



Banking Conditions

Providing Tenth District insights on regional and national banks

Fourth Quarter 2025 Banking Conditions

By Mary Bongers

The Federal Reserve Bank of Kansas City dedicates staff to monitor banking trends nationally and across our seven-state region.

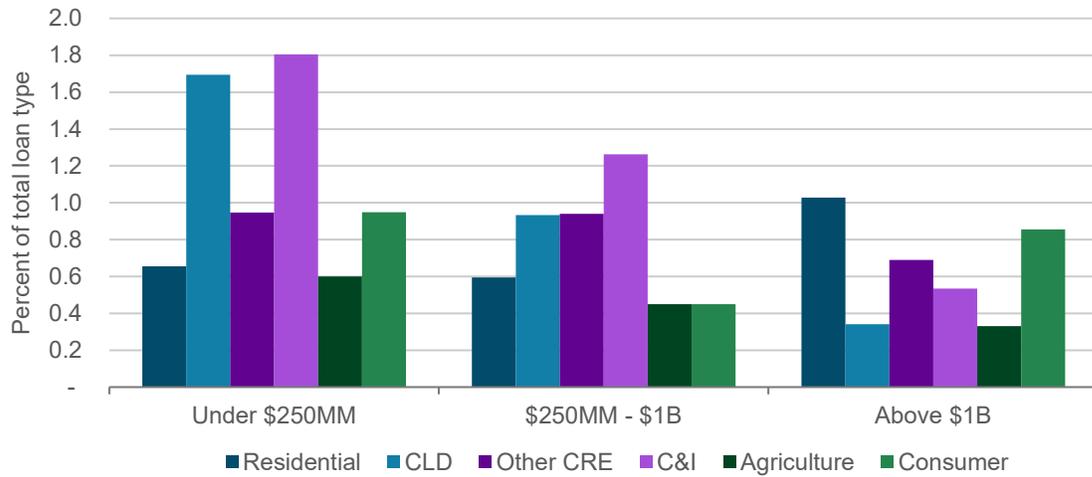
Earnings across Tenth District banks increased year-over-year, with an aggregate return on average assets (ROAA) of 1.30 percent, the highest level since 2021 (see Chart A6). Improvement was primarily driven by expansion of the net interest margin (NIM), which increased to 3.89 percent for the quarter (see Chart A11). Throughout the year, margins primarily benefited from declining interest expense (see Chart A15), while interest income remains elevated (see Chart A13). Margins are well above the 10-year average, though expansion slowed in the fourth quarter.

Earnings improvement was partially offset by increased overhead expenses and higher provision levels (see Chart A4). Noninterest expense as a percent of average assets increased to 2.65 percent for the year, the highest level since 2020, primarily due to growth in other overhead categories (see Chart A19). Small District banks under \$250 million have experienced the greatest increase in overhead costs in recent years. Additionally, banks have modestly increased provision expenses in response to trends in asset quality and loan growth (see Chart B2), which hindered further earnings improvement.

Asset quality has shown some signs of deterioration. While conditions remained relatively stable quarter-over-quarter, problem assets increased 12 percent year-over-year, driven primarily by growth in nonaccrual loans (see Chart B7). Commercial real estate (CRE) and consumer noncurrent rates exceed 10-year averages, while commercial and industrial (C&I) noncurrent loans are elevated specifically in District banks under \$1 billion (see Charts B8 and B10). Small banks under \$250 million have the highest noncurrent rates, particularly across construction and land development (CLD) and C&I loans, with almost 2 percent of loans in these categories now reported as noncurrent (see Supplemental Chart). Similarly, charge-offs remain elevated and are above the 10-year average (see Chart B3).

Balance sheet composition shifted modestly during the quarter. Cash and due from balances increased, while securities balances remained stable (see Chart C3). Loan portfolios expanded across the District, with year-over-year loan growth of 5.5 percent (see Chart C14). Small banks under \$250 million experienced the highest loan growth rates, driven by 1-4 family, agriculture, and CRE loans (see Chart C14 and C16). Funding profiles benefited from increasing deposit levels, with strong core deposit growth of 2.4 percent in the fourth quarter (see Chart C3). At the same time, wholesale funding remains above the 10-year average, totaling 14.9 percent of assets (see Chart D14). Capital ratios are also above the 10-year average despite a small decline in the District Tier 1 Leverage ratio quarter-over-quarter to 10.2 percent (see Chart A2).

Supplemental Chart. Noncurrent Loan Rates at 12/31/25, Tenth District Commercial Banks



Source: Reports of Condition and Income

Note: Noncurrent loans are loans that are 90 days or more past due or on nonaccrual status.

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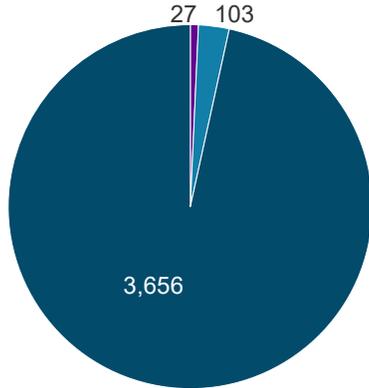
Select Ratios by Tenth District State

Banking System Overview

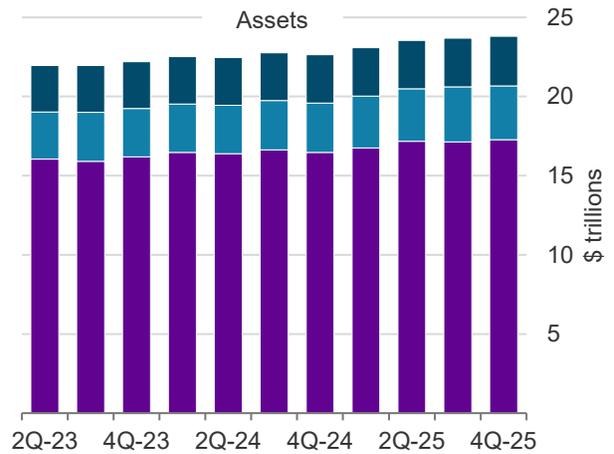
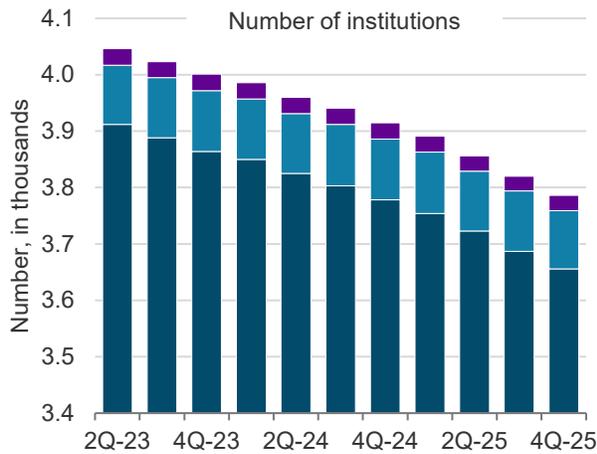
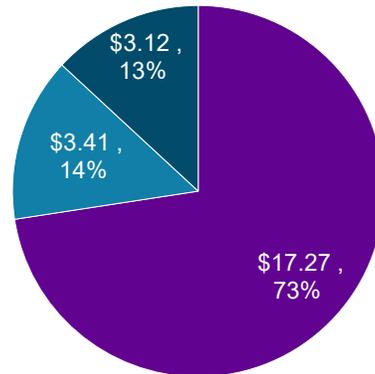
All U.S. Commercial Banks

Large banks Regional banks Community banks

Number of institutions



Assets, in trillions

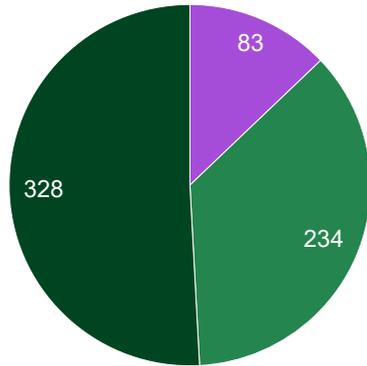


Banking System Overview

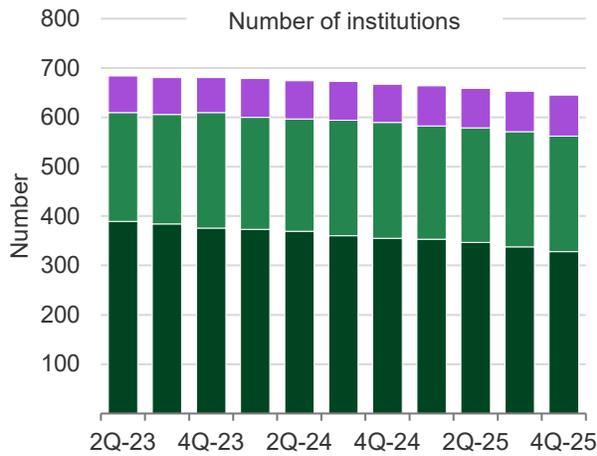
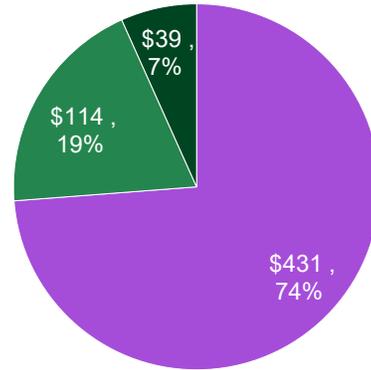
Tenth District Commercial Banks

Above \$1 bn \$250 mm - \$1 bn Under \$250 mm

Number of institutions



Assets, in billions



A. Capital and Earnings

Chart A1. Leverage Ratio, All U.S. Commercial Banks

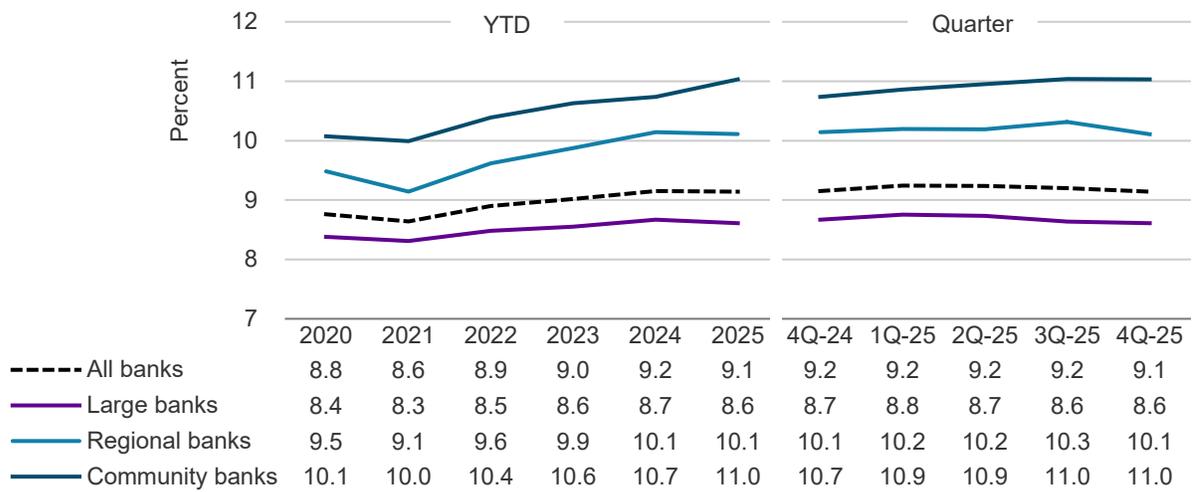


Chart A2. Leverage Ratio, Tenth District Commercial Banks

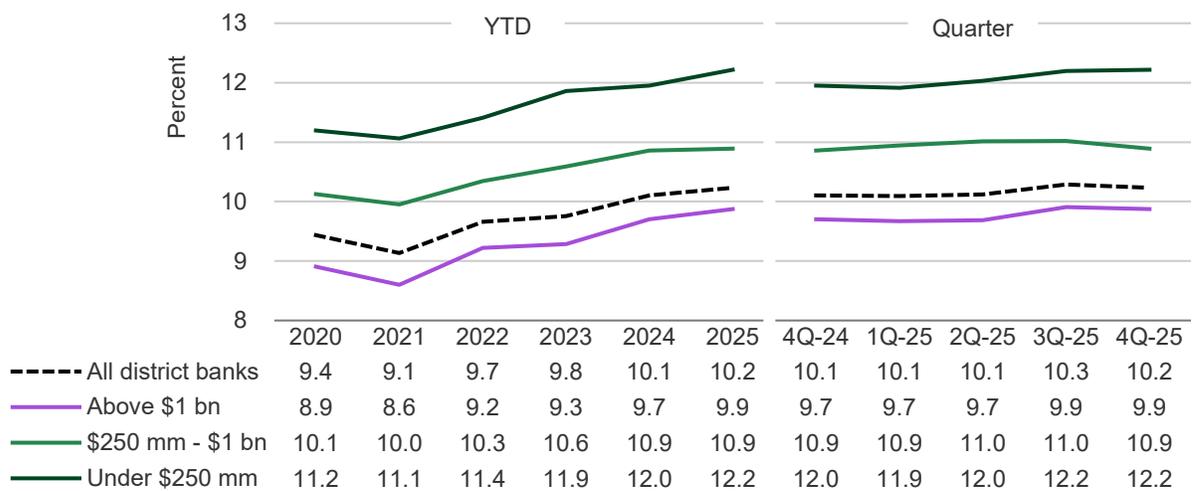


Chart A3. Quarterly Dividend Trends

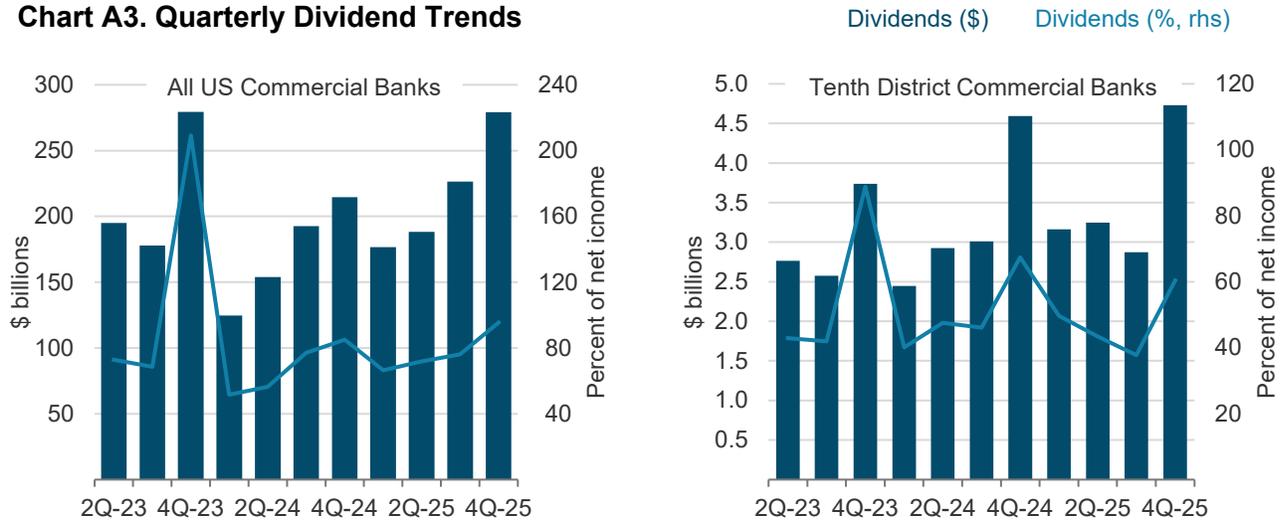


Chart A4. Return on Average Assets Summary

	All US Commercial Banks						Tenth District Commercial Banks					
	YTD			Quarter			YTD			Quarter		
	4Q-24	4Q-25	change	3Q-25	4Q-25	change	4Q-24	4Q-25	change	3Q-25	4Q-25	change
Net interest income	2.88	2.94	▲ 0.06	2.98	3.01	▲ 0.03	3.23	3.51	▲ 0.28	3.59	3.61	▲ 0.03
Noninterest income	1.31	1.39	▲ 0.08	1.38	1.37	▼ (0.01)	0.94	0.94	▲ 0.01	0.97	0.95	▼ (0.01)
Total revenue	4.19	4.33	▲ 0.14	4.37	4.38	▲ 0.02	4.16	4.46	▲ 0.29	4.55	4.57	▲ 0.02
Provisions	0.35	0.34	▼ (0.01)	0.31	0.27	▼ (0.04)	0.20	0.24	▲ 0.04	0.22	0.23	▲ 0.01
Noninterest expense	2.43	2.44	▲ 0.01	2.43	2.48	▲ 0.05	2.56	2.65	▲ 0.09	2.69	2.72	▲ 0.03
Total expenses	2.78	2.78	▼ (0.00)	2.74	2.75	▲ 0.01	2.76	2.89	▲ 0.13	2.92	2.95	▲ 0.03
Pre-tax operating income	1.41	1.55	▲ 0.14	1.63	1.64	▲ 0.01	1.40	1.57	▲ 0.16	1.63	1.62	▼ (0.02)
Net Income	1.13	1.19	▲ 0.07	1.26	1.23	▼ (0.03)	1.14	1.30	▲ 0.16	1.33	1.36	▲ 0.02

Chart A5. Return on Average Assets, All U.S. Commercial Banks

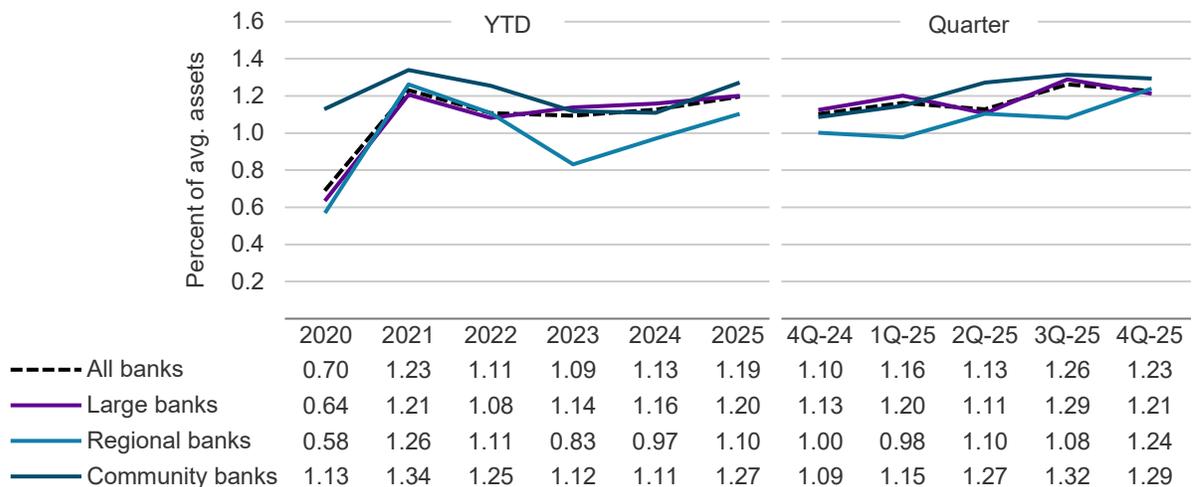


Chart A6. Return on Average Assets, Tenth District Commercial Banks

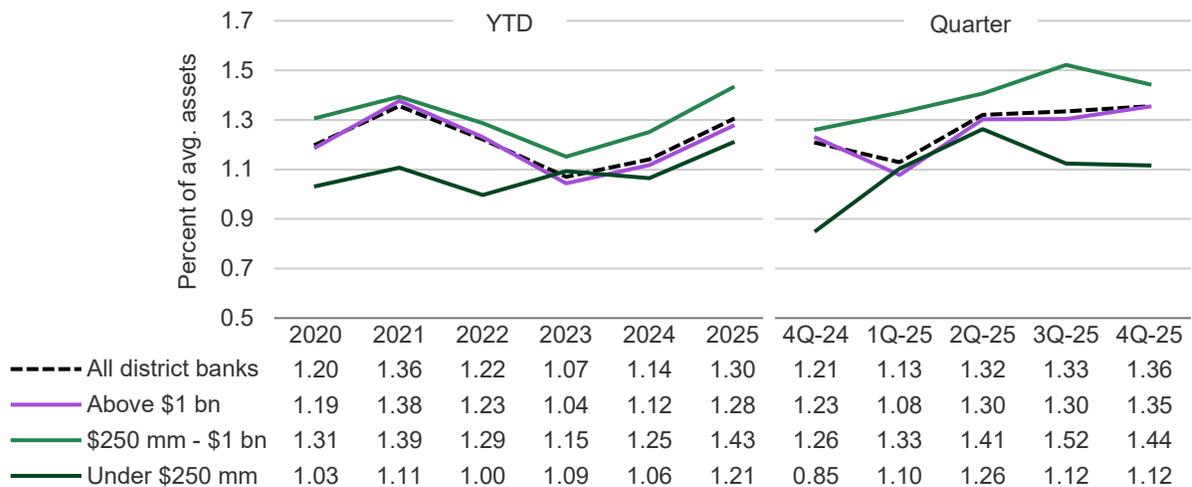


Chart A7. Quarterly Revenue Trends

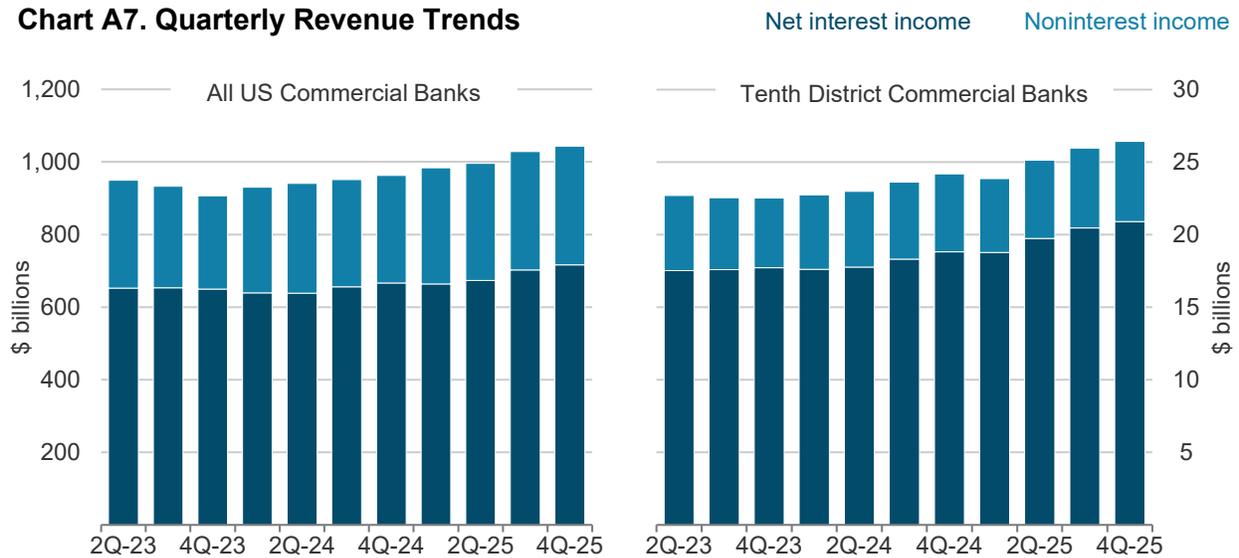


Chart A8. Year-Over-Year Change in Income & Expense Items, All U.S. Commercial Banks

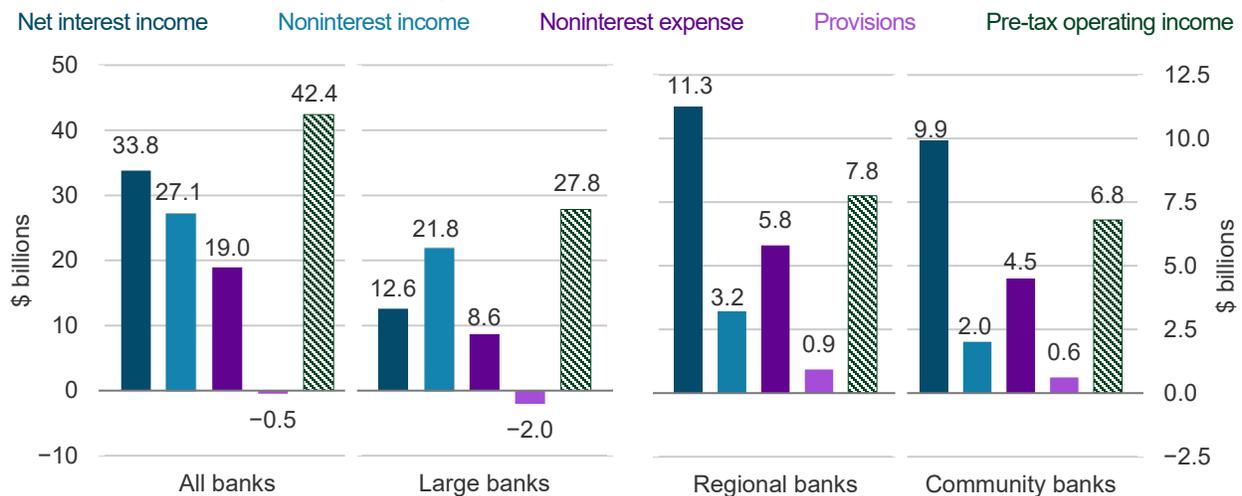


Chart A9. Year-Over-Year Change in Income & Expense Items, Tenth District Commercial Banks

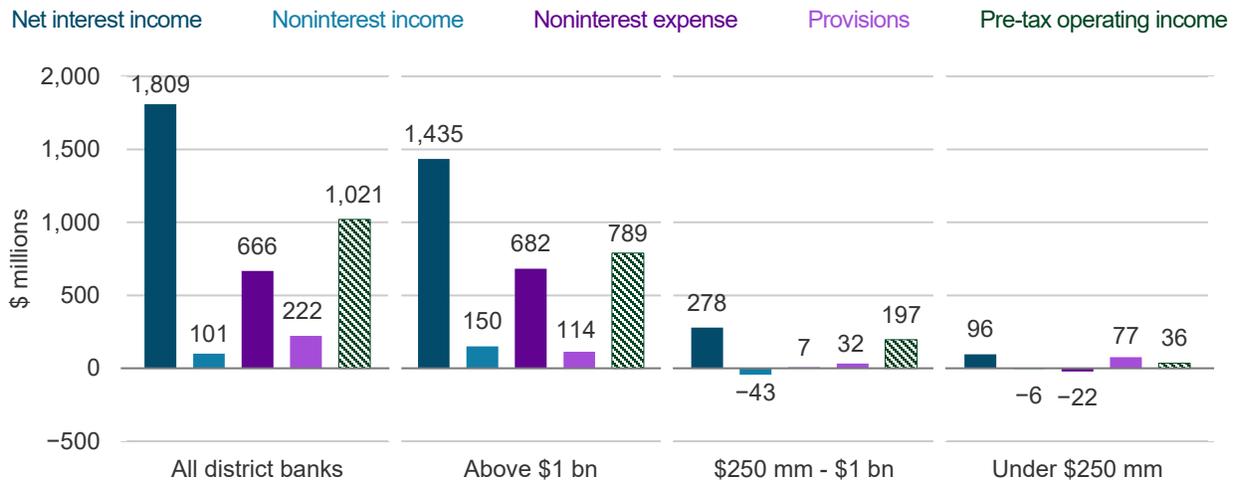


Chart A10. Net Interest Margin, All U.S. Commercial Banks

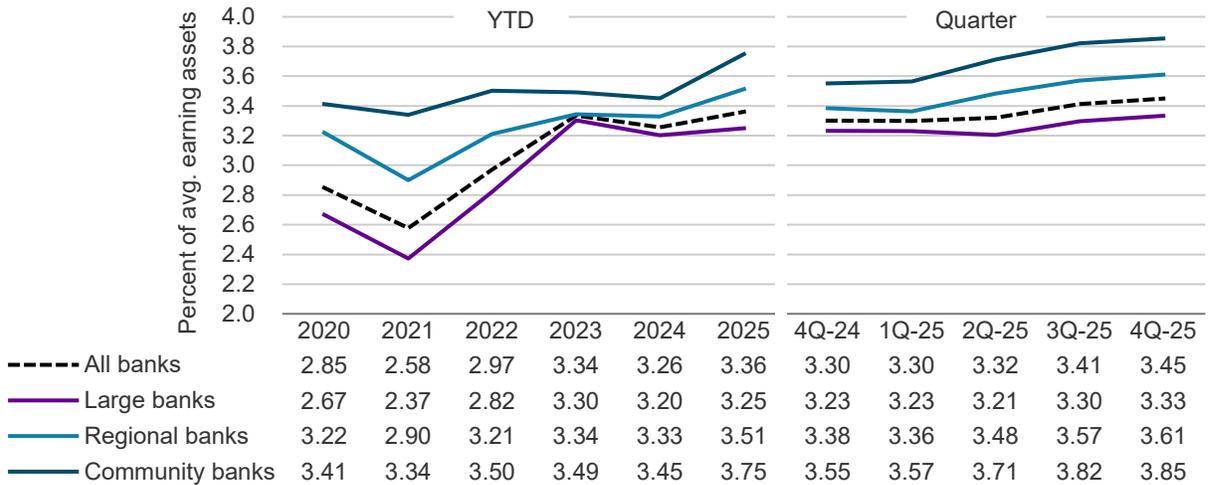


Chart A11. Net Interest Margin, Tenth District Commercial Banks

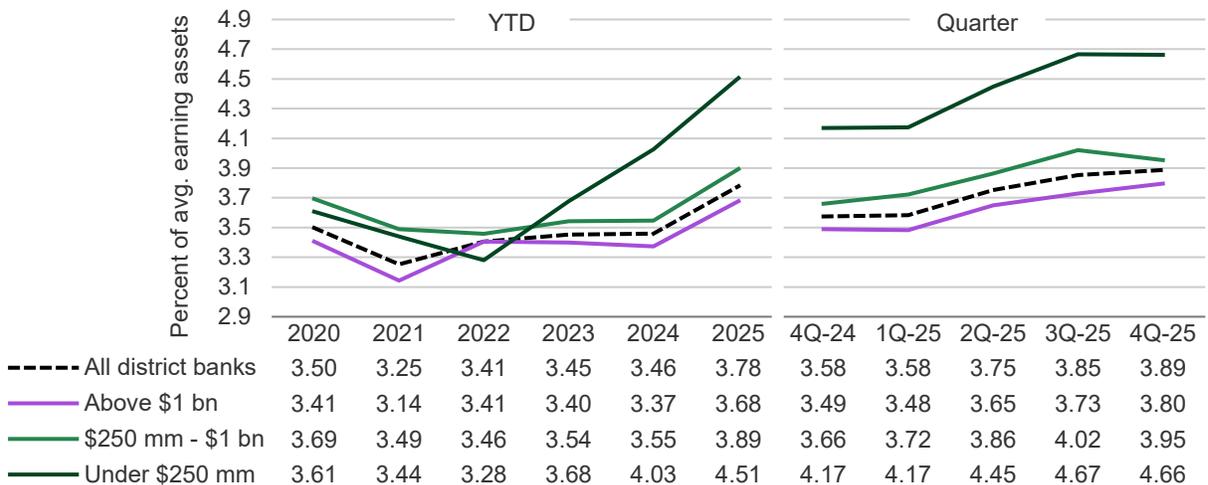


Chart A12. Interest Income, All U.S. Commercial Banks

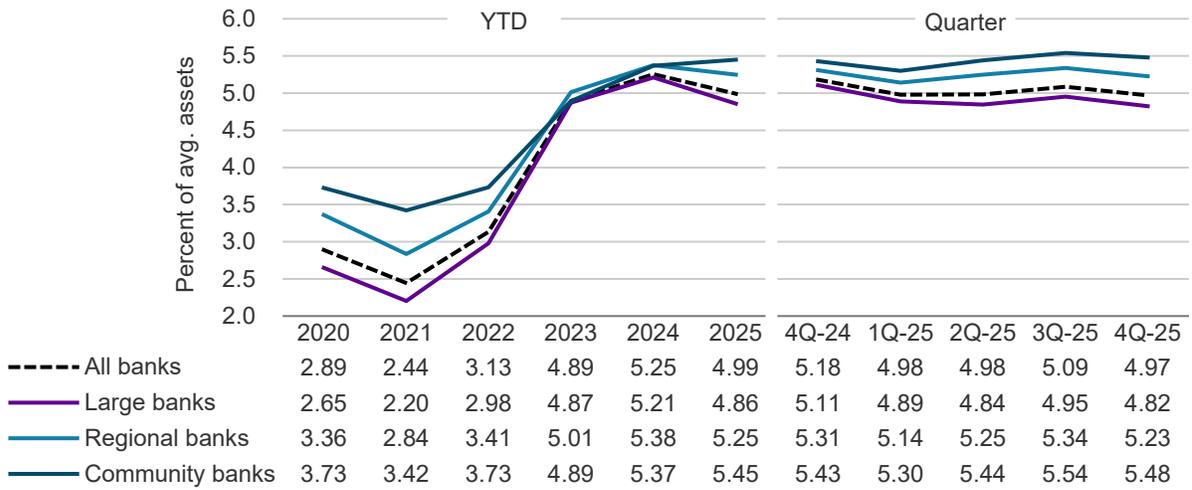


Chart A13. Interest Income, Tenth District Commercial Banks

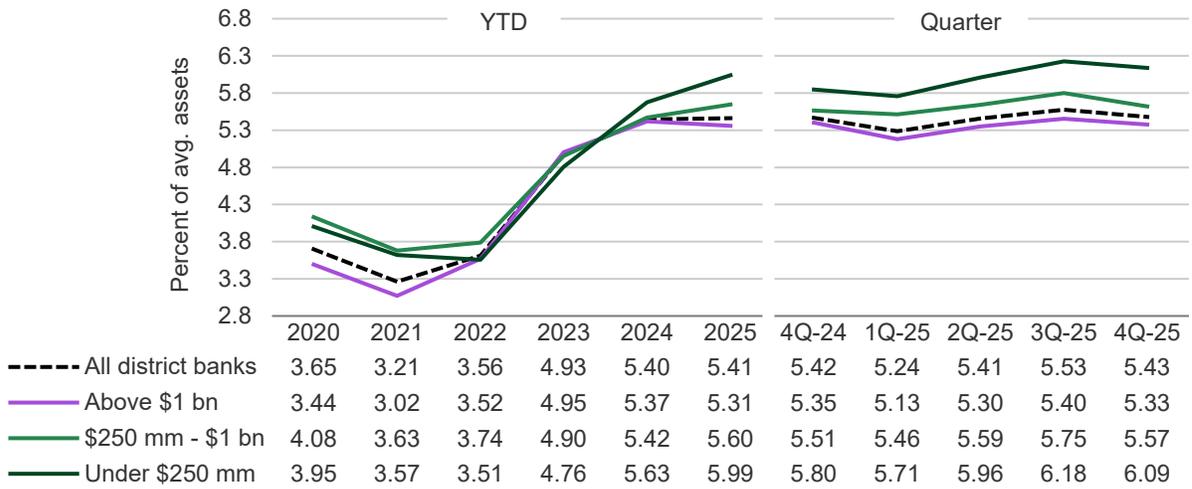


Chart A14. Interest Expense, All U.S. Commercial Banks

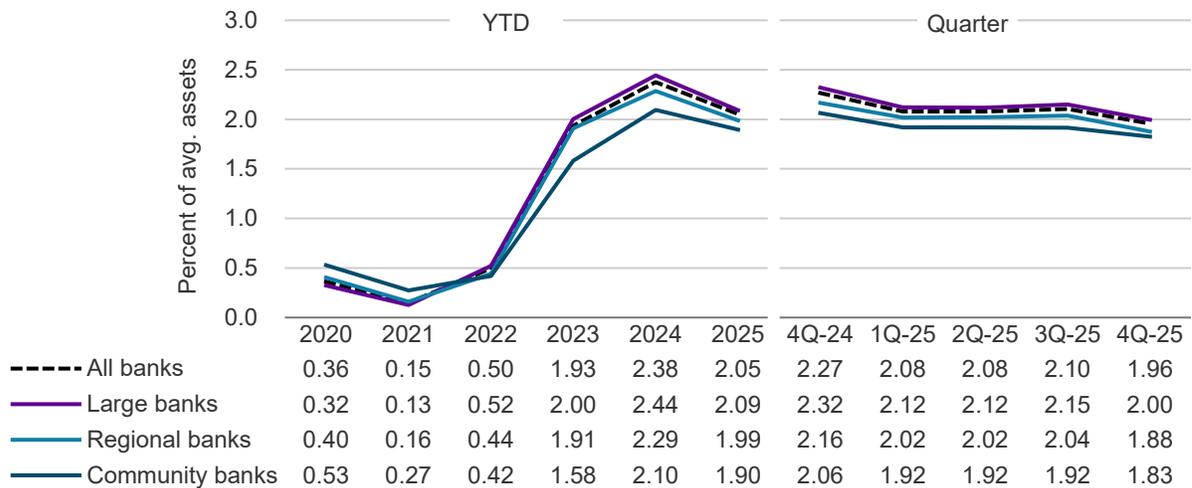


Chart A15. Interest Expense, Tenth District Commercial Banks

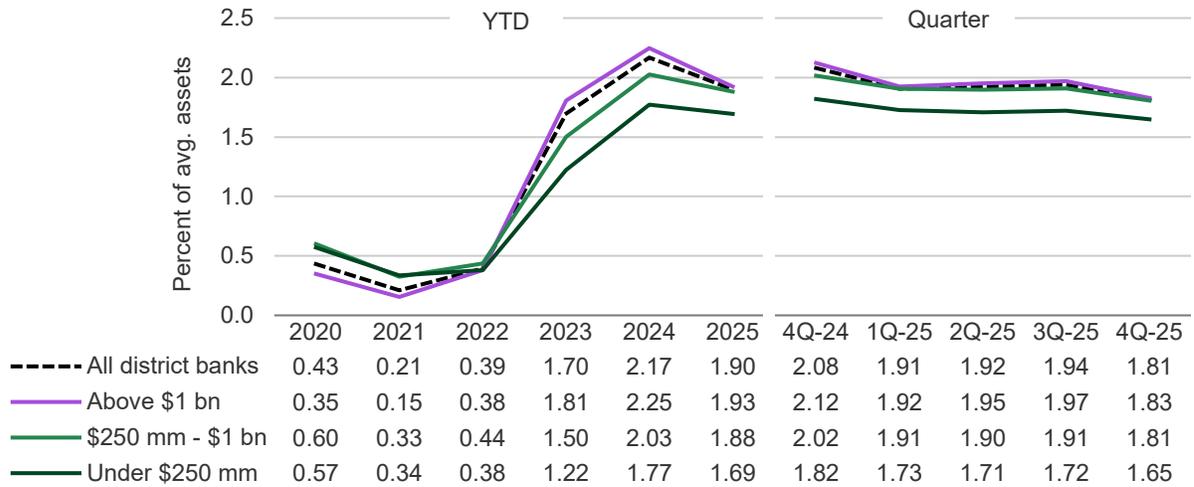


Chart A16. Noninterest Income, All U.S. Commercial Banks

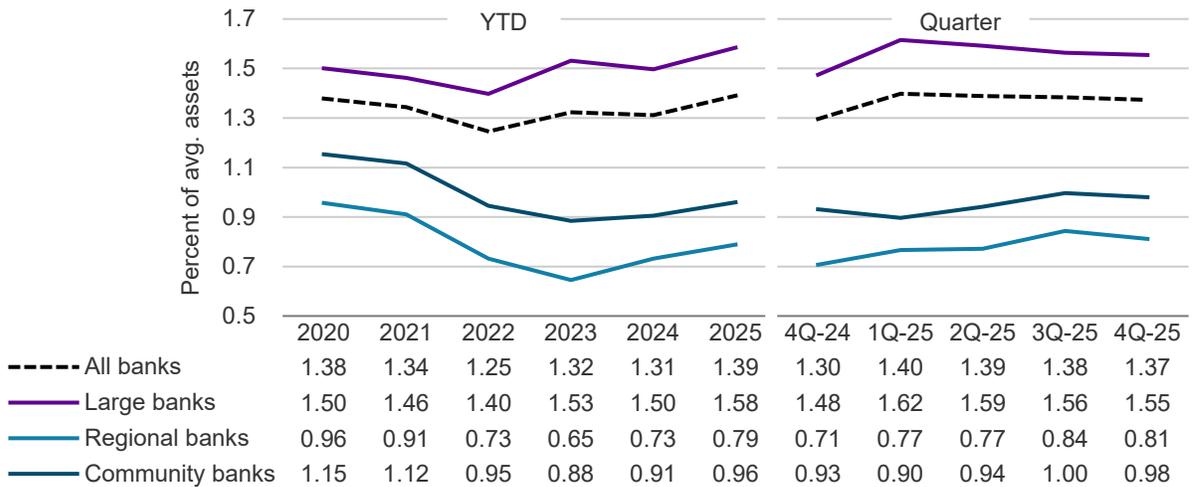


Chart A17. Noninterest Income, Tenth District Commercial Banks

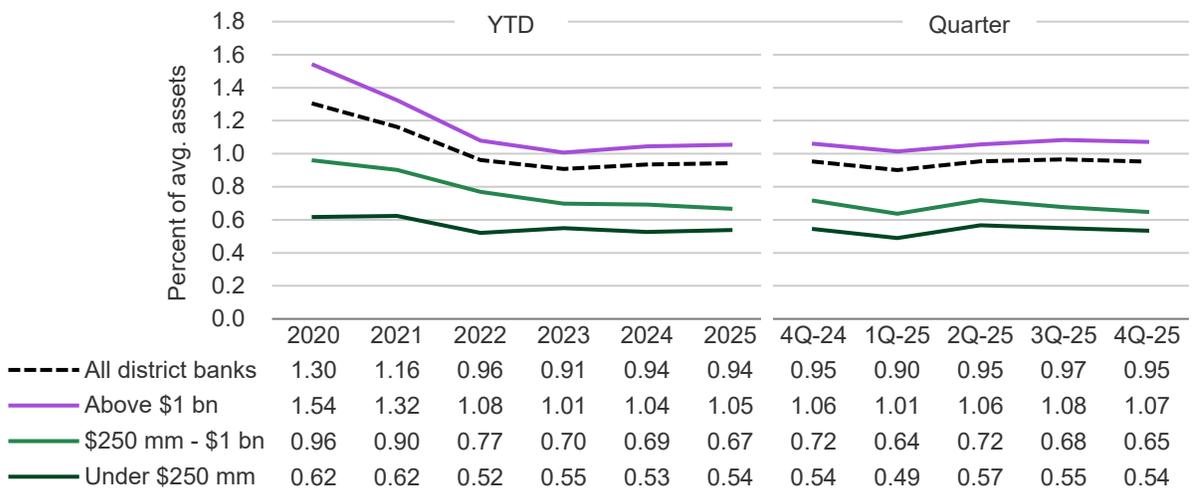


Chart A18. Noninterest Expense, All U.S. Commercial Banks

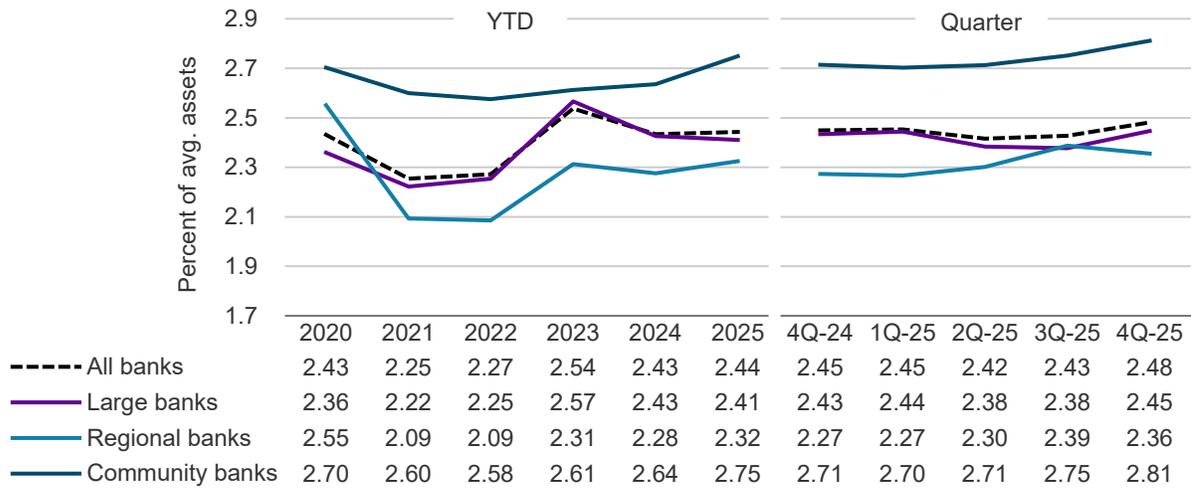
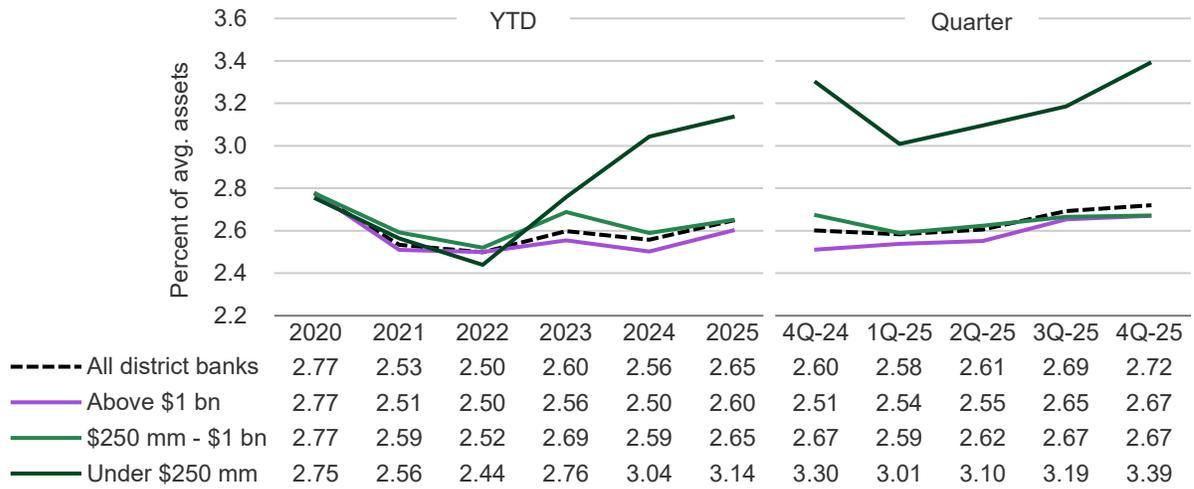


Chart A19. Noninterest Expense, Tenth District Commercial Banks



B. Allowance and Credit Conditions

Chart B1. Loan Loss Provisions, All U.S. Commercial Banks

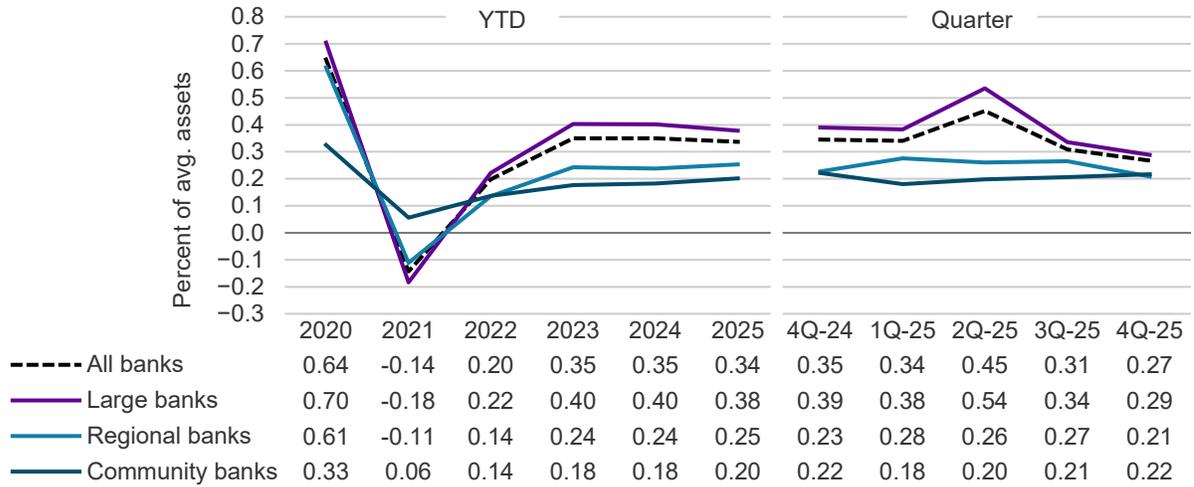


Chart B2. Loan Loss Provisions, Tenth District Commercial Banks

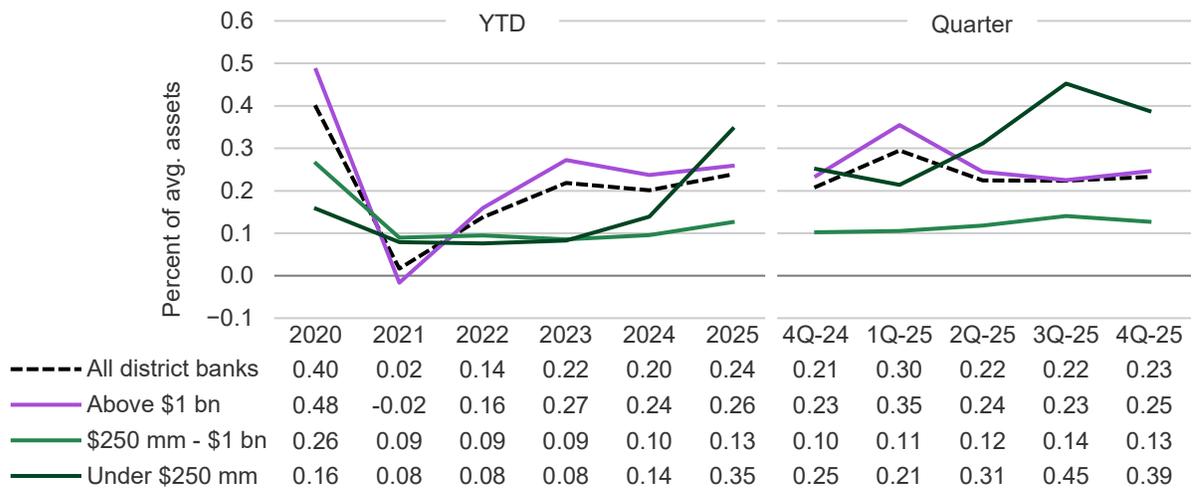


Chart B3. Quarterly Allowance for Credit Losses Trends

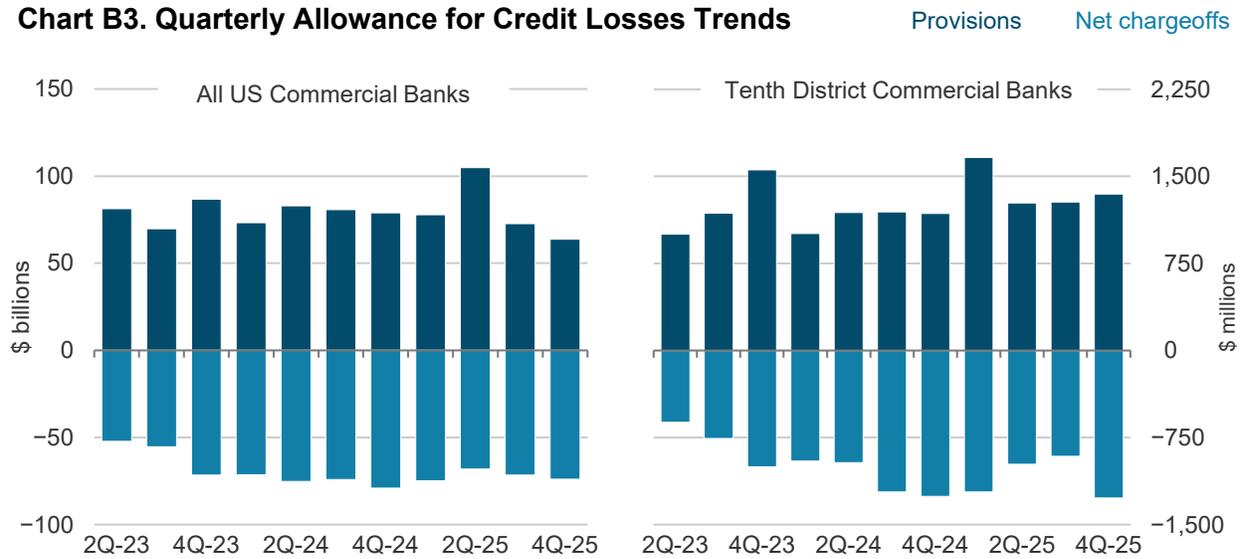


Chart B4. Allowance for Credit Losses, All U.S. Commercial Banks

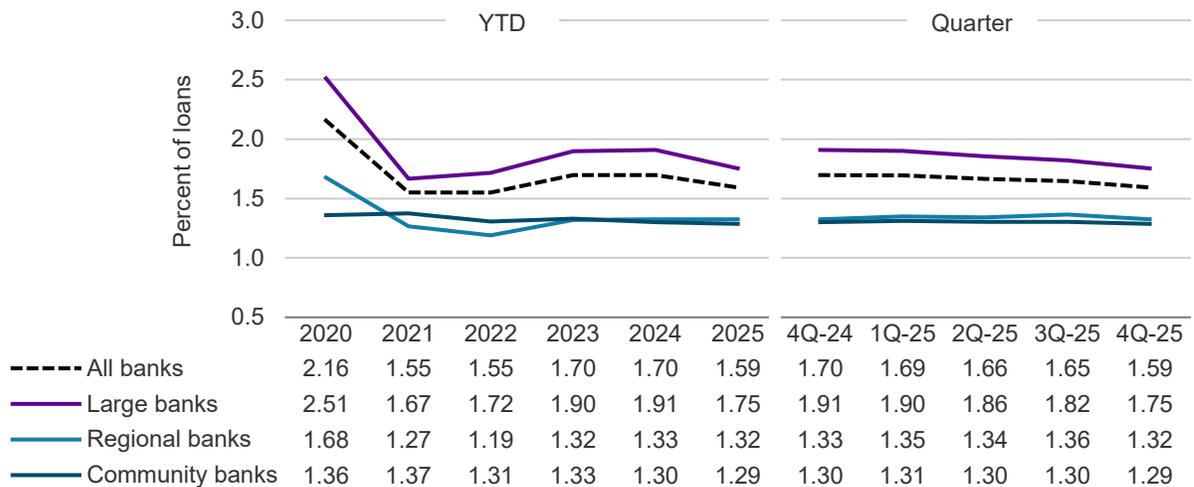


Chart B5. Allowance for Credit Losses, Tenth District Commercial Banks

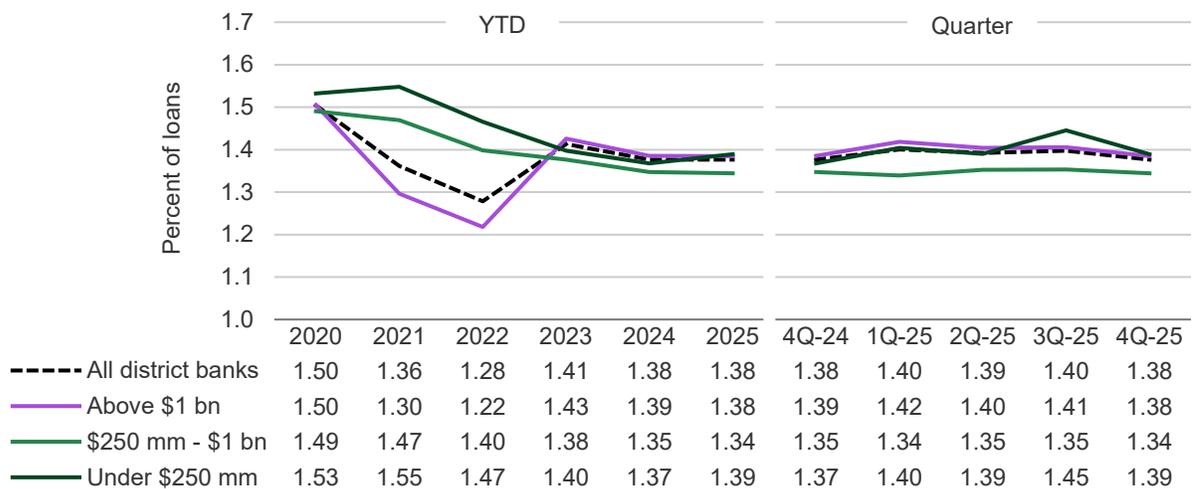


Chart B6. Problem Assets, All U.S. Commercial Banks

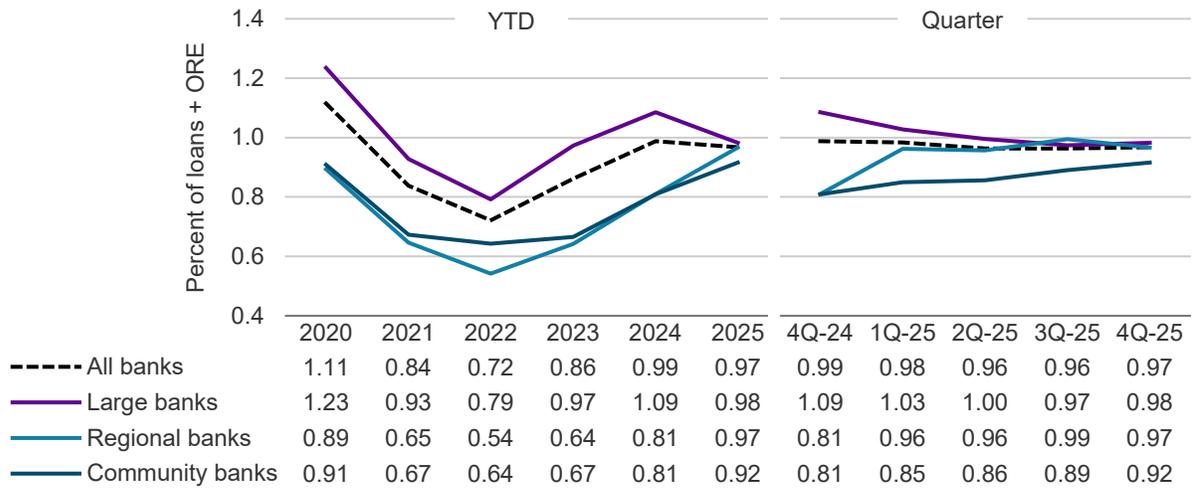


Chart B7. Problem Assets, Tenth District Commercial Banks

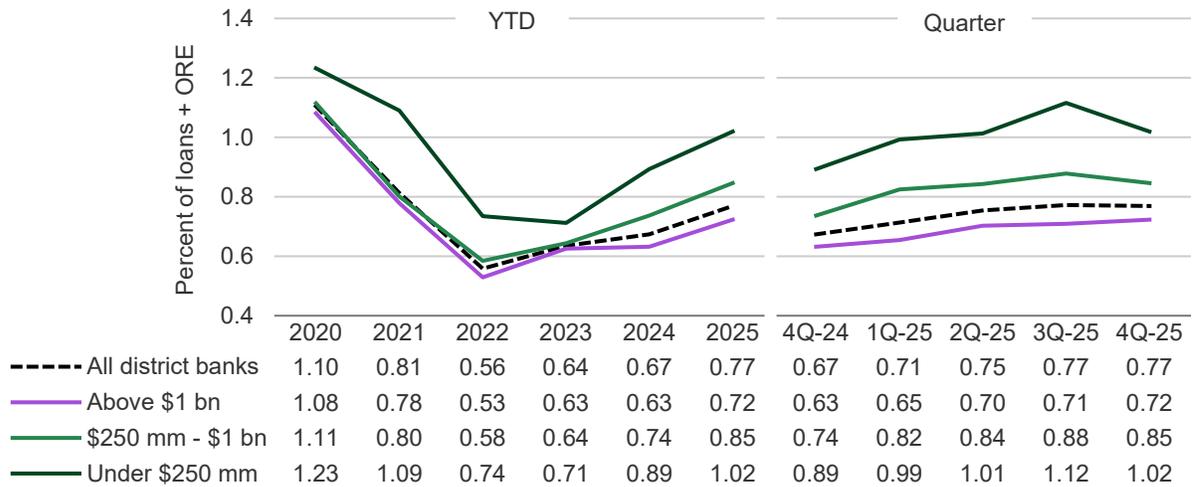


Chart B8. Noncurrent CLD and CRE Loans

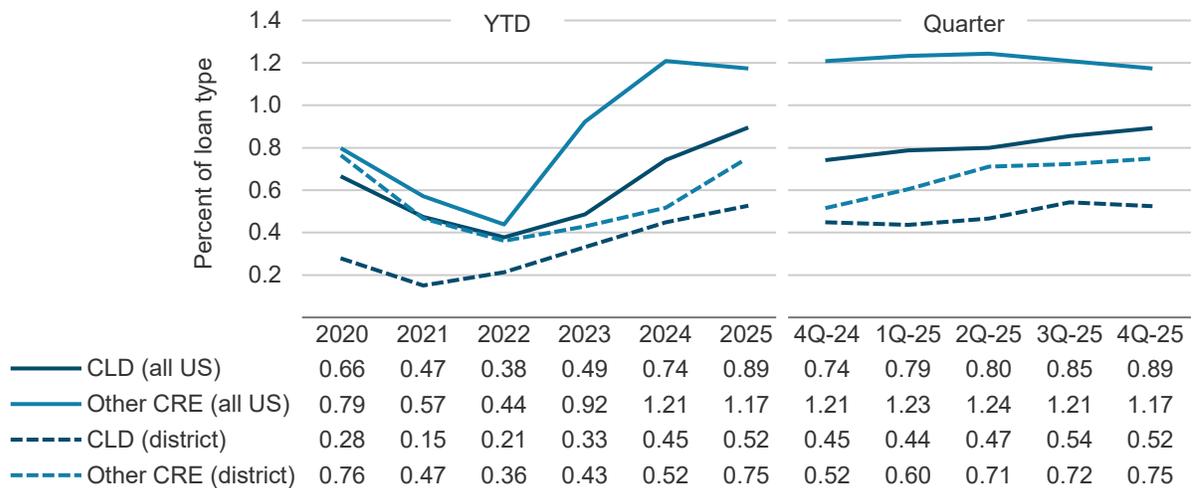


Chart B9. Noncurrent Loans by Other Loan Types, All U.S. Commercial Banks

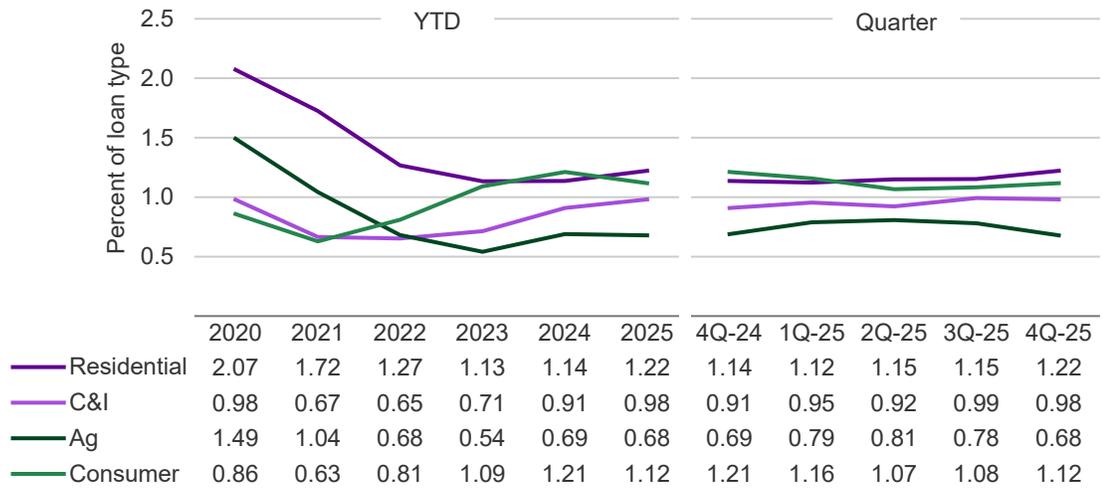


Chart B10. Noncurrent Loans by Other Loan Types, Tenth District Commercial Banks

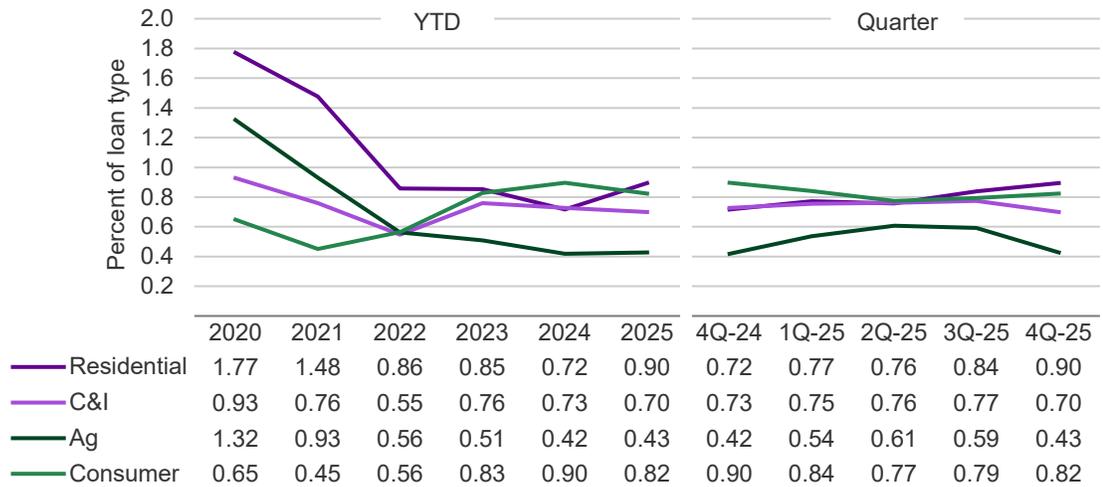


Chart B11. Noncurrent Loans by Loan Type, Tenth District States

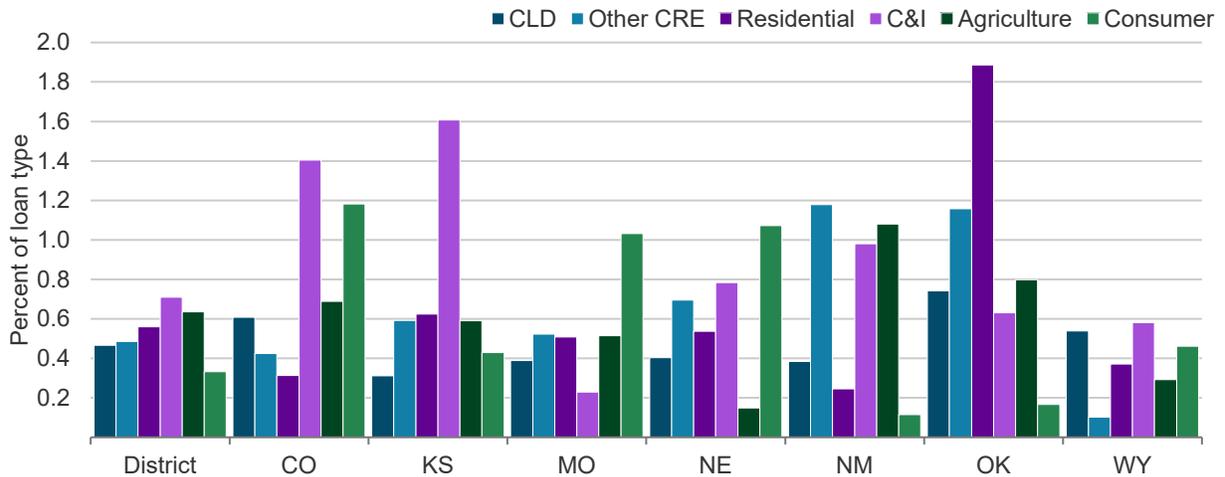


Chart B12. Coverage Ratio, All U.S. Commercial Banks

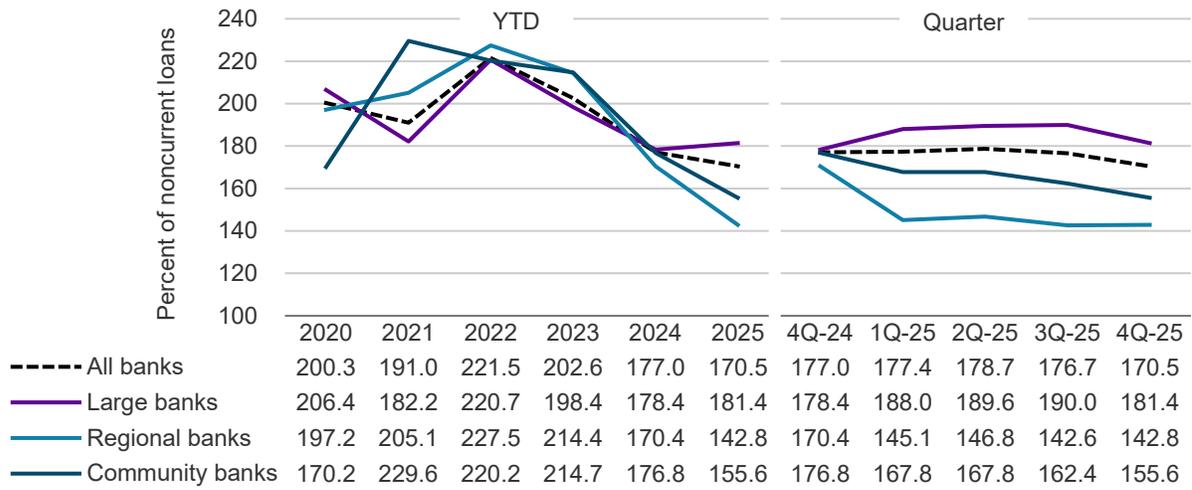
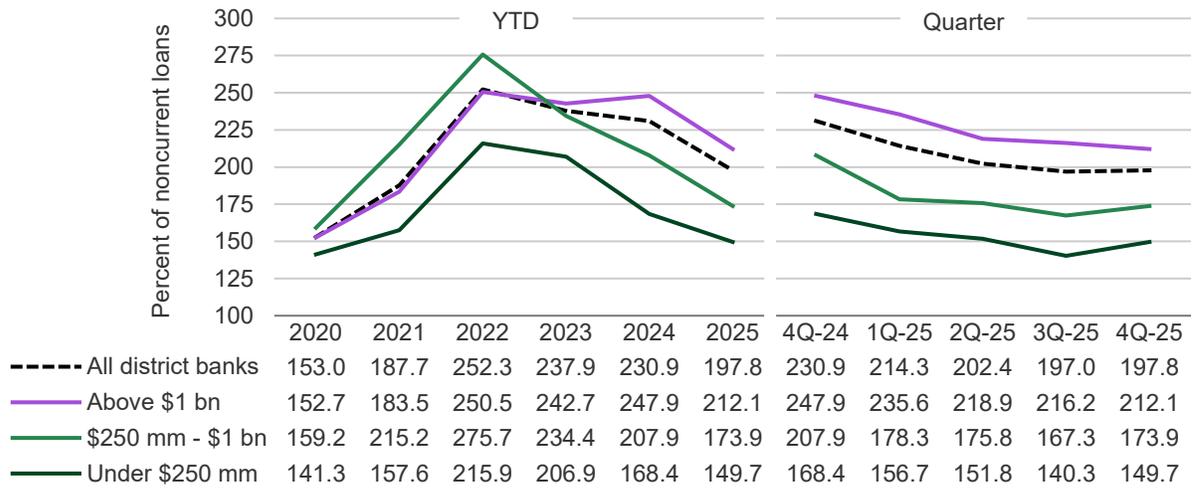


Chart B13. Coverage Ratio, Tenth District Commercial Banks



C. Balance Sheet Composition

Chart C1. Loan Portfolio Breakdown, All U.S. Commercial Banks

CRE Residential C&I Agriculture Consumer Other

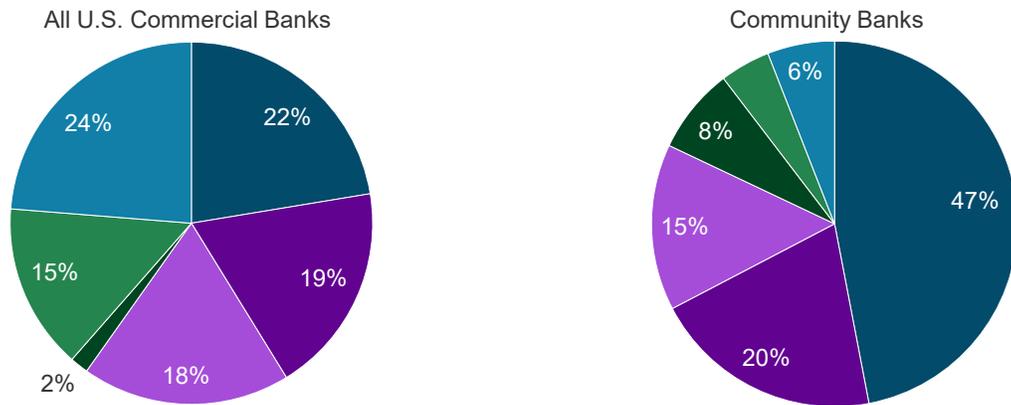


Chart C2. Loan Portfolio Breakdown, Tenth District Commercial Banks

CRE Residential C&I Agriculture Consumer Other

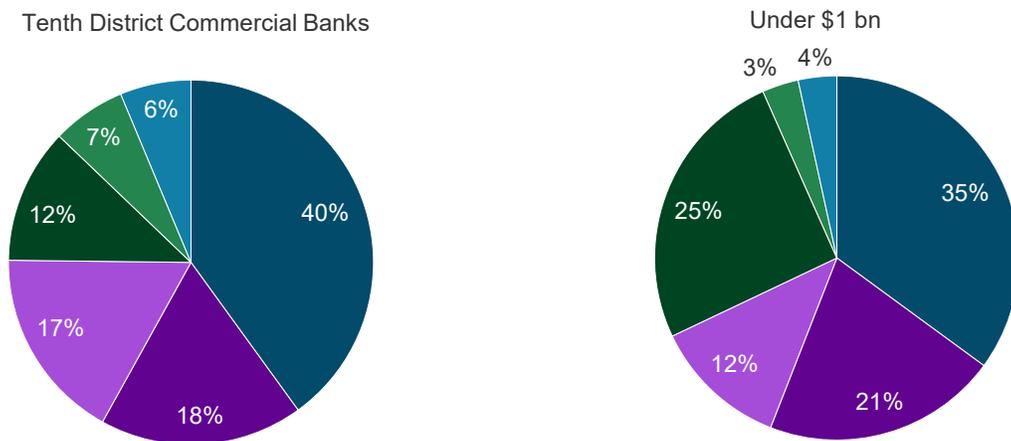


Chart C3. Balance Sheet Shifts, in Billions

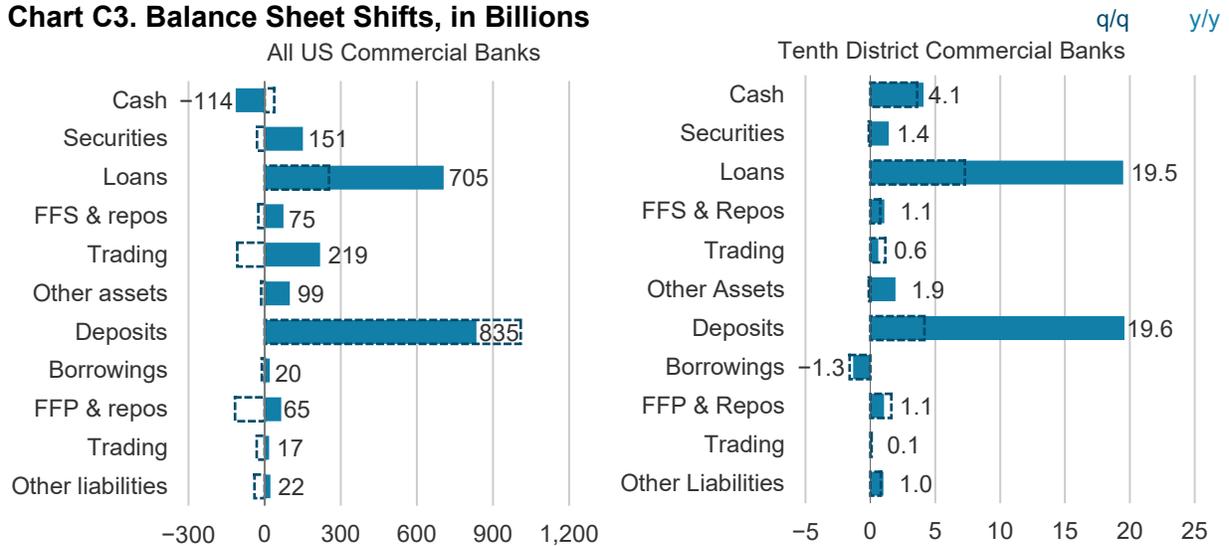


Chart C4. Quarterly Investment Securities Trends

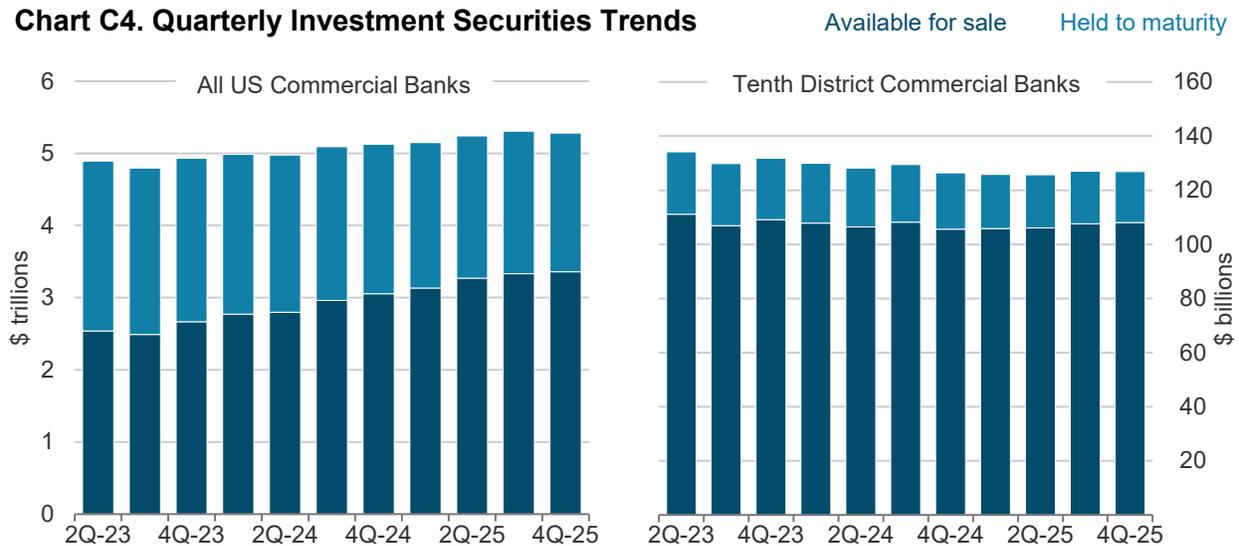


Chart C5. Investment Securities, All U.S. Commercial Banks

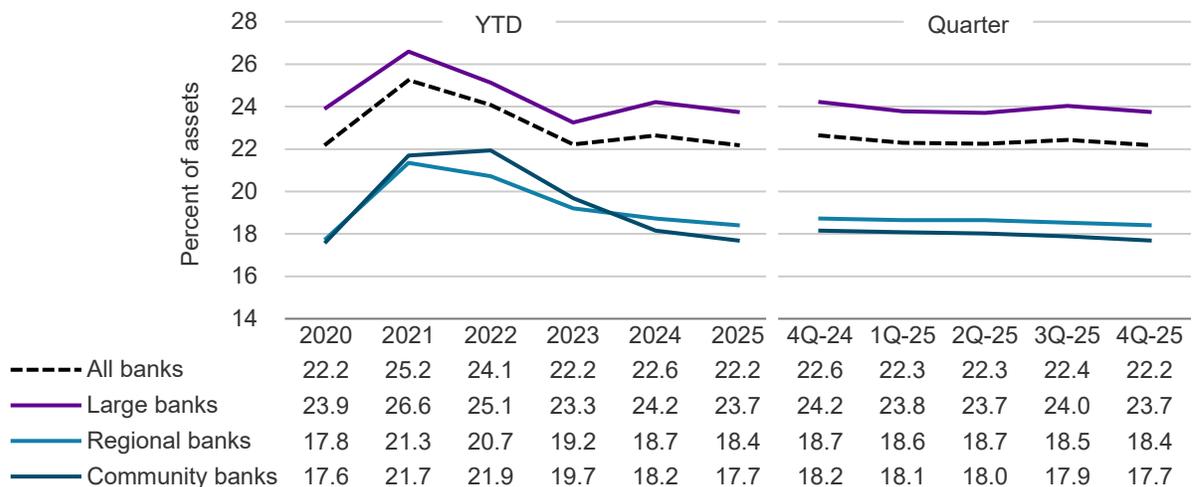


Chart C6. Investment Securities, Tenth District Commercial Banks

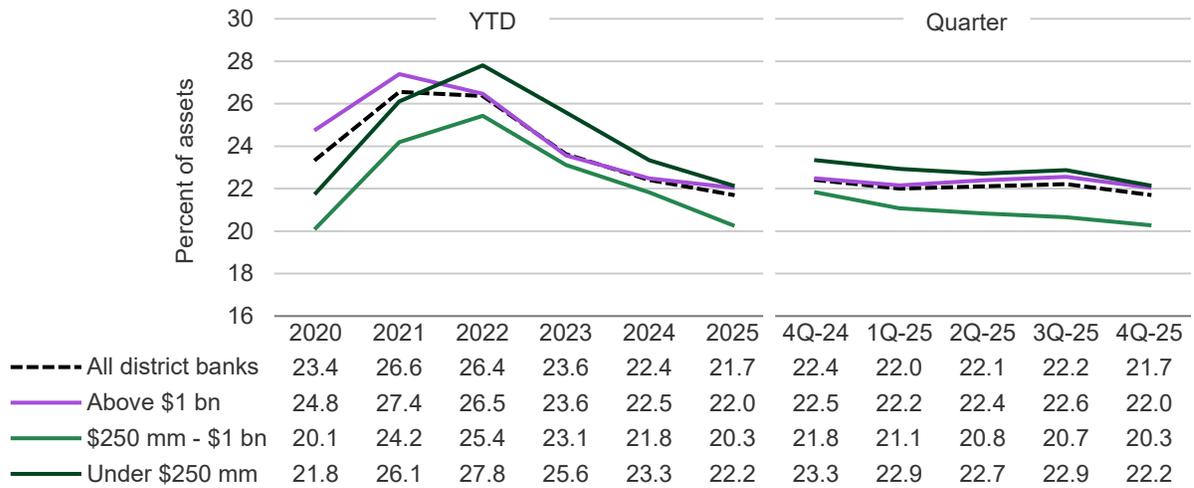


Chart C7. Cash and Reserve Holdings, All U.S. Commercial Banks

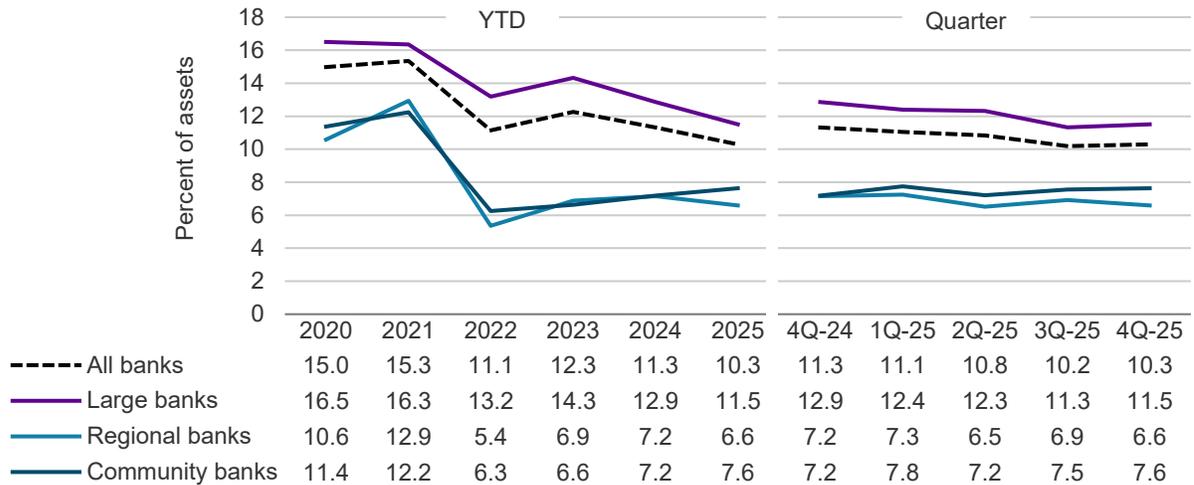


Chart C8. Cash and Reserve Holdings, Tenth District Commercial Banks

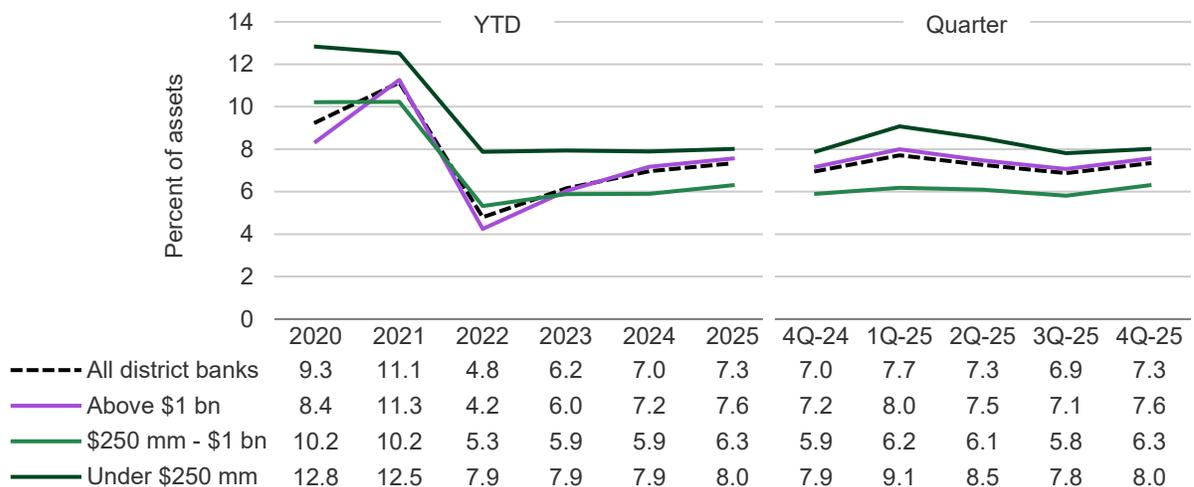


Chart C9. Change in Loan Portfolio Composition, in Billions

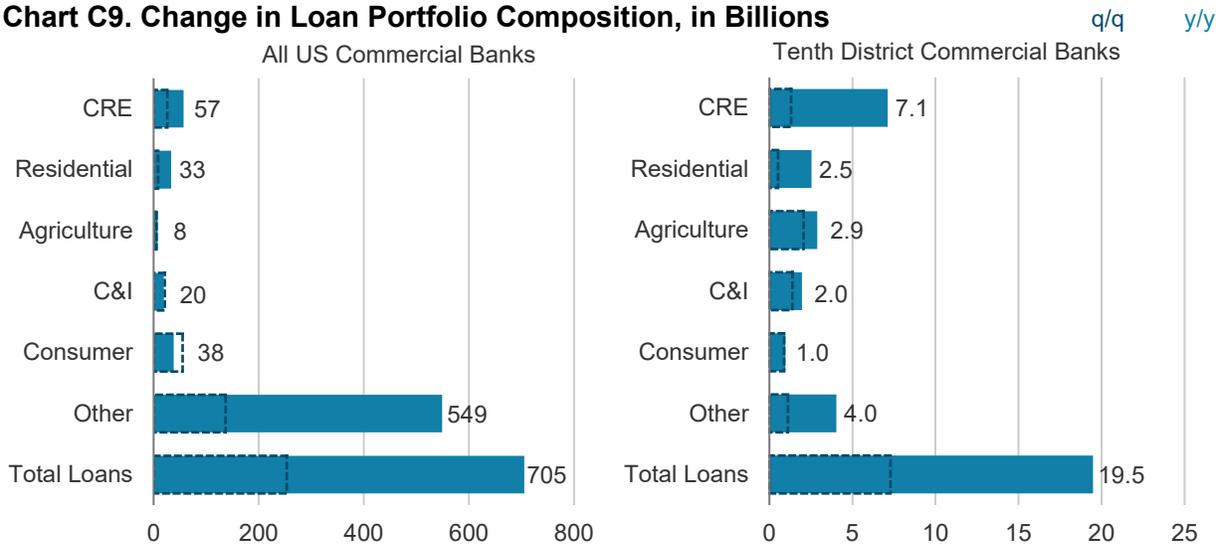


Chart C10. Loans to Assets, All U.S. Commercial Banks

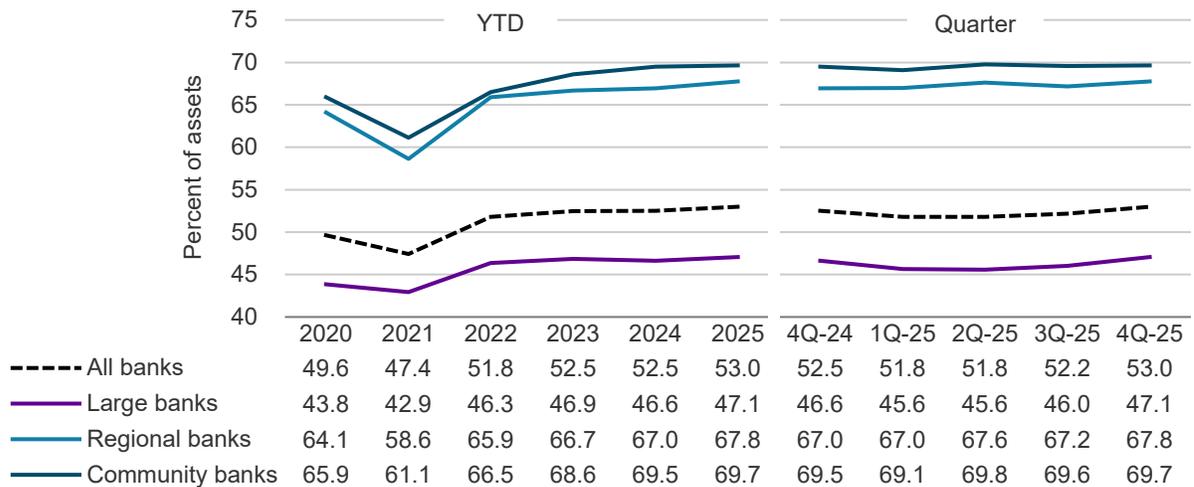


Chart C11. Loans to Assets, Tenth District Commercial Banks

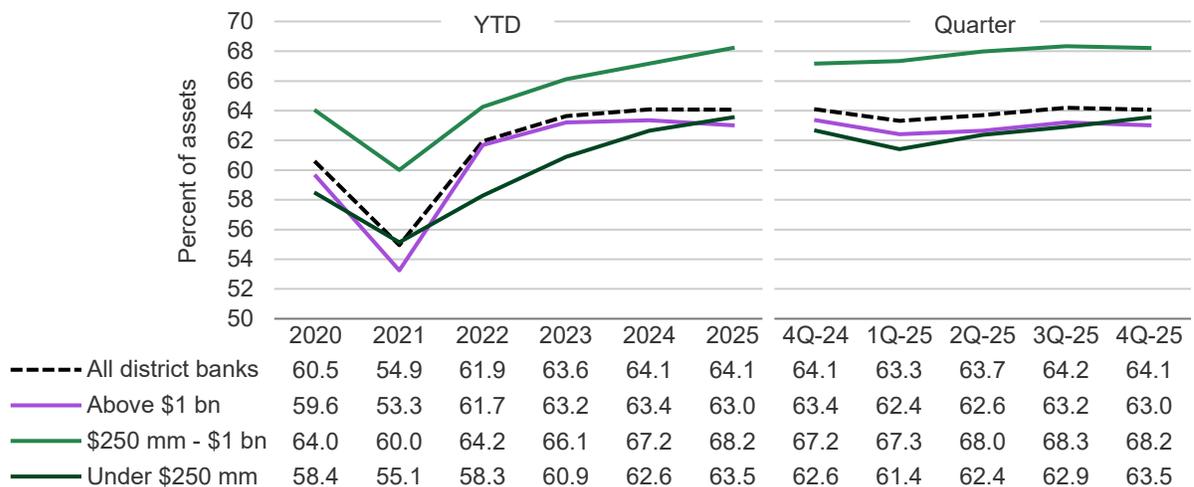


Chart C12. Loans to Assets, Tenth District States



Chart C13. Year-Over-Year Loan Growth, All U.S. Commercial Banks

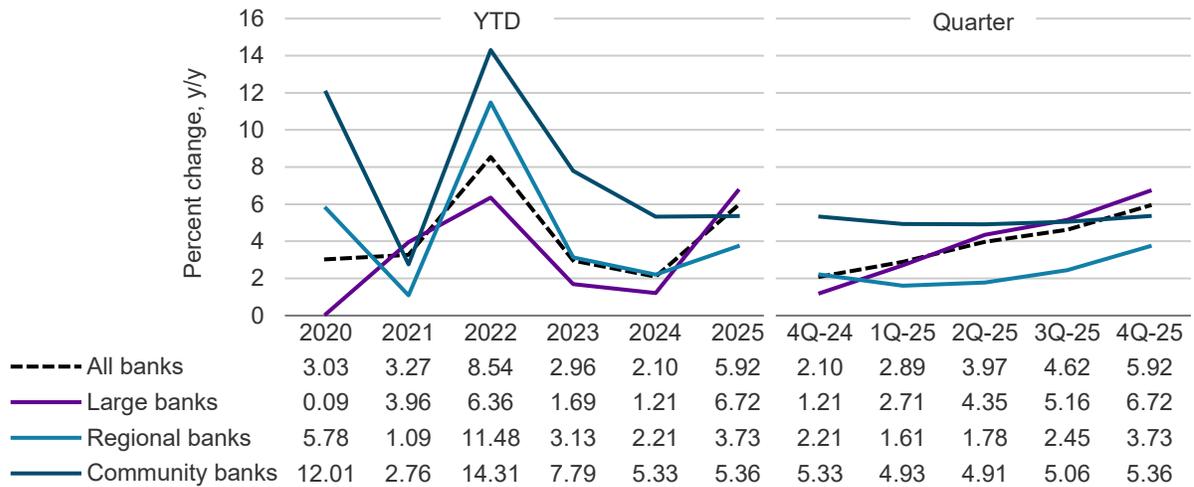


Chart C14. Year-Over-Year Loan Growth, Tenth District Commercial Banks

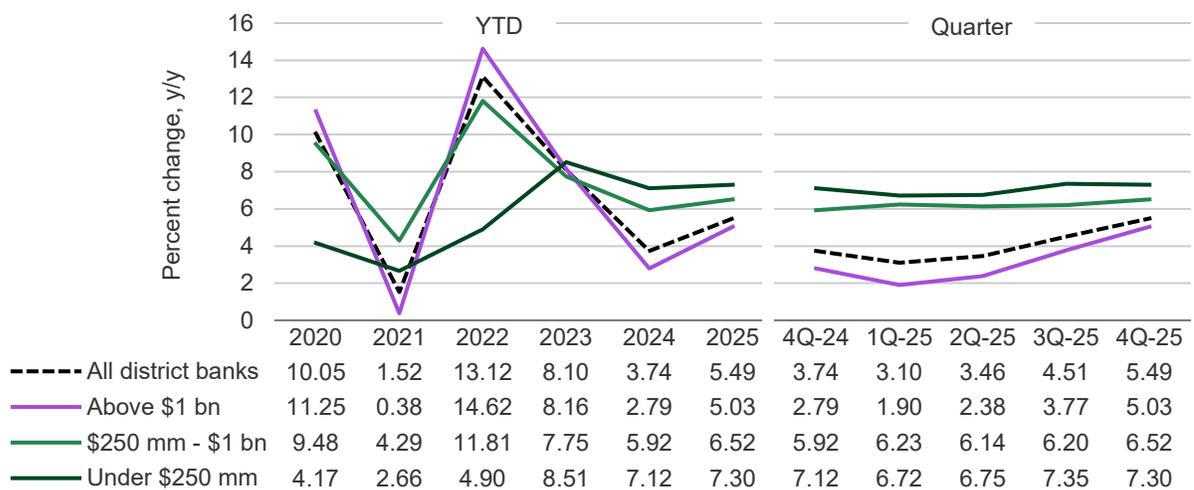


Chart C15. Year-Over-Year Loan Growth by Loan Type, All U.S. Commercial Banks

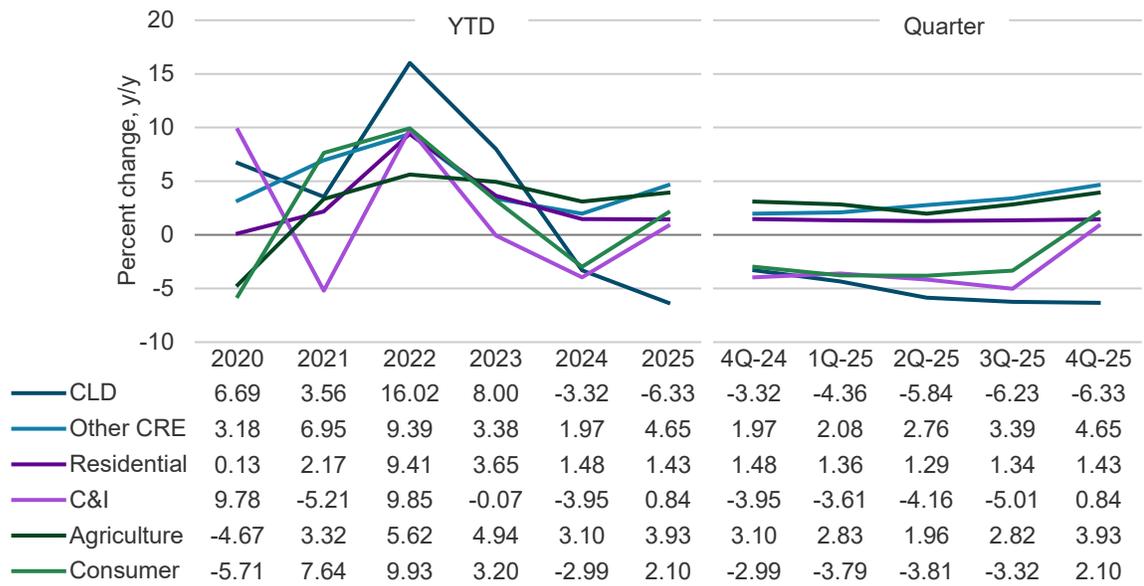
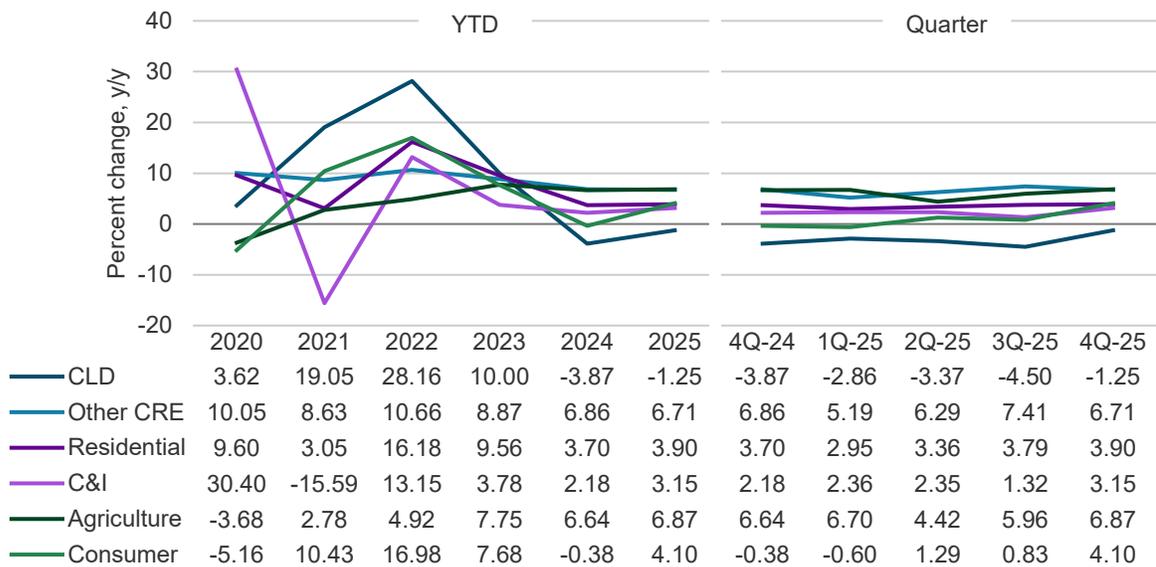


Chart C16. Year-Over-Year Loan Growth by Loan Type, Tenth District Commercial Banks



D. Maturity and Funding

Chart D1. Loan Portfolio Maturity & Repricing Distribution, All U.S. Commercial Banks

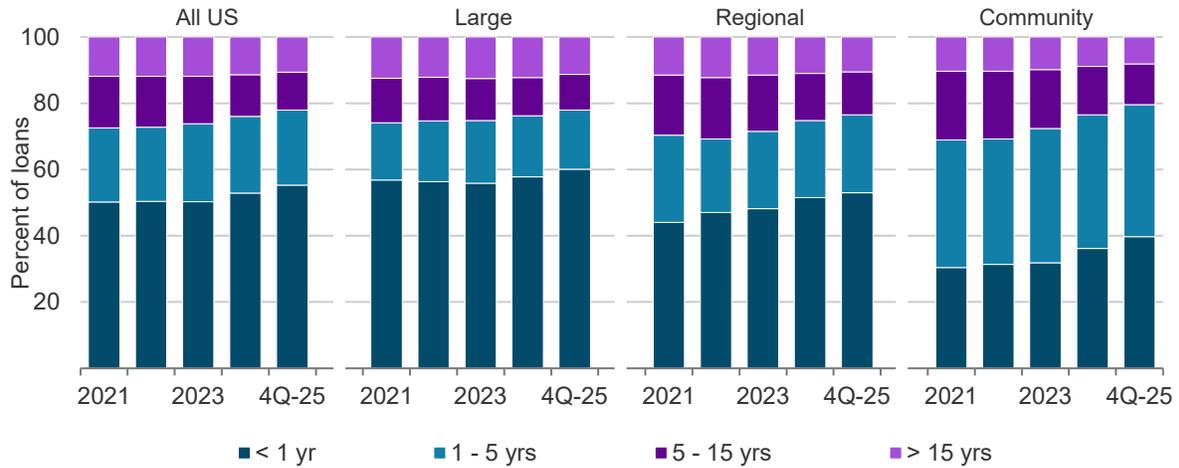


Chart D2. Loan Portfolio Maturity & Repricing Distribution, Tenth District Commercial Banks



Chart D3. Securities Maturity & Repricing Distribution, All U.S. Commercial Banks

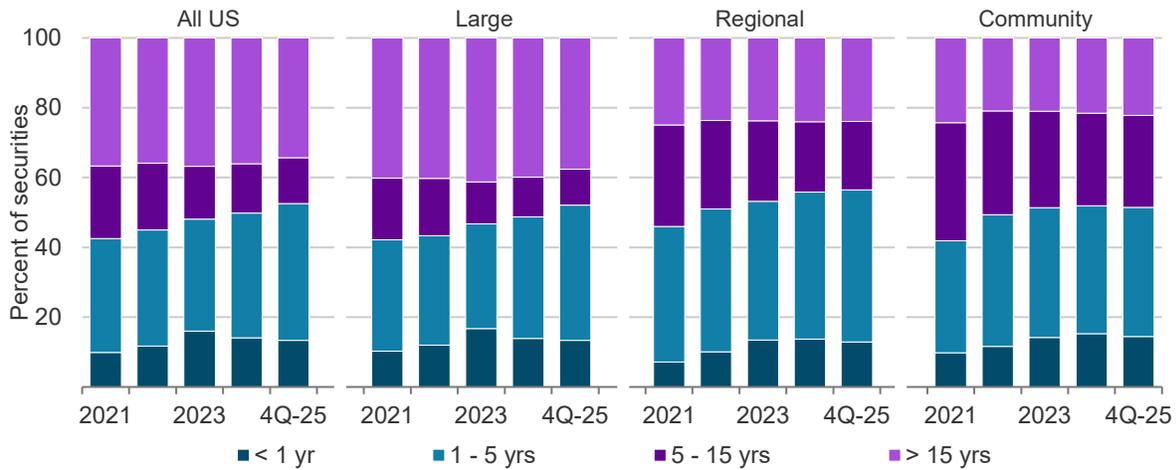


Chart D4. Securities Maturity & Repricing Distribution, Tenth District Commercial Banks

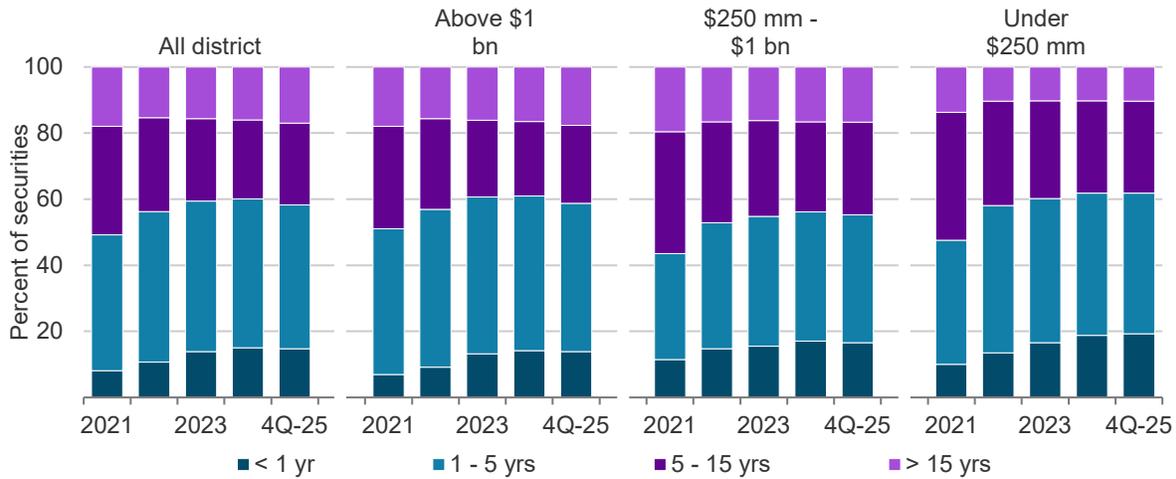


Chart D5. Loan-to-Deposit Ratios, All U.S. Commercial Banks

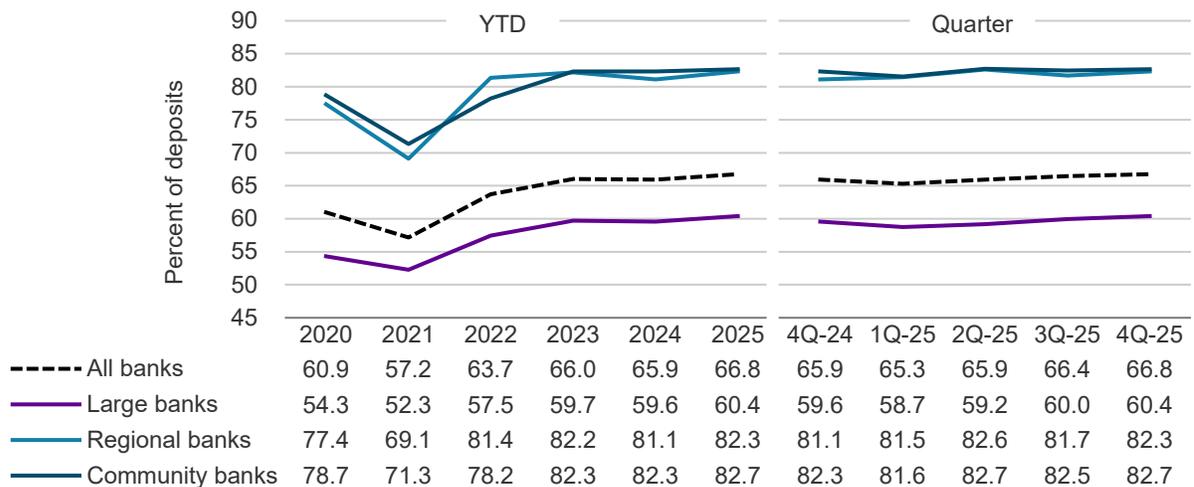


Chart D6. Loan-to-Deposit Ratios, Tenth District Commercial Banks

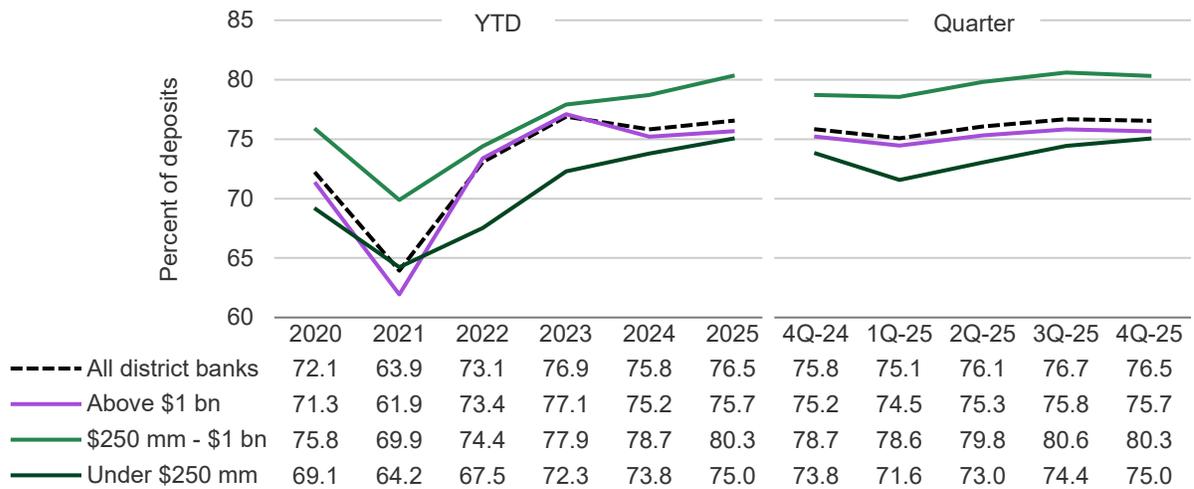


Chart D7. Quarterly Liquid Asset Trends

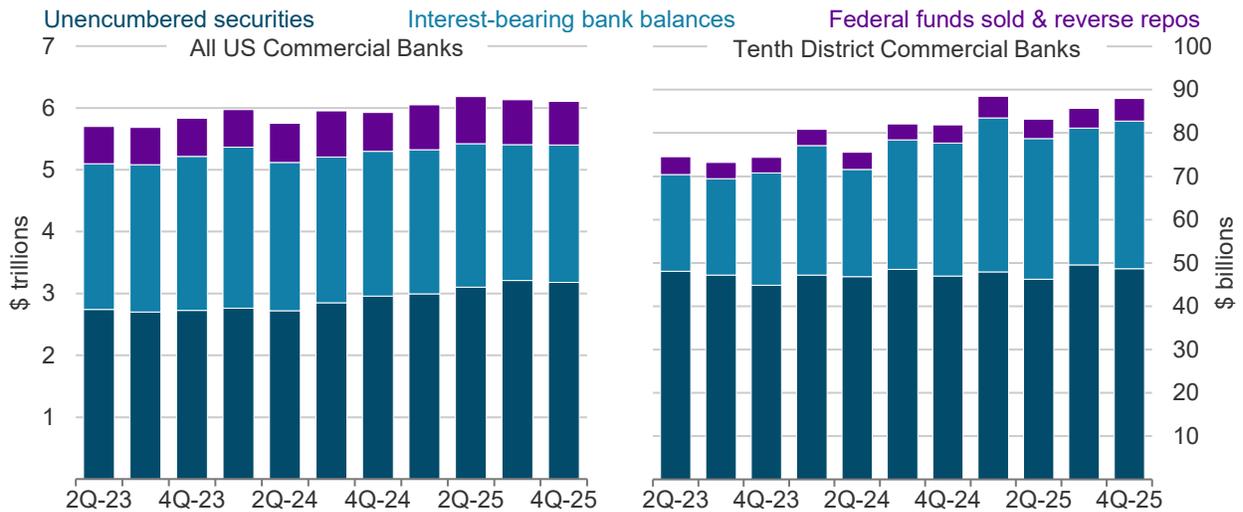


Chart D8. Liquid Asset Ratios, All U.S. Commercial Banks

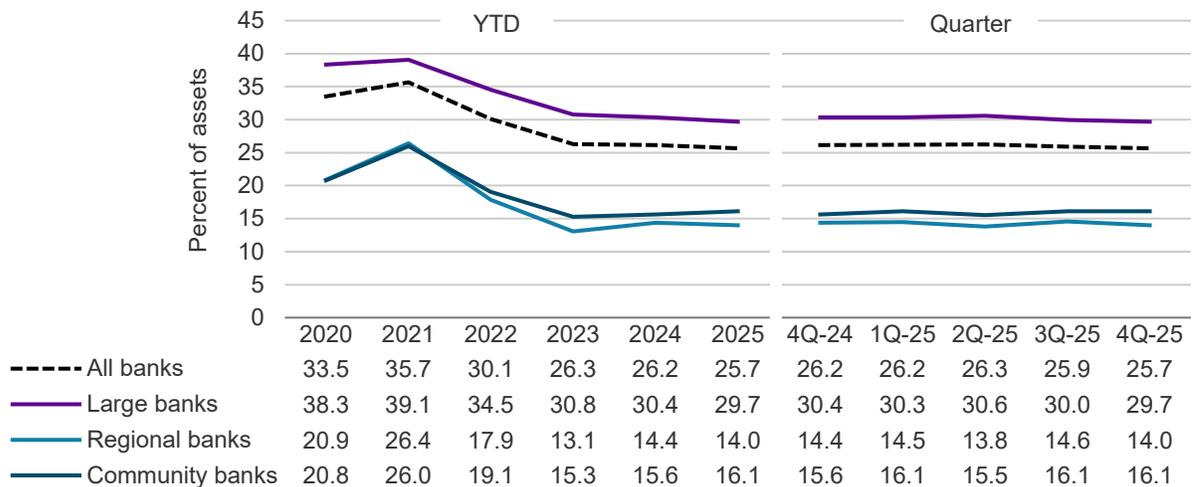


Chart D9. Liquid Asset Ratios, Tenth District Commercial Banks

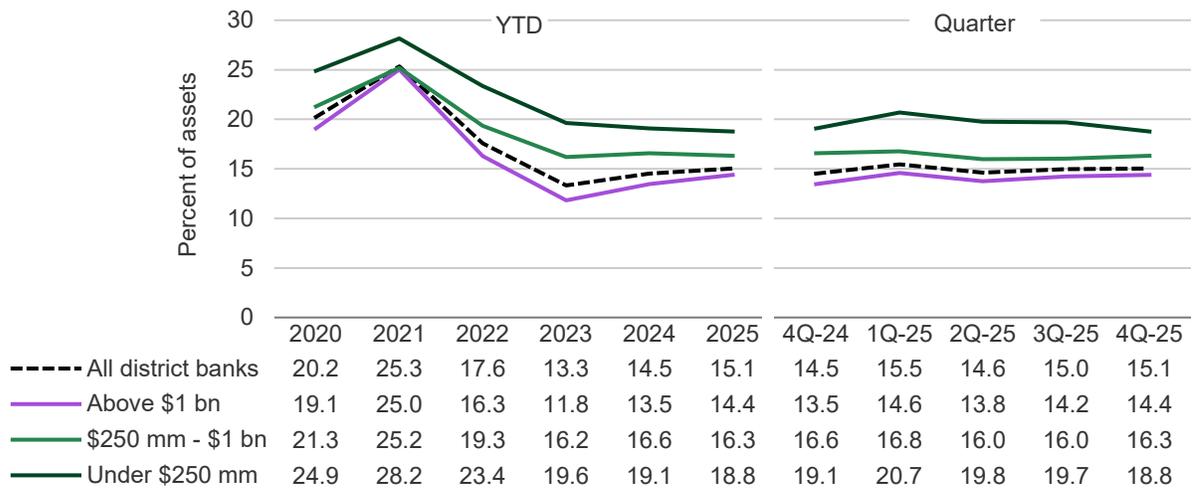


Chart D10. Unrealized Gains/Losses on Available-for-Sale Securities, All U.S. Commercial Banks

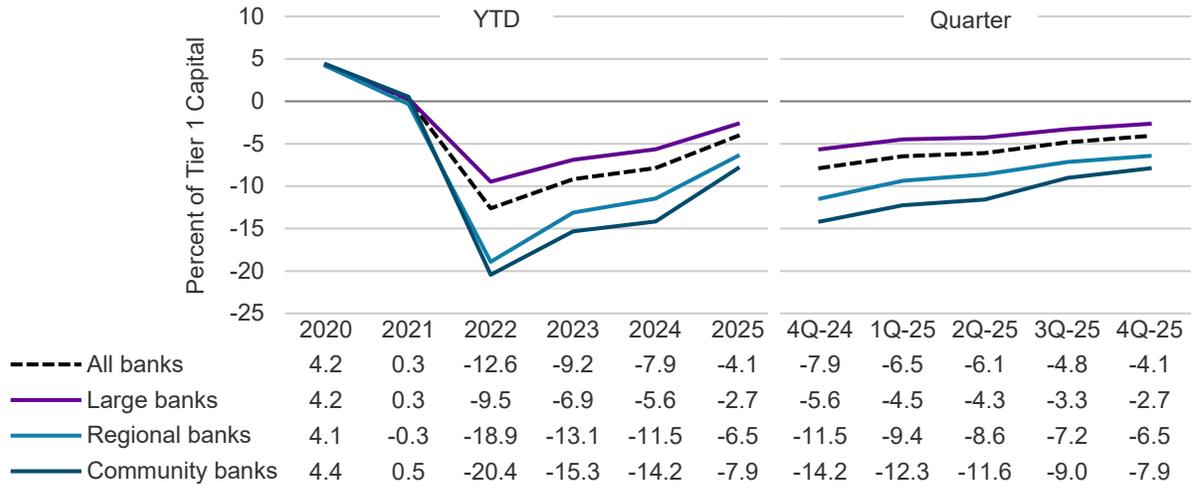


Chart D11. Unrealized Gains/Losses on Available-for-Sale Securities, Tenth District Commercial Banks

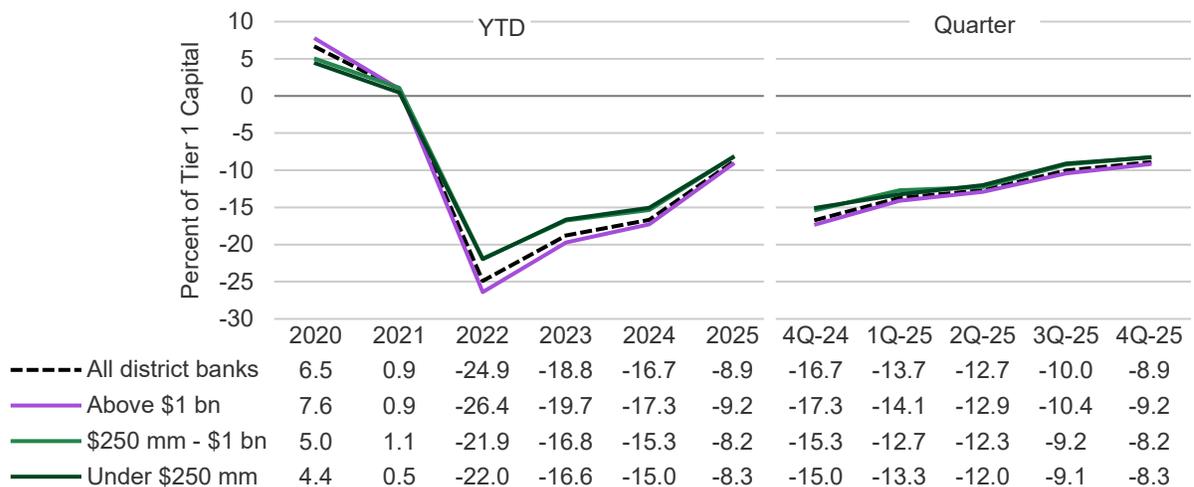


Chart D12. Quarterly Wholesale Funding Trends

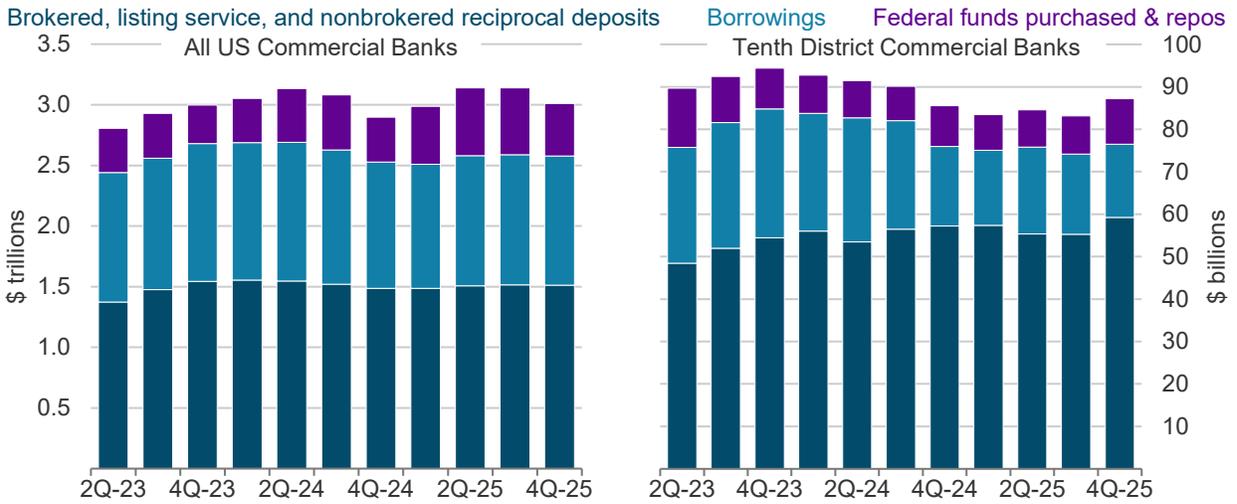


Chart D13. Wholesale Funding Ratios, All U.S. Commercial Banks

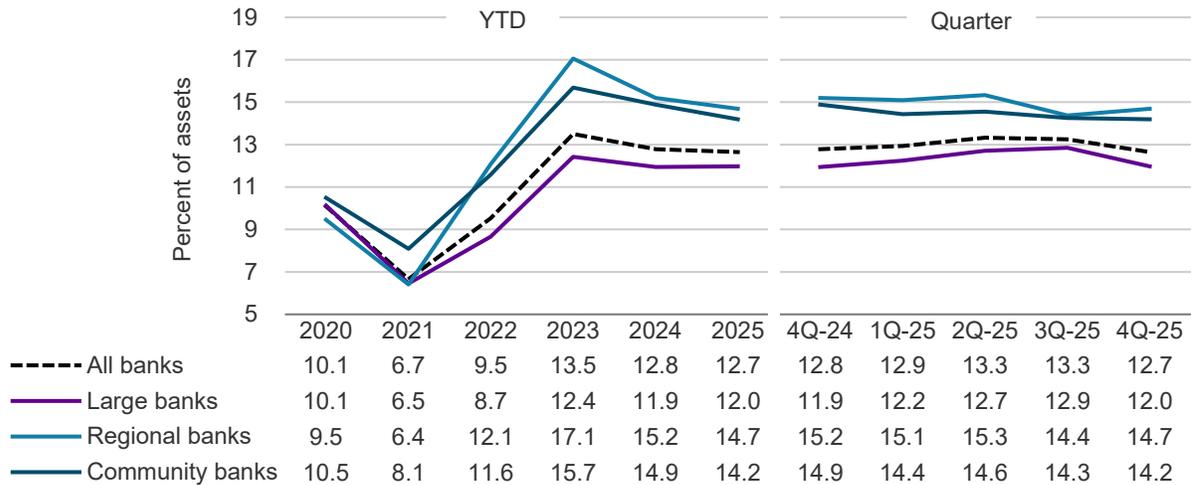
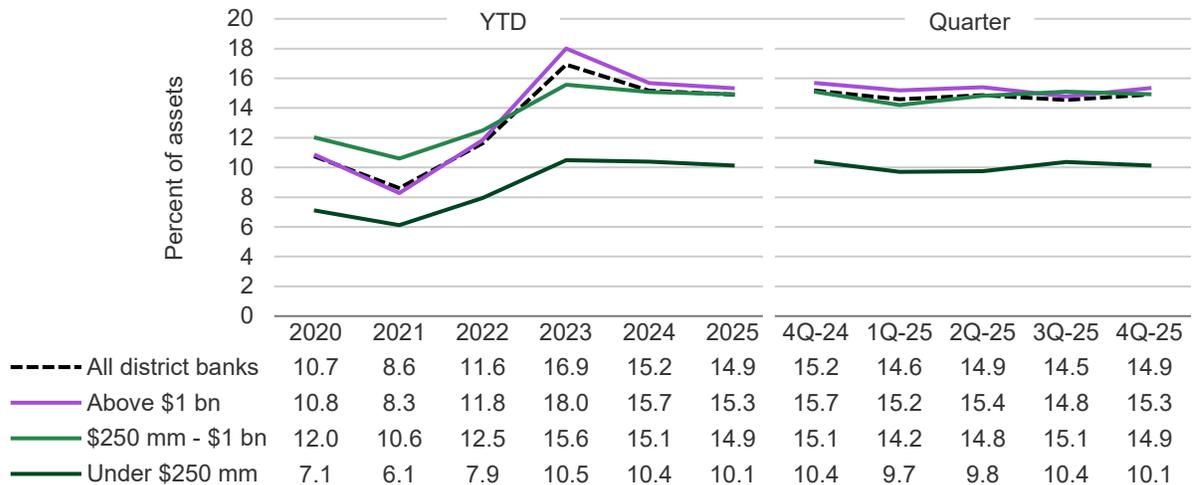


Chart D14. Wholesale Funding Ratios, Tenth District Commercial Banks



Select Ratios by Tenth District State

	Colorado		Kansas		Missouri		Nebraska		New Mexico		Oklahoma		Wyoming	
	4Q-25	4Q-24	4Q-25	4Q-24	4Q-25	4Q-24	4Q-25	4Q-24	4Q-25	4Q-24	4Q-25	4Q-24	4Q-25	4Q-24
Overview ¹														
Number of Commercial Banks ²	59	60	179	191	196	200	139	142	27	27	172	173	23	24
Total Assets	\$77,096	\$92,510	\$82,105	\$85,053	\$292,862	\$260,545	\$114,717	\$108,382	\$15,078	\$14,529	\$165,332	\$155,987	\$9,689	\$9,430
Total Loans	\$51,040	\$60,839	\$53,335	\$56,309	\$189,090	\$169,963	\$82,844	\$77,651	\$8,374	\$7,791	\$105,911	\$98,684	\$5,282	\$5,013
Total Deposits	\$66,428	\$80,374	\$69,647	\$72,495	\$248,037	\$222,633	\$95,175	\$90,767	\$13,208	\$12,924	\$136,414	\$129,171	\$8,644	\$8,451
Equity Capital	\$7,121	\$8,329	\$8,368	\$7,992	\$29,320	\$23,028	\$12,139	\$10,525	\$1,442	\$1,220	\$17,317	\$15,604	\$871	\$769
Problem Assets	\$300	\$392	\$436	\$363	\$1,377	\$870	\$548	\$495	\$95	\$97	\$1,207	\$944	\$22	\$23
Earnings ³														
Banks With Losses	5.08%	8.33%	3.35%	3.66%	2.04%	3.00%	0.72%	2.11%	0.00%	0.00%	5.23%	6.94%	8.70%	8.33%
Return on Average Assets	1.17%	0.99%	1.27%	1.11%	1.39%	1.26%	1.35%	1.14%	1.81%	1.73%	1.34%	1.23%	1.22%	1.03%
Net Interest Income to Average Assets	3.14%	2.90%	3.50%	3.15%	3.48%	3.22%	4.11%	3.80%	4.12%	3.96%	3.35%	3.17%	3.40%	3.00%
Provisions to Average Assets	0.10%	0.10%	0.13%	0.12%	0.20%	0.13%	0.60%	0.58%	0.25%	0.22%	0.08%	0.09%	0.16%	0.09%
Loan Losses to Average Loans	0.09%	0.20%	0.11%	0.09%	0.23%	0.12%	0.76%	0.91%	0.35%	0.41%	0.12%	0.11%	0.15%	0.10%
Asset Quality ⁴														
Problem Assets to Total Loans + OREO	0.59%	0.64%	0.82%	0.64%	0.73%	0.51%	0.66%	0.64%	1.14%	1.24%	1.14%	0.96%	0.42%	0.47%
Noncurrent CLD	0.61%	0.38%	0.31%	0.23%	1.34%	0.74%	0.40%	0.35%	0.61%	0.83%	0.74%	0.79%	0.54%	0.58%
Noncurrent Other CRE	0.42%	0.49%	0.59%	0.33%	0.66%	0.48%	0.70%	0.41%	1.01%	1.10%	1.15%	0.83%	0.10%	0.10%
Noncurrent Residential	0.31%	0.23%	0.62%	0.44%	0.48%	0.36%	0.54%	0.42%	0.43%	0.47%	1.87%	1.56%	0.37%	0.33%
Noncurrent C&I	1.40%	1.13%	1.61%	1.13%	0.72%	0.51%	0.78%	1.15%	1.30%	1.25%	0.64%	0.62%	0.58%	1.02%
Noncurrent Farm	0.53%	0.12%	0.36%	0.24%	0.45%	0.32%	0.09%	0.27%	0.00%	1.79%	0.53%	0.47%	0.73%	1.34%
Noncurrent RE Farm	0.81%	0.71%	0.79%	0.78%	0.45%	0.20%	0.22%	0.16%	1.32%	1.63%	1.04%	1.29%	0.05%	0.04%
Other Financial Ratios														
Coverage Ratio	224.67%	215.30%	186.48%	249.13%	175.84%	236.64%	351.03%	348.56%	161.70%	147.08%	109.48%	138.37%	451.89%	347.10%
Leverage Ratio	9.99%	9.76%	10.98%	10.84%	9.61%	9.60%	10.63%	10.36%	10.57%	10.22%	10.20%	10.00%	10.45%	10.50%
Tangible Equity Capital to Total Assets	8.32%	7.35%	9.39%	8.46%	8.76%	7.95%	9.70%	8.88%	9.28%	8.08%	9.51%	8.90%	8.77%	7.84%
Noncore Funding to Total Assets	10.82%	9.99%	14.91%	16.45%	10.89%	11.74%	16.06%	17.38%	9.11%	9.92%	14.94%	15.48%	12.53%	13.93%

¹ Balance sheet items shown in millions.

² Includes all commercial banks located within each state.

³ Income statement items shown as year-to-date. Average assets are calculated by using the average of YTD average assets.

⁴ Problem assets consist of loans 90+ days past due, in nonaccrual status, and other real estate owned (OREO). Noncurrent loans consist of loans 90+ days past due or in nonaccrual status.

Appendix

The appendix provides technical notes and definitions of the financial ratios presented in this report.

Questions or comments relating to this report may be directed to

KC.SRM.SRA.DistrictBankingConditions@kc.frb.org.

Technical Notes:

The population of banks included in this report is limited to commercially chartered state member, nonmember, and national banks. The Tenth District encompasses organizations headquartered in western Missouri, Kansas, Nebraska, Oklahoma, Colorado, Wyoming, and northern New Mexico.

All financial metrics presented in this report are weighted averages. Banks are grouped into asset categories based on total assets reported as of each financial date. For purposes of this report, large banks include banks with total assets greater than \$100 billion, regional banks include banks with assets between \$10 billion and \$100 billion, and community banks include banks with assets of less than \$10 billion. Assets are measured as of each financial date. Charts that present growth rates and changes in balance sheet levels are merger-adjusted consistent with the process that FDIC analysts use to account for mergers.¹

Items from the Reports of Income are reported on a calendar year-to-date (YTD) basis by financial institutions. Ratios utilizing these items are calculated differently when presented as YTD versus quarterly. For YTD calculations, items are annualized based on values reported calendar YTD and divided by an average of the balance sheet item(s) reported for each quarter YTD. For quarterly calculations, items are annualized based on values reported for the quarter and divided by the balance sheet item(s) for that quarter.

Glossary of Terms:

Agriculture Loans

The sum of loans secured by farmland (including farm residential and other improvements) and loans to finance agricultural production and other loans to farmers.

Allowance for Credit Losses (ACL)

The purpose of the ACL is to reflect estimated credit losses within a bank's portfolio of loans and leases. Estimated credit losses are estimates of the current amount of loans that are probable that the bank will be unable to collect given the facts and circumstances since the evaluation date (generally the balance sheet date).

Assets

The sum of cash and balances due from depository institutions, securities, federal funds sold and securities purchased under agreements to resell, loans and leases (net of unearned income

and the allowance for loan and lease losses), trading assets, premises and fixed assets (including capitalized leases), other real estate owned, investments in unconsolidated subsidiaries and associated companies, direct and indirect investments in real estate ventures, intangible assets, and other assets.

Cash and Reserve Holdings

The sum of interest-bearing balances (including time certificates of deposit not held for trading) and noninterest-bearing balances, currency and coin (includes cash items in process of collection and unposted debits).

Commercial and Industrial (C&I) Loans

Loans for commercial and industrial purposes to sole proprietorships, partnerships, corporations, and other business enterprises, which are secured (other than by real estate) or unsecured, single-payment or installment.

¹ Merger-adjusted calculations add the assets and liabilities of acquired institutions to the acquiring institutions in previous periods. The analysis treats acquired and acquiring institutions as if the merger had already occurred by the beginning of the period being analyzed. See Breitenstein, Eric C., and Derek K. Thieme. 2019. "Merger-Adjusting Bank Data: A Primer." FDIC Quarterly, vol. 13, no. 1, pp. 31–49.

Commercial Real Estate (CRE)

The sum of CLD and other CRE.²

Construction and Land Development Loans (CLD)

Construction, land development, and other land loans. Includes 1–4 family residential construction loans and other construction loans and all land development and other land loans.

Consumer Loans

Loans to individuals for household, family, and other personal expenditures. Includes credit cards, other revolving credit plans, automobile loans, and other consumer loans (includes single payment and installment loans other than automobile loans, and all student loans).

Coverage Ratio

The ACL divided by noncurrent loans.

Earning Assets

The sum of interest-bearing balances due from depository institutions, investment securities, federal funds sold and securities purchased under agreements to resell, loans and leases (net of unearned income and the allowance for loan and lease losses), and trading assets.

Equity Capital

The sum of perpetual preferred stock (including surplus), common stock and surplus, retained earnings, accumulated other comprehensive income, and other equity capital components, less treasury stock.

Interest Income

The sum of interest and fee income on loans, income from lease financing receivables, interest income on balances due from depository institutions (including interest income on time certificates of deposit not held for trading), interest and dividend income on securities, interest income from trading assets, federal funds sold and securities purchased under agreements to resell, and other interest income.

Interest Expense

The sum of interest on deposits, federal funds purchased, securities sold under agreements to repurchase, trading liabilities, other borrowed money, subordinated notes, and debentures.

Investment Securities

The sum of the amortized cost of held-to-maturity securities and fair value of available-for-sale debt securities.

Leverage Ratio

Tier 1 capital divided by total assets for the leverage ratio. Total assets for the leverage ratio include quarterly average assets less deductions from common equity tier 1 capital and other deductions to total assets for leverage capital purposes.

Liquid Asset Ratio

The sum of interest-bearing balances, federal funds sold, securities purchased under agreements to resell, and unencumbered securities divided by total assets. Unencumbered securities include total securities net of pledged securities.

Loan Loss Provisions

Adjustments (charges or credits) to the ACL level to reflect management's current estimate of expected credit losses.

Loans to Assets

Total loans and leases held for investment and held for sale (less unearned income) divided by total assets.

Loan-to-Deposit Ratio

Total loans and leases held for investment and held for sale (less unearned income) divided by total interest-bearing and noninterest-bearing deposits.

Net Interest Margin (NIM)

Interest income net of interest expense divided by average earning assets.

² Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) is a memorandum item on the call report and are reported as C&I or other loans on Schedule RC-C, Part I. This item is excluded as part of Other CRE in Charts C1, C2, and C9 to avoid double counting in the loan type groupings.

Nonaccrual Loans

Loans and lease financing receivables that are required to be reported on a nonaccrual basis because (a) they are maintained on a cash basis due to a deterioration in the financial position of the borrower, (b) payment in full of interest or principal is not expected, or (c) principal or interest has been in default for 90 days or longer, unless the obligation is both well secured and in the process of collection.

Noncurrent Loans

Loans past due 90 days or more and still accruing and nonaccrual loans.

Noninterest Expense

Salaries and employee benefits, expenses of premises and fixed assets (net of rental income), goodwill impairment losses, amortization expense and impairment losses for other intangible assets, and other noninterest expense.

Noninterest Income

The sum of income from fiduciary activities, service charges on deposit accounts, trading revenue, income from securities-related and insurance activities, venture capital revenue, net servicing fees, net securitization income, net gains (losses) on sales of loans and leases, other real estate owned, and sales of other assets, and other noninterest income.

Other Commercial Real Estate (CRE)

Loans secured by multifamily (5 or more) residential properties, owner-occupied nonfarm nonresidential properties, other nonfarm nonresidential properties, and loans to finance commercial real estate, construction, and land development activities (not secured by real estate).

Other Loans

The sum of loans to foreign governments and official institutions (including foreign central banks), obligations (other than securities and leases) of states and political subdivisions in the U.S., loans to nondepository financial institutions, loans for purchasing or carrying

securities (secured and unsecured), all other loans and lease financing receivables.

Other Real Estate Owned (OREO)

Other real estate owned.

Problem Assets

Loans past due 90 days or more and still accruing, nonaccrual loans, and OREO divided by total loans plus OREO.

Residential Loans

Loans secured by 1–4 family residential properties. Includes revolving, open-end loans secured by 1–4 family residential properties and extended under lines of credit, closed-end loans secured by 1–4 family residential properties secured by first or second liens.

Return on Average Assets (ROAA)

Net income (loss) attributable to bank divided by average assets. See technical notes for year-to-date and quarter calculations.

Revenue

Net interest income and noninterest income.

Unrealized Losses on Available-for-Sale Securities

The difference between the fair value and amortized cost of available-for-sale securities.

Wholesale Funding Ratio

Federal funds purchased, securities sold under agreements to repurchase, brokered deposits, listing service deposits that are not brokered deposits, nonbrokered reciprocal deposits, Federal Home Loan Bank advances, and other borrowings divided by total assets.