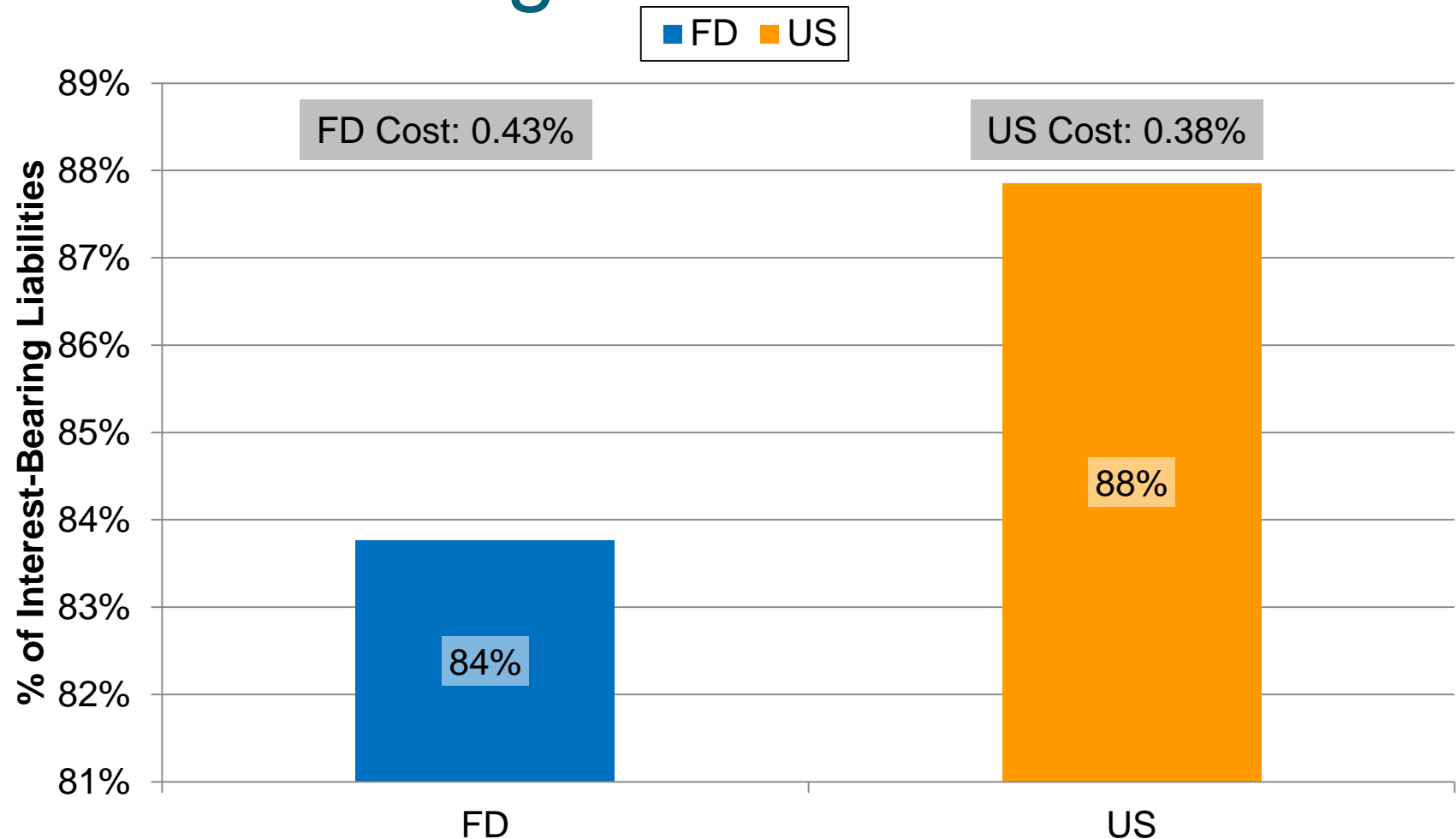


Average Residential Real Estate Loan Yield Q2 2017 YTD



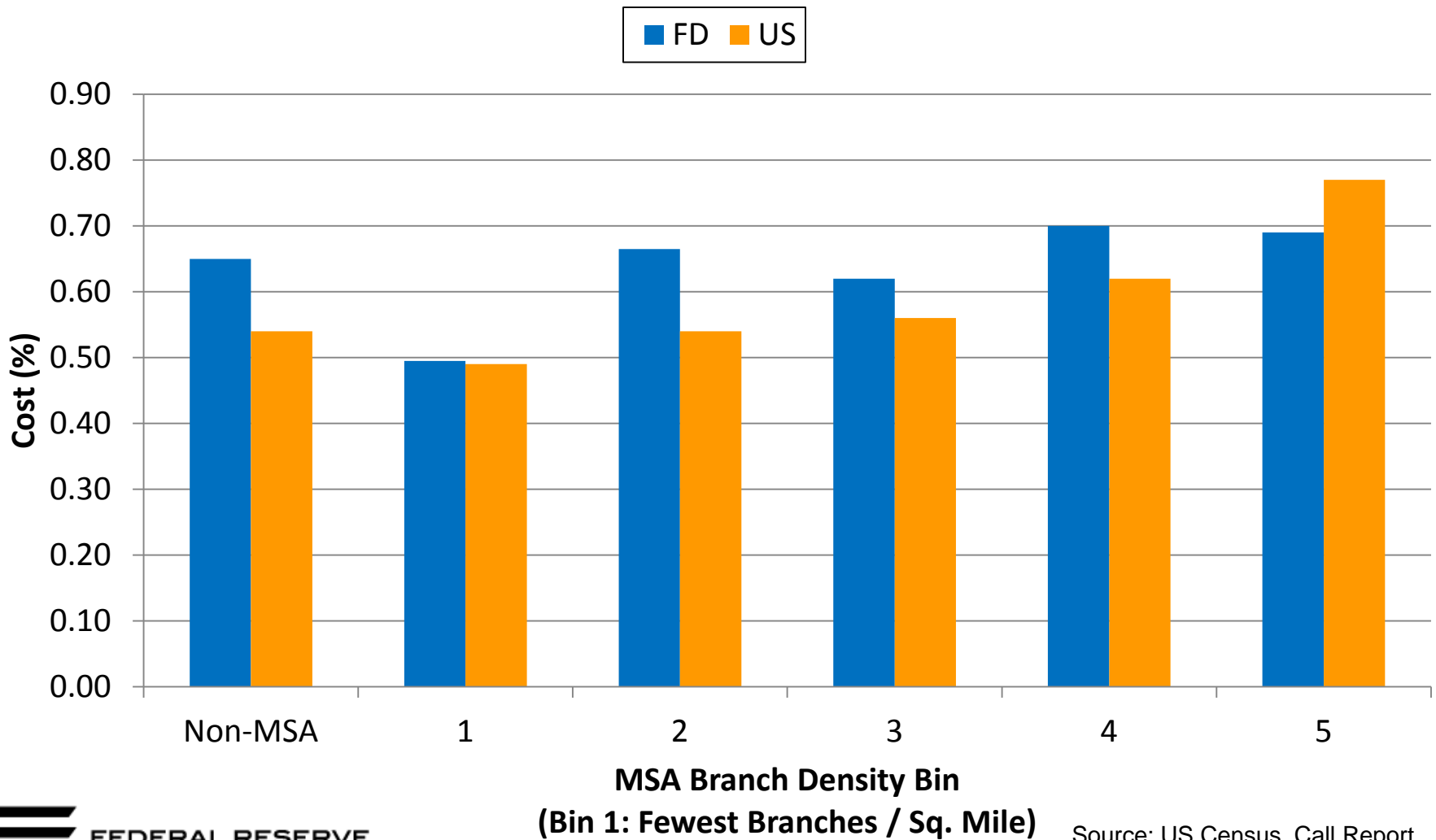
Funding

Core Funding*

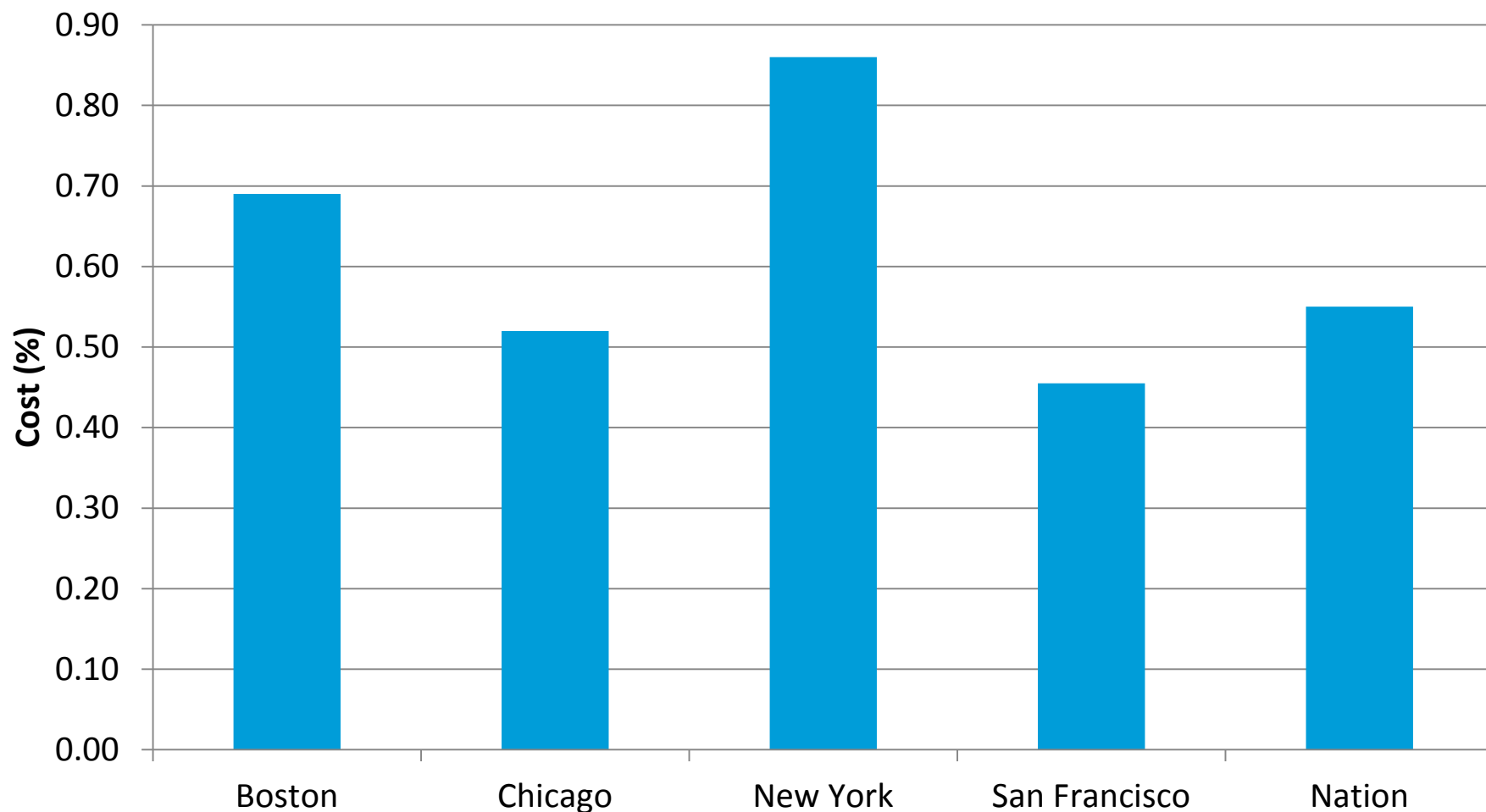


*Transaction accounts (including brokered deposits), savings accounts, MMDAs and Time Deposits <\$250M

Median CBO Funding Cost, Q2 2017 YTD

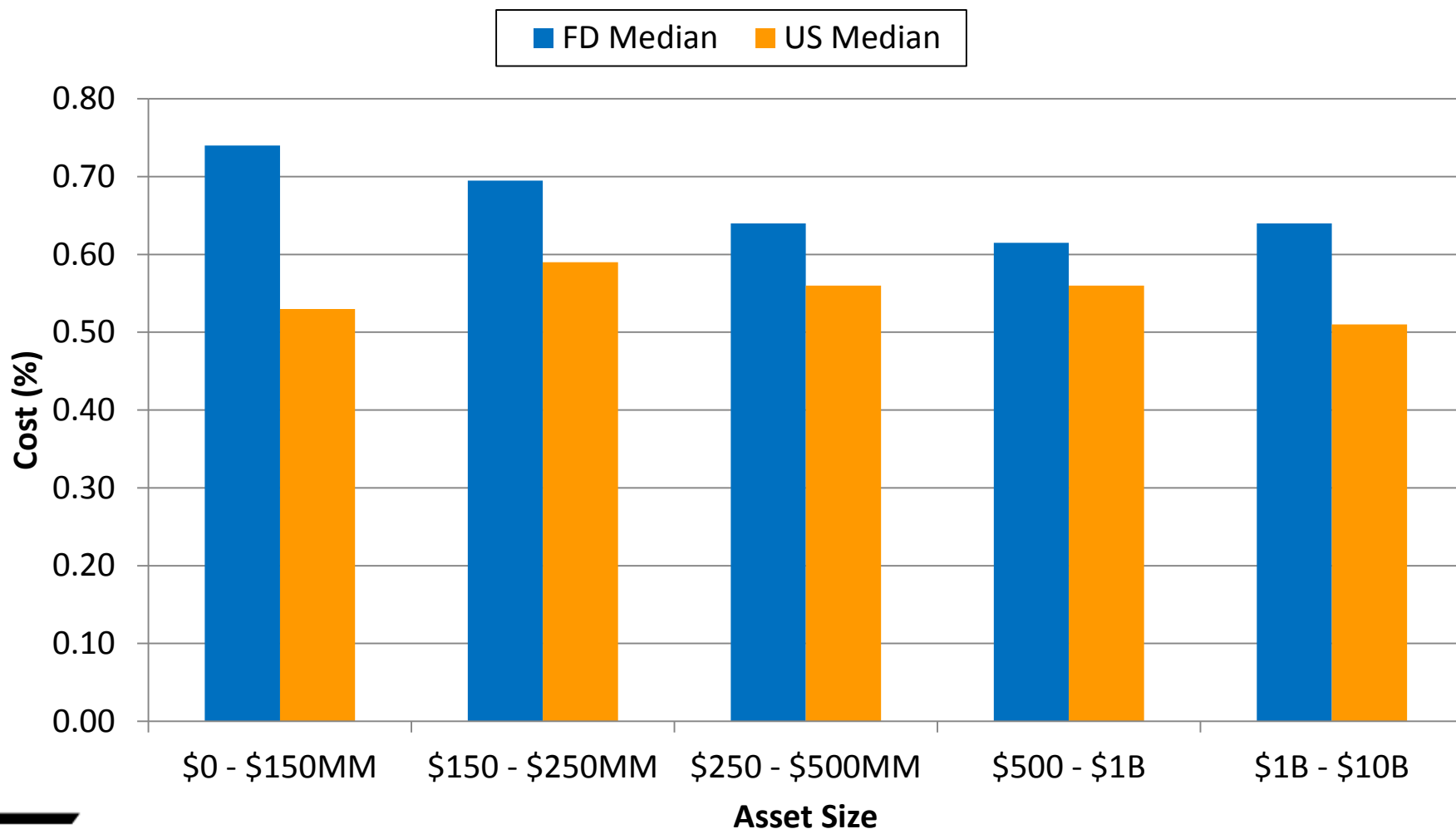


Median CBO Funding Cost Central Portion of MSA, Q2 2017 YTD



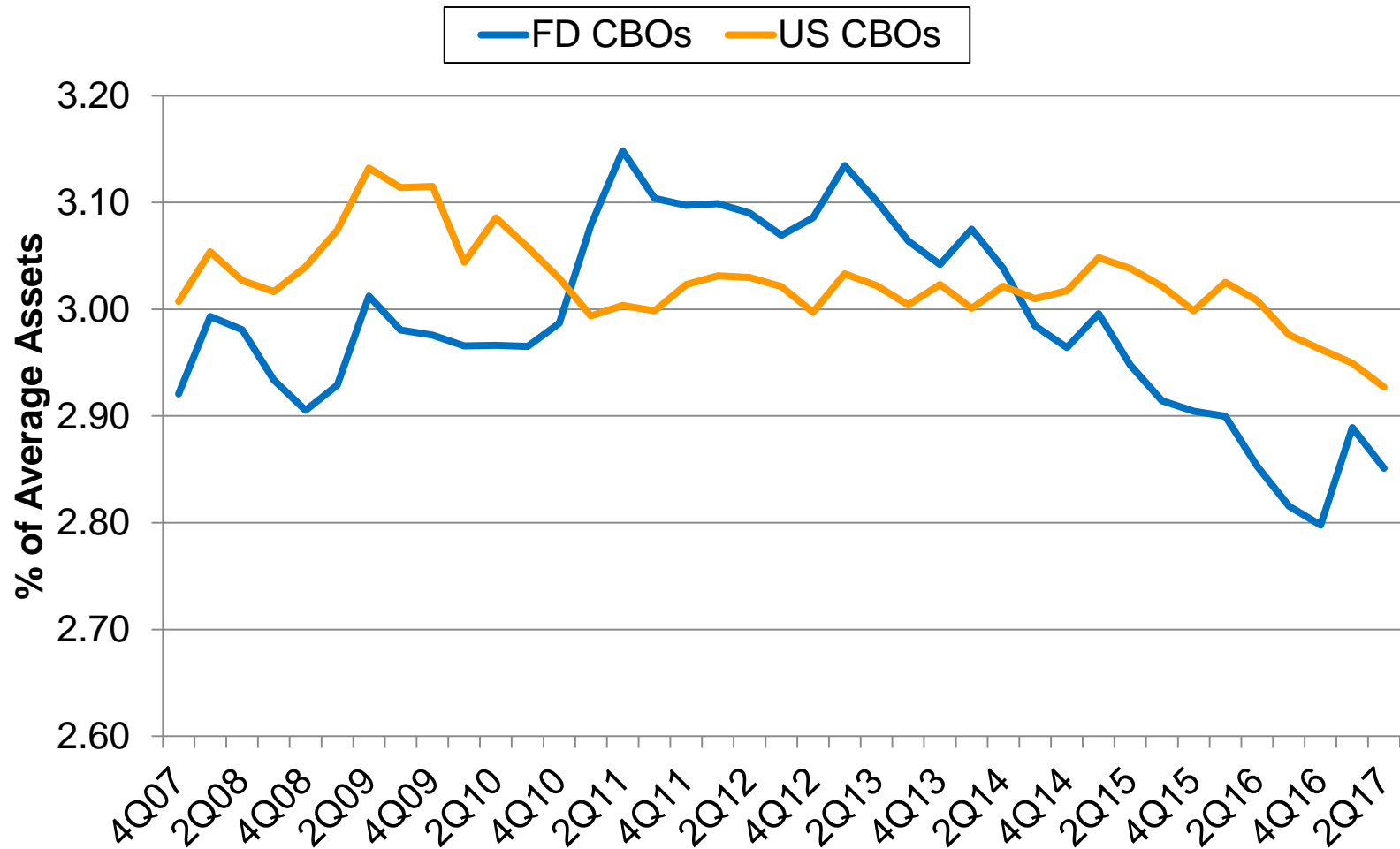
Median Funding Costs by Asset Size

Q2 2017 YTD



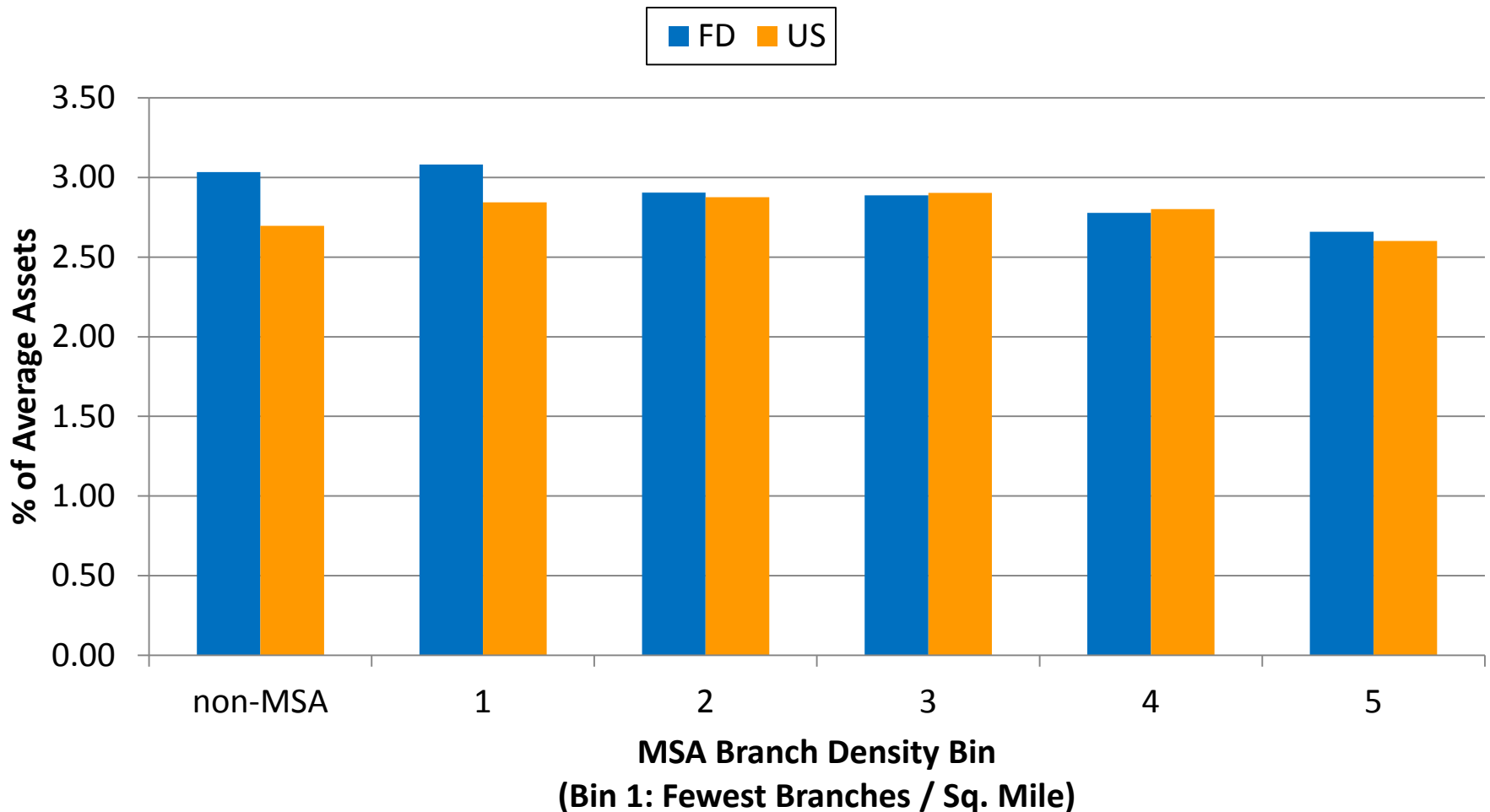
Elements of Overhead

Non-Interest Expense / Average Assets

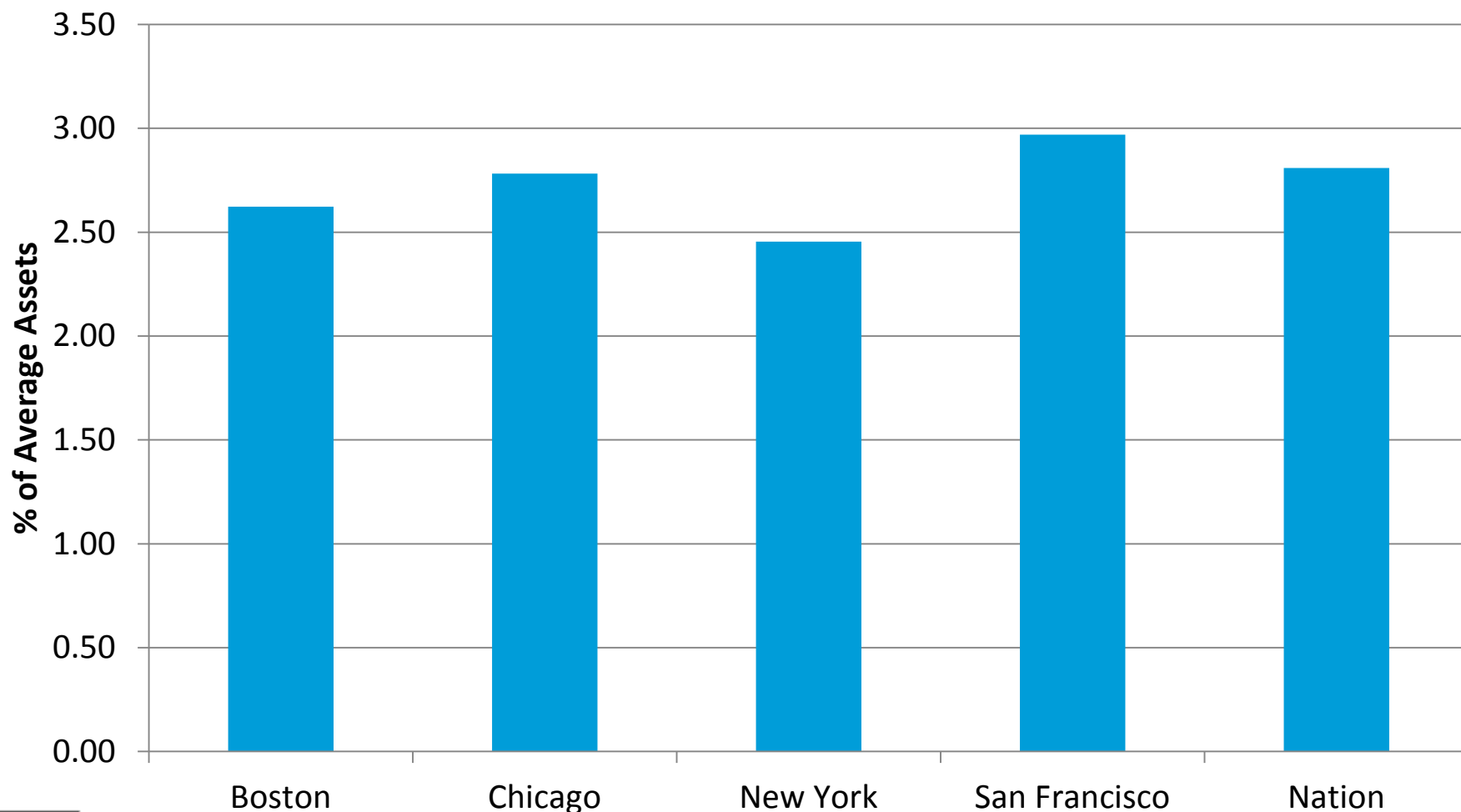


Source: Call Report

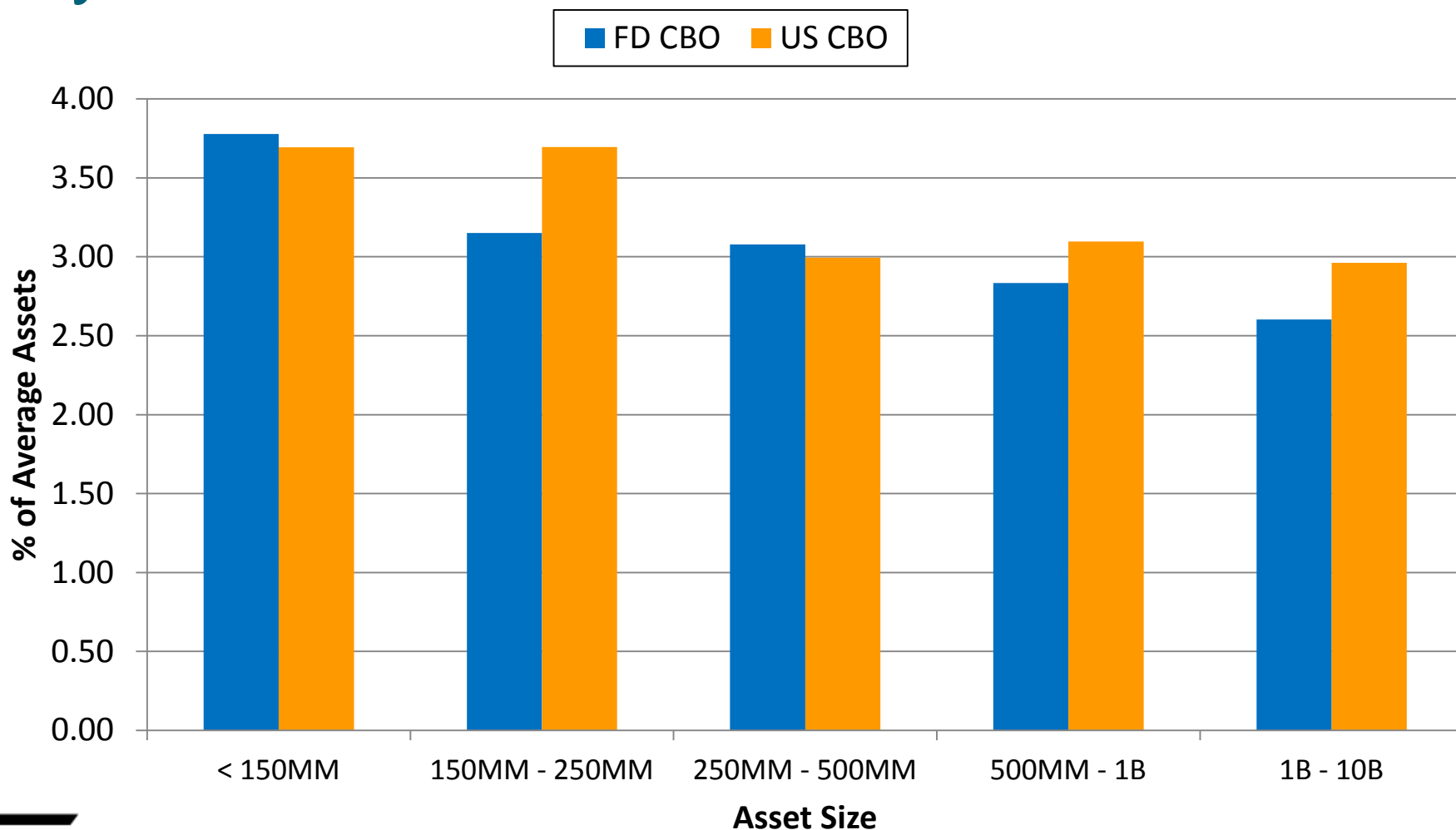
Median Overhead / Average Assets Q3'16 – Q2'17



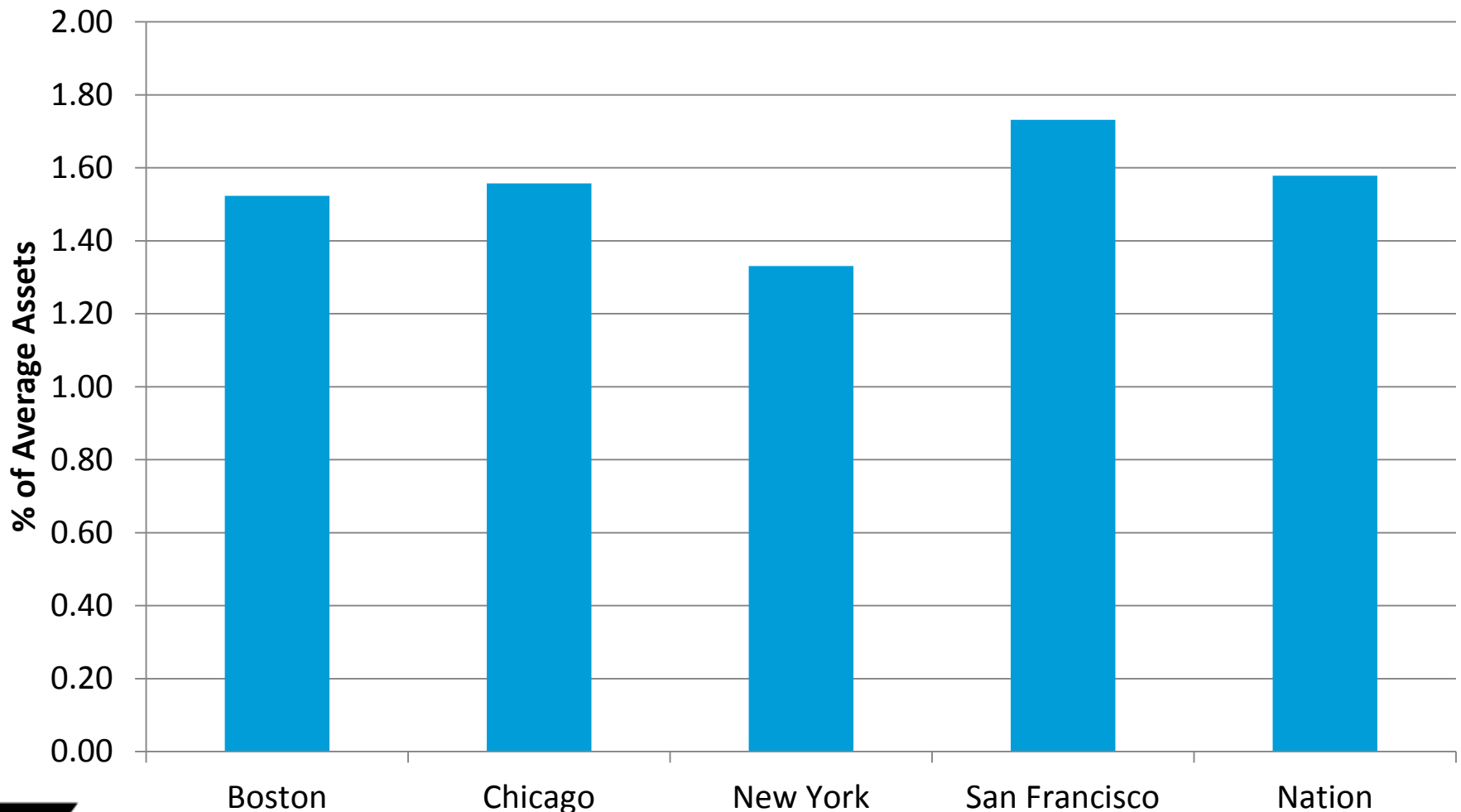
Median Overhead / Average Assets Central Portion of MSA, Q3'16 – Q2'17



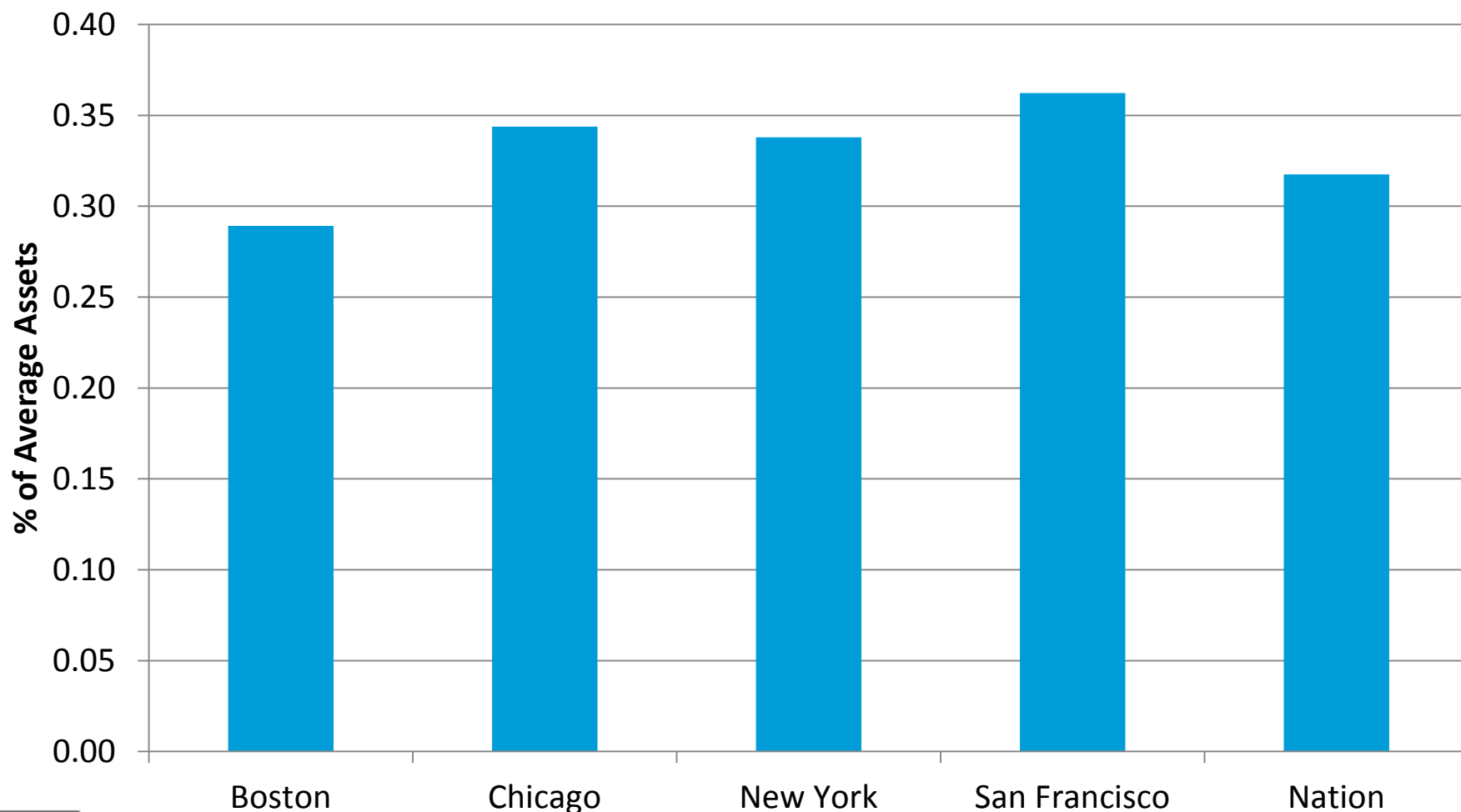
Average Overhead / Average Assets by Asset Bin, Q3 2016 – Q2 2017



Median CBO Salary & Benefit Expense by Central Portion of MSA, Q3'16 – Q2'17



Median CBO Premises Expense by Central Portion of MSA, Q3'16 – Q2'17



Summary