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Thirty Years of Philadelphia Area Banking

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Consolidation has been the “buzzword” in banking for so long, it seems logical that when the present is compared with the past, fewer banks should hold a much larger percentage of the banking business, but while that may be the case in some markets, it is not the Philadelphia story. Locally, names have changed, leaders are different, but the level of concentration has been little changed, or actually declined, over the last thirty years.

If the Philadelphia area* banking leaders in 1970, 1980, 1990 and 2000 are shown with their deposits and deposit shares in each of those years, the numbers that immediately jump to the fore are that in 1970, the twelve largest banking organizations held a little over 75% of the region’s deposits while today the top twelve hold about 69% - a decline of six percentage points. The shares held by the top five were 55% in 1970 and 56% thirty years later, which is higher, but certainly not a major change. In the nineties, when consolidation was supposed to be at its peak, the deposit share gain of the top twelve again was only a single percentage point. This certainly is contrary to the common perception.

A look at the twelve leaders in each of these years and their deposit shares, however, reveal many facts and changes. Among the most interesting are that:

- There was a different number one at the start of each decade – First Pennsylvania in 1970, PSFS in 1980, CoreStates in 1990 and First Union in 2000 – and the way First Union is going, another new name is likely to be at the top in 2010.

*Defined to include Bucks, Chester, Delaware, Montgomery and Philadelphia counties in Pennsylvania and Burlington, Camden and Gloucester in New Jersey.

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Thirty Years of Philadelphia Area* Banking Leaders

	<u>Deposits</u> (In mill.)	<u>Market</u> <u>Share</u>		<u>Deposits</u> (In mill.)	<u>Market</u> <u>Share</u>
<u>2000</u>			<u>1990</u>		
1. First Union	\$16,517	22.6%	1. CoreStates	\$ 9,634	13.4%
2. PNC	9,124	12.5	2. Mellon	8,100	11.3
3. Mellon	7,749	10.6	3. First Fidelity	7,655	10.7
4. Commerce	4,017	5.5	4. PNC	5,702	7.9
5. Fleet	3,314	4.5	5. Midlantic	5,049	7.0
6. Sovereign	2,574	3.5	6. Meritor	3,786	5.3
7. Hudson United	1,442	2.0	7. Meridian	2,745	3.8
8. Beneficial	1,408	1.9	8. Independence	1,398	1.9
9. Commonwealth	1,160	1.6	9. UJB	1,302	1.8
10. Firsttrust	1,126	1.5	10. Beneficial	1,249	1.7
11. Harleysville National	1,114	1.5	11. Germantown Savings	1,236	1.7
12. Univest	<u>836</u>	<u>1.2</u>	12. Chemical	<u>1,006</u>	<u>1.4</u>
Total	\$50,381	68.9%		\$48,862	67.9%
 <u>1980</u>			 <u>1970</u>		
1. PSFS	\$ 5,948	15.1%	1. First Pennsylvania	\$ 2,517	15.2%
2. Philadelphia National	2,864	7.3	2. PSFS	2,149	13.0
3. First Pennsylvania	2,390	6.1	3. Philadelphia National	2,038	12.3
4. Western Savings	2,119	5.4	4. Fidelity	1,326	8.0
5. Girard	2,085	5.3	5. Provident	1,005	6.1
6. Fidelity	1,633	4.1	6. Western Savings	767	4.6
7. Provident National	1,630	4.1	7. Continental	625	3.8
8. Beneficial	1,465	3.7	8. Central Penn	467	2.8
9. Continental	1,359	3.5	9. Girard	445	2.7
10. Industrial Valley	1,130	2.9	10. Beneficial	423	2.6
11. Germantown Savings	1,080	2.7	11. Germantown Savings	367	2.2
12. First Peoples	<u>670</u>	<u>1.7</u>	12. Bank of New Jersey	<u>351</u>	<u>2.1</u>
Total	\$24,373	61.9%		\$12,480	75.4%

*Bucks, Chester, Delaware, Montgomery and Philadelphia counties in Pennsylvania; and Burlington, Camden and Gloucester counties in New Jersey.

Source: Various sources.

- The major decline in concentration took place in the seventies when the deposit share of the twelve largest fell from over 75% to about 62% and the share of the top five slid from 55% to 39%. This reflected thrifts and suburban banks growing at the expense of downtown banks with the decline abetted by First Pennsylvania's problems.
- In 1980, only a single banking organization had a double-digit deposit share, down from three in 1970, and that was a thrift, PSFS, which had more than twice the share of number two, Philadelphia National.
- Philadelphia's major downtown bank headquarters fell from eleven to two between 1980 and 1990.
- Beneficial was the only constant from 1970 to 2000 having been in the top dozen since 1970.
- The emergence of locally-based Commerce as fourth largest in 2000, and four other local banks – Commonwealth, Firstrust, Harleysville National and Uninvest - making their first appearances, accentuates that there is still a vibrant, local bank content.

The changes among the leading players and their collective shares have been impacted by four industry trends. These are the strong movement of banking activity to the suburbs, the rise and fall of the thrifts, a dramatic slowing in deposit growth and the arrival of intrastate and interstate banking.

In the seventies, thrifts moved out of the downtowns into the suburbs with their mandated deposit rate advantage. This resulted in an 11% annual deposit growth compared to a 6.4% per annum gain for the banks, and thrifts increased their share of Philadelphia area deposits by ten percentage points between 1970 and 1980. Coincidentally, PSFS moved from second to first in the rankings; Western Savings from sixth to fourth; and Beneficial from tenth to eighth.

By 1980, however, the rapid rise in interest rates created a sea of red ink for thrifts and began the industry's time of troubles with a resulting slippage in their collective deposit share. Between 1980 and 1990, thrifts had a \$5 billion increase in deposits as they tried to grow out of an overdependence on fixed-rate mortgages, but even with this growth, their collective Philadelphia area deposit share fell from

more than 47% in 1980 to under 32% in 1990. In the nineties, thrift deposits fell by about \$5.5 billion, and by 2000, their share of area deposits was less than 20%.

Philadelphia Area Deposit Change by Type of Institution

	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>
	<u>Deposits</u> (In millions)			
Commercial Banks	\$53,651	\$46,730	\$19,088	\$10,266
Thrifts	14,508	22,951	17,981	6,295
Credit Unions	<u>4,833</u>	<u>2,439</u>	<u>819</u>	<u>250*</u>
Total	\$72,992	\$72,100	\$37,888	\$16,811
	<u>Market Share</u>			
Commercial Banks	73.5%	64.8%	50.4%	61.1%
Thrifts	19.9	31.8	47.5	37.4
Credit Unions	<u>6.6</u>	<u>3.4</u>	<u>2.1</u>	<u>1.5*</u>
Total	100.0%	100.0%	100.0%	100.0%

*Estimated.

Source: FDIC, Washington, D.C. and SNL Securities LC, Charlottesville, Virginia.

Commercial banks, and, to a lesser extent, credit unions benefited from the thrift problem. Since 1980, the commercial bank share of local deposits went from 50% to more than 73%, and the credit union share more than tripled from 2.1% to 6.6%.

The slowdown in overall deposit growth in the nineties was as dramatic as the thrift slippage since 1980, and it also impacted the industry structure as well as the earnings content. From 1970 to 1980, annual deposit growth in the region was 8.5%, and in the eighties, it was still a respectable 6.6% per annum; but since 1990, deposits have grown at a rate of .1% - and, in much of the nineties, there was a deposit outflow. This decline reflected a nationwide shift in savings away from deposits, but the decline was exacerbated by public reaction to the savings and loan crisis and failure of large savings banks such as PSFS/Meritor and Western Savings. The disappearance of the big bank headquarters from downtown

Philadelphia also played a role since some main office deposits were almost always moved to the new owner's headquarters office when Philadelphia banks were bought by outsiders.

A major structural impact of this post-acquisition deposit transfer and the shift of banking activity from downtown to suburban centers, when combined with an almost non-existing deposit growth, was reduced deposit share of those most dependent on downtown offices – i.e., the big banks and mutual savings banks – to the benefit of a new breed of aggressive suburban banks. This has contributed to the rise of banks like Commerce, National Penn, Harleysville National and Uninvest in the rankings and the opening of many new banks.

The impact of intrastate and interstate banking on the Philadelphia banking structure has been well documented and has resulted in a North Carolina bank, First Union, and two Pittsburgh institutions, PNC and Mellon, being today's "big three." These banks, directly or indirectly, acquired the franchises of eleven of the area's twelve largest banking organizations in 1970, which was all but the "still around" Beneficial.

One does not have to go back thirty years, though, to see changes in the area's banking as recent trends also suggest a decrease in concentration. First Union became an overwhelming leader in 1998 when it added CoreStates to its earlier First Fidelity purchase, but in the last two years, it has had a 31% deposit share fall to less than 23%; and only a small part of this came from divested branches. The First Union slippage slowed the slide of two other outsiders, PNC and Mellon, but, combined, the "big three" had almost a ten percentage point deposit share decline in just two years.

The travails of First Union since taking over CoreStates was the big story in Philadelphia banking in recent years, but it had to share some of the spotlight with the fast-rising Commerce. What ten years ago was little more than a fast-growing community bank in the Jersey suburbs is now the fourth largest bank in the Philadelphia area with strong upward momentum.

Philadelphia Area Deposit Share*

	Deposits 2000 (In mill.)	Market Share			
		June 30,			
		2000	1999	1998	1996
<u>Market Leaders</u>					
First Union	\$16,517	22.6%	27.7%	31.0%	7.3%
<u>Second Tier</u>					
PNC	\$ 9,124	12.5%	11.9%	13.4%	13.7%
Mellon	7,749	10.6	10.5	11.1	12.3
Subtotal	\$16,873	23.1%	22.4%	24.5%	26.0%
<u>Other Large</u>					
Commerce	\$ 4,017	5.5%	4.3%	3.7%	2.8%
Fleet	3,314	4.5	-	-	-
Sovereign	2,574	3.5	4.4	2.2	.6
Hudson United	1,442	2.0	.8	-	-
Beneficial	1,408	1.9	1.8	1.7	1.7
Commonwealth	1,160	1.6	1.6	1.6	1.5
Firsttrust	1,126	1.5	1.3	1.2	1.2
Harleysville National	1,114	1.5	1.3	1.1	1.0
Univest	949	1.3	1.2	1.1	1.1
National Penn	836	1.2	1.0	.7	.7
M&T	818	1.1	-	-	-
FMS	641	.9	.7	.7	.6
Progress	573	.8	.6	.5	.4
Fox Chase	504	.7	.6	.6	.6
Fulton	488	.7	.5	.5	.3
First Chester	461	.6	.6	.5	.5
Willow Grove	453	.6	.5	.4	.4
First Svgs.-Perkasie	429	.6	.5	.5	.5
FNB	414	.6	.5	.5	.4
Susquehanna	412	.6	.5	.5	-
Royal	408	.6	.4	.3	.3
Subtotal	\$23,541	32.3%	23.1%	18.3%	14.6%
Other Banks	\$ 5,588	7.7%	12.1%	11.5%	35.0%
Other Thrifts	5,640	7.7	8.2	8.7	11.2
Credit Unions	4,833	6.6	6.5	6.0	5.9
Total	\$72,992	100.0%	100.0%	100.0%	100.0%

*Burlington, Camden and Gloucester counties in New Jersey; Bucks, Chester, Delaware, Montgomery and Philadelphia counties in Pennsylvania.

Source: SNL Securities LC, Charlottesville, Virginia.

Commerce is opening branches and adding deposits so rapidly that it is likely to eliminate the deposit share gap between it and PNC and Mellon in three or four years, and, in so doing, leave everyone else far behind. Its deposit share may overstate its banking power when the commercial lending activities of First Union, PNC and Mellon are considered, but, conversely, from a retail banking perspective, it may have already caught PNC and Mellon.

Holding positions much less certain in Philadelphia banking are three newcomers – Fleet, Sovereign and Hudson United. Fleet inherits the fifth position with its acquisition of Summit, but with a 4.5% deposit share based on mid-2000 data, it is not close to being a market leader. Sovereign with its Berks County base is not a real outsider, but its future is tied to its success in handling a \$12 billion deposit purchase in New England. Hudson United acquired a 2% share through its acquisitions of JeffBanks and IBS, but it is not a large bank with total assets of about \$7 billion.

Thus, today's top seven in Philadelphia area banking includes six outsiders who, collectively, are expected to continue to lose deposit share, and probably substantial amounts, plus a Commerce that will continue to make gains at the expense of everyone. It is unlikely, though, that Commerce's gains will come close to offsetting the share losses of the out-of-area banks, which means a net gain for all others, particularly the largest of the "others."

The "largest of the others" can be divided into two groupings. Ranking eighth through tenth are three thrifts – Beneficial, Commonwealth and Firsttrust – and right behind them are three suburban commercial banks – Harleysville National, Univest and National Penn. They have all gained deposit share in recent years and can be expected to do so into the foreseeable future.

Total area market shares also understate the positions of Commerce and other locally-based banks, since their franchises tend to be focused on specific subareas. Commerce, for example, is the leader in Philadelphia's Jersey Suburbs with \$2.9 billion deposits and a 21.6% deposit share that has increased by more than two percentage points in each of the last two years.

Philadelphia Subarea Deposit Share

	Deposits <u>2000</u> (In mill.)	Market Share			
		<u>June 30,</u>			
		<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1996</u>
<u>Philadelphia</u>					
First Union	\$8,155	32.3%	42.4%	43.6%	5.5%
Mellon	4,511	17.9	15.9	15.8	18.4
PNC	3,497	13.9	12.3	13.5	15.2
Beneficial	838	3.3	2.8	2.5	2.9
Firsttrust	710	2.8	2.2	1.8	2.4
<u>Northern Suburbs</u>					
First Union	\$4,089	19.0%	20.8%	24.3%	5.5%
PNC	2,217	10.3	9.5	9.1	11.6
Mellon	1,662	7.7	8.6	8.6	10.2
Harleysville National	1,105	5.1	4.5	4.1	3.7
Univest	949	4.4	4.2	4.2	3.9
Sovereign	912	4.2	6.2	4.2	1.6
Fleet	890	4.1	-	-	-
<u>Southern Suburbs</u>					
First Union	\$2,376	18.7%	18.6%	24.1%	11.8%
Mellon	1,367	10.7	11.5	12.5	13.5
PNC	1,356	10.6	9.5	9.9	10.8
Sovereign	831	6.5	10.1	5.7	2.2
Commerce	491	3.9	3.2	2.7	1.5
First Chester	461	3.6	3.4	3.2	2.9
Chester Valley	379	3.0	2.9	2.5	1.9
<u>Jersey Suburbs</u>					
Commerce	\$2,916	21.6%	19.2%	16.6%	13.4%
PNC	2,054	15.2	16.9	18.4	16.6
First Union	1,896	14.0	14.2	14.9	9.8
Fleet	1,847	13.6	-	-	-
FMS	641	4.7	4.3	3.9	3.5
Hudson United	560	4.1	4.6	.1	-
Fulton	423	3.1	2.7	2.5	1.6

Source: SNL Securities LC, Charlottesville, Virginia.

None of the other local banks have near the subarea stature of Commerce in the Jersey Suburbs, but Harleysville National and Univest have made big gains in Philadelphia's northern suburbs. Harleysville National has moved from fifth to fourth in deposit size in Bucks and Montgomery counties since 1996, and, in so doing, narrowed the gap between it and third place Mellon from 6.5 to 2.6 percentage points.

In the other Philadelphia subareas, smaller, but still substantial gains, were made by local banks. In the city, Beneficial and Firstrust ranked fourth and fifth in mid-2000, and, together, they have increased their deposit share from 4.3% to 6.1% since 1998. In the southern suburbs, Commerce is making the big gains, but First Chester and Chester Valley have increased their deposit shares in every recent year.

What can be expected in the future relative to Philadelphia banking? The most obvious answer is surprises. Ten years ago no one would have guessed that First Union would be the overwhelming market leader; Commerce and Fleet would be among the top five; or deposit growth would come to a virtual halt. On the other hand, while the names of the new entrants may be a surprise, it was not totally unexpected that CoreStates, First Fidelity and Meridan might be gone. In fact, it may be more of a surprise that PNC and Mellon are still around.

Beyond surprises, though, it is likely for the next few years that present trends among the banking leaders will continue. First Union should continue to lose substantial market share; Mellon will keep closing offices; PNC may hold steady, but will not come close to offsetting the First Union losses; Commerce will continue to grow rapidly; and most, if not all, other local banks should show good gains. This is almost a "given" until the main thrust of banking moves away from a branch-based system.

This "given," though, is contrary to the likely scenario in virtually every other major market in the country. In Pittsburgh, Mellon, PNC and National City may be losing some market share, but they "own" the market, and no one else is even close. In Washington D.C. only First Union, among the large out-of-area banking leaders, is losing significant share. In New York, big banks have always reigned supreme, and there is no sign of that changing. In Boston, Fleet is losing share after buying every other large New England bank, but those making the gains, albeit by acquisition, are Citizens, the American affiliate of \$400 billion asset European bank, and Sovereign, which owes its position to branches acquired

from Fleet. Quite simply, in other large markets, the big bank losses and local bank gains are occurring, but nowhere else to the degree they are in Philadelphia.

What makes Philadelphia different from every other major banking market is that in no other large market does a struggling big bank have such a dominant market share. Bank One is as troubled as First Union, but it is no longer number one in Chicago and has only a 14% share of that market's deposits. First Union also is not only struggling in Philadelphia, but it is only marginally profitable and appears to be losing market share in every market in which it has presence.

The most pertinent question relative to First Union also is not – When will the slide stop? but rather – Who will buy it? The media has mentioned Fleet as a possible buyer, but it is unlikely that Fleet would risk what it has spent so many years building with an acquisition that investors would hate. A buyer of First Union has to be so much bigger that the risk is manageable, and only Citigroup and Bank of America fit that description, and have the cost savings to offset the risk and entuse investors. Only Bank of America has both size and overlap synergies, but even under the best of circumstances, it buying First Union would create two to three more years of slippage in Philadelphia.

With Mellon and PNC, the questions are not about quality or ability to satisfy customers, but rather long-term interests. Mellon is a good bank and a financial success, but it seems far more interested in asset management and “big ticket” commercial lending than retail banking, and it is not one of the national banking leaders. It continues to reduce its number of branches, and its own reports show retail banking to be a declining 18% of earnings. PNC seems far more committed to traditional banking than Mellon, but it has one of the highest fee income contents among the large banks.

Fleet is a new entrant via the Summit acquisition, and it is a financial services powerhouse with almost \$4 billion in earnings and ranks fifth in revenues nationally – i.e., almost 20% more than First Union. Like Mellon, though, Fleet's primary focus is not on traditional retail banking, and while it may take business away from First Union, Mellon and PNC, it is likely to lose some of Summit's Philadelphia area deposit share and retail banking base.

The immediate future of Philadelphia banking also is different from almost every other major market because of the Commerce phenomenon, and this may be Philadelphia and Commerce being “ahead of the curve.” While some aspects of banking are consolidating, there also is a fragmentation process going on that includes a partial separation of the in-person transaction function from other parts

of banking. A significant part of the population chooses a bank primarily for convenience and is not “machine-oriented,” and Commerce has become a Mecca for these customers.

There may be limits on how many customers want what Commerce is offering and how well branch convenience will hold up when remote access banking becomes more user-friendly. It is obvious, though, that there are many more customers seeking maximum convenience than might have been expected, and the improvements in remote access banking that will slow Commerce’s growth are still on the drawing boards. The high growth of a local bank that emphasizes convenience as its primary strategy is being validated by the success of another local bank, Chevy Chase, in the Washington area.

While the Commerce success with transaction banking may be the most visible part of the fragmentation process that is occurring in banking in the midst of a long-term consolidation, another part is the local business bank. Big banks, despite what they say, are not responsive to small businesses and are likely to be even less so as time goes by. As a result, small business lending has become a mainstay of local banks, and it is the “raison d’etre” for most de novos.

The differences between Philadelphia banking and other markets will eventually disappear since the reasons for the difference are a matter of chance, not market logic. By 2010, there may be a Philadelphia area financial elite that includes Bank of America, Citigroup and a Fleet or Wells Fargo that will not be losing business to local banks. The local elite also could include a Commerce carrying convenience to an even higher level. In the meantime, the diminishing of the large bank position is likely to continue for another three or four years to the benefit of Commerce, the best of the local banks and small business and asset management specialists.

Deposit Share
Philadelphia

	Deposits <u>2000</u> (In mill.)	<u>Market Share</u>			
		<u>June 30,</u>			
		<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1996</u>
<u>Market Leaders</u>					
First Union	\$ 8,155	32.3%	42.4%	43.6%	5.5%
<u>Second Tier</u>					
Mellon	\$ 4,511	17.9%	15.9%	15.8%	18.4%
PNC	<u>3,497</u>	<u>13.9</u>	<u>12.3</u>	<u>13.5</u>	<u>15.2</u>
Subtotal	\$ 8,008	31.8%	28.2%	29.3%	33.6%
<u>Other Large</u>					
Beneficial	\$ 838	3.3%	2.8%	2.5%	2.9%
Firsttrust	710	2.8	2.2	1.8	2.4
Hudson United	550	2.2	-	-	-
Sovereign	537	2.1	1.8	1.7	.4
Fleet	429	1.7	-	-	-
Fox Chase	338	1.3	1.1	1.0	1.2
Commonwealth	323	1.3	1.2	1.1	1.3
M&T	307	1.2	-	-	-
Thistle Group	300	1.2	.9	.8	.9
Republic First	252	1.0	.7	.8	.9
Commerce	246	1.0	.6	.5	.2
Crusader Holding	243	1.0	.7	.4	.2
USABancshares.com	217	.9	.1	.1	-
Prudential Savings	214	.8	.7	.6	.6
TF Financial	<u>201</u>	<u>.8</u>	<u>.7</u>	<u>.7</u>	<u>.8</u>
Subtotal	\$ 5,705	22.6%	13.5%	12.0%	11.8%
Other Banks	\$ 606	2.4%	6.3%	6.0%	40.4%
Other Thrifts	631	2.5	2.8	2.9	2.5
Credit Unions	<u>2,119</u>	<u>8.4</u>	<u>6.8</u>	<u>6.2</u>	<u>6.2</u>
Total	\$25,224	100.0%	100.0%	100.0%	100.0%

Source: SNL Securities LC, Charlottesville, Virginia.

Deposit Share
Northern Suburbs*

	Deposits 2000 (In mill.)	Market Share			
		June 30,			
		2000	1999	1998	1996
<u>Market Leaders</u>					
First Union	\$ 4,089	19.0%	20.8%	24.3%	5.5%
<u>Second Tier</u>					
PNC	\$ 2,217	10.3%	9.5%	9.1%	11.6%
Mellon	<u>1,662</u>	<u>7.7</u>	<u>8.6</u>	<u>8.6</u>	<u>10.2</u>
Subtotal	\$ 3,879	18.0%	18.1%	17.7%	21.8%
<u>Other Large</u>					
Harleysville National	\$ 1,105	5.1%	4.5%	4.1%	3.7%
Univest	949	4.4	4.2	4.2	3.9
Sovereign	912	4.2	6.2	4.2	1.6
Fleet	890	4.1	-	-	-
Commonwealth	660	3.1	3.2	3.3	3.0
Progress	434	2.1	1.7	1.5	1.2
First Savings-Perkasie	429	2.0	1.9	1.8	1.7
Willow Grove	428	2.0	1.8	1.7	1.4
FNB	414	1.9	1.9	1.7	1.6
National Penn	406	1.9	1.8	1.7	1.6
Firsttrust	396	1.8	1.5	1.5	1.1
Commerce	364	1.7	1.0	.6	.2
Patriot	361	1.7	1.1	1.2	.5
Royal	327	1.5	1.1	.8	.8
Harleysville Savings	316	1.5	1.4	1.5	1.3
First Federal-Bucks	296	1.4	1.4	1.4	1.4
Abington Savings	275	1.3	1.2	1.2	1.0
Beneficial	266	1.2	1.2	1.1	1.0
QNB	<u>254</u>	<u>1.2</u>	<u>1.2</u>	<u>1.2</u>	<u>1.1</u>
Subtotal	\$ 9,482	44.1%	38.3%	34.7%	28.1%
Other Banks	\$ 1,795	8.3%	11.7%	11.2%	34.0%
Other Thrifts	1,088	5.0	5.5	6.3	5.1
Credit Unions	<u>1,174</u>	<u>5.6</u>	<u>5.6</u>	<u>5.8</u>	<u>5.5</u>
Total	\$21,507	100.0%	100.0%	100.0%	100.0%

*Bucks and Montgomery counties.

Source: SNL Securities LC, Charlottesville, Virginia.

Deposit Share
Southern Suburbs*

	Deposits 2000 (In mill.)	<u>Market Share</u>			
		<u>June 30,</u>			
		<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1996</u>
<u>Market Leaders</u>					
First Union	\$ 2,376	18.7%	18.6%	24.1%	11.8%
<u>Second Tier</u>					
Mellon	\$ 1,367	10.7%	11.5%	12.5%	13.5%
PNC	1,356	10.6	9.5	9.9	10.8
Sovereign	831	6.5	10.1	5.7	.2
Subtotal	\$ 3,554	27.8%	31.1%	28.1%	24.5%
<u>Other Large</u>					
Commerce	\$ 491	3.9%	3.2%	2.7%	1.5%
First Chester	461	3.6	3.4	3.2	2.9
Chester Valley	379	3.0	2.9	2.5	1.9
National Penn	318	2.5	2.4	1.0	.6
Beneficial	294	2.3	2.2	2.3	1.9
M&T	292	2.3	-	-	-
First Keystone	276	2.2	2.0	2.0	1.9
DNB	274	2.1	2.0	1.7	1.5
Malvern Federal	256	2.0	2.0	2.0	1.8
Peoples Bank-Oxford	250	2.0	1.7	1.7	1.3
Greater Delaware Valley	241	1.9	1.8	1.8	1.6
Commonwealth	176	1.4	1.4	1.5	1.4
Hudson United	154	1.2	-	-	-
Fleet	148	1.2	-	-	-
Bryn Mawr Bank	135	1.1	1.0	1.0	.9
Phoenixville Federal	134	1.0	1.0	.9	.9
Subtotal	\$ 4,279	33.7%	27.0%	24.3%	20.1%
Other Banks	\$ 752	5.9%	10.3%	11.3%	26.5%
Other Thrifts	581	4.6	4.0	3.6	9.8
Credit Unions	1,183	9.3	9.0	8.6	7.3
Total	\$12,725	100.0%	100.0%	100.0%	100.0%

*Chester and Delaware counties.

Source: SNL Securities LC, Charlottesville, Virginia.

Deposit Share
Jersey Suburbs*

	Deposits 2000 (In mill.)	Market Share			
		June 30,			
		2000	1999	1998	1996
<u>Market Leaders</u>					
Commerce	\$ 2,916	21.6%	19.2%	16.6%	13.4%
<u>Second Tier</u>					
PNC	\$ 2,054	15.2%	16.9%	18.4%	16.6%
First Union	1,896	14.0	14.2	14.9	9.8
Fleet	1,847	13.6	-	-	-
Subtotal	\$ 5,797	42.8%	31.1%	33.3%	26.4%
<u>Other Large</u>					
FMS	\$ 641	4.7%	4.3%	3.9%	3.5%
Hudson United	560	4.1	4.6	.1	-
Fulton	423	3.1	2.7	2.5	1.6
Susquehanna	298	2.2	2.3	2.1	-
Sovereign	294	2.2	1.9	-	-
Hudson City	293	2.2	2.5	2.3	1.5
Richmond County	238	1.8	-	-	-
Gloucester County Federal	212	1.6	1.6	1.4	1.4
Mellon	209	1.5	.4	1.5	1.5
Sun Bancorp	194	1.4	1.3	.9	.5
Newfield Bancorp	186	1.4	1.3	1.2	1.2
Columbia Savings	183	1.3	1.3	1.0	.9
Haddon Savings	175	1.3	1.4	1.2	1.3
Sterling Bank	121	.9	.8	.6	.5
Subtotal	\$ 4,027	29.7%	26.4%	18.7%	13.9%
Other Banks	\$ 140	1.0%	16.2%	16.5%	25.5%
Other Thrifts	297	2.2	4.4	12.4	18.3
Credit Unions	358	2.7	2.7	2.5	2.5
Total	\$13,535	100.0%	100.0%	100.0%	100.0%

*Burlington, Camden and Gloucester counties.

Source: SNL Securities LC, Charlottesville, Virginia.