

# C A D W A L A D E R

## U.S. Banks

Quarterly Survey

November 2025

**Chris van Heerden**

Director of Market Research

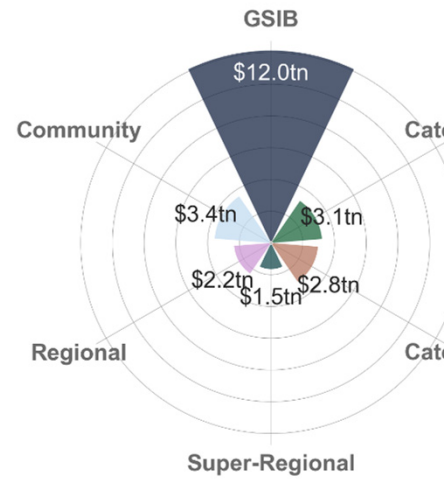
(704) 348-5232

[chris.vanheerden@cadwalader.com](mailto:chris.vanheerden@cadwalader.com)

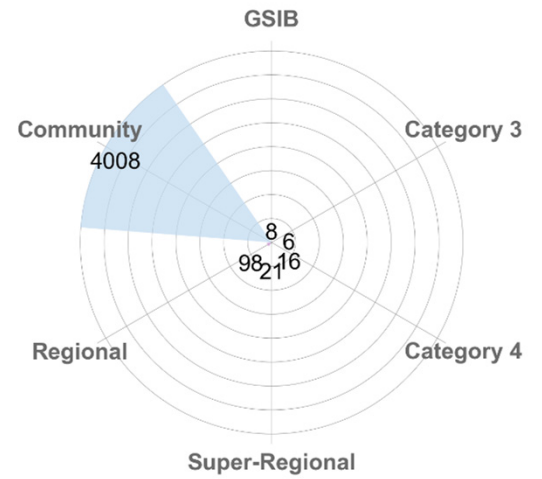
# Introduction

- Two main inquiries guide this publication: First, what do bank fundamentals tell us about the state of the U.S. economy (recognizing that this is a retrospective or coincident analysis)? And, second, what do bank fundamentals tell us about their capacity and willingness to extend credit (a more forward-looking inquiry)?
- Pursuing those, we follow a roadmap: We review the current banking landscape and its historical context. Then we add to that a summary of the most recent developments in Q3, and then turn to macro trends in assets, funding, profitability, credit, and commercial real estate.
- The report relies primarily on call report data. Less than a fifth of the more than 4,150 banks in the U.S. are publicly traded, and industry research most often focuses on the listed minority. Here we widen the aperture with particular attention to regional and community banks.
- Banks directly employ more than two million full-time workers in the U.S. and sit at the center of the U.S. economy and its unique ability to connect capital to ideas, making industry conditions and the forward outlook relevant not only to those directly connected to it.

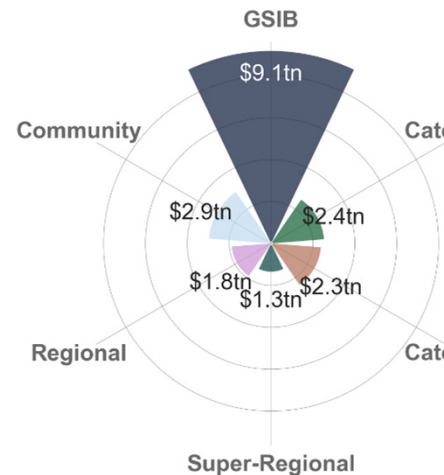
**Bank Assets by Category**



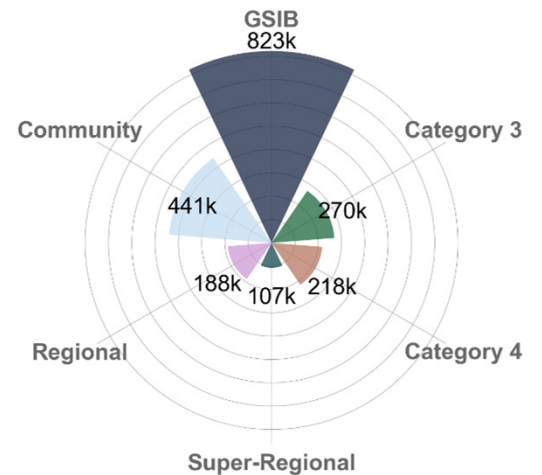
**Institution Count by Category**



**Deposits by Category**



**Full-Time Employees by Category**



Note: We exclude certain specialty financial institutions and monoline lenders throughout. We do not verify third-party data for accuracy.  
Source: Bankregdata and Cadwalader, Wickersham & Taft LLP.

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## **Overview: Distinct Business Models**

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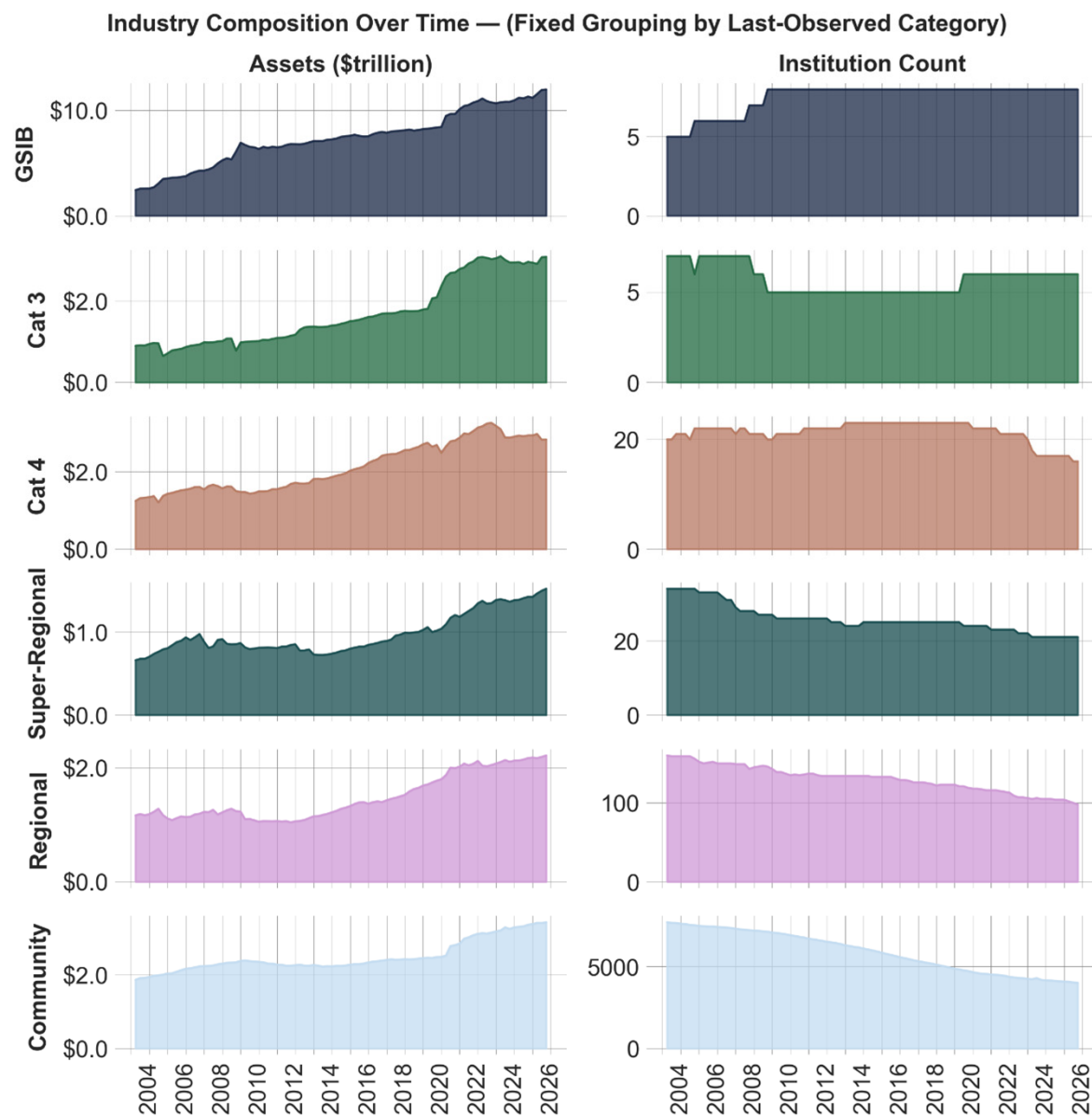


# Overview: Grouping Banks

Tier / Category	Asset Range	Geographic Reach	Business / Service Focus	Supervisory / Regulatory Context
<b>Community Bank (CB)</b>	< \$10 billion	Local	Core deposit/lending services	Community bank exemptions; lighter regulatory/compliance regime
<b>Regional Bank (RB)</b>	\$10 – \$50 billion	Regional	Adds modest diversification in offerings	Below Category 4; subject to general safety & soundness standards
<b>Super-Regional Bank (SRB)</b>	\$50 – \$100 billion	Multistate/ Regional	Broad suite including securities, mortgages, treasury services	Still below Category 4; larger, but not subject to tailored enhanced prudential standards
<b>Category 4 (Cat4)</b>	≥ \$100 billion (but below Category 3)	National /Multiregional	Full-service commercial banking; moderate complexity; some capital markets exposure	Tailored prudential standards: reduced liquidity & stress-testing requirements vs. higher tiers
<b>Category 3 (Cat3)</b>	≥ \$250 billion (or ≥ \$75 b in cross-jurisdictional activity / ≥ \$75 b in weighted STWF, derivatives, off-balance exposures)	National /International	Full-service universal banking; capital markets, custody, derivatives, trading	Enhanced prudential standards: LCR, NSFR, advanced capital planning, liquidity coverage ratio
<b>Category 2 (Cat2)</b>	≥ \$700 billion (or ≥ \$75 b in cross-jurisdictional activity); currently an empty category	Global	Global banking, trading, custody, derivatives, significant international operations	Near-GSIB level standards; advanced approaches for capital; heightened liquidity & stress testing
<b>Category 1 (GSIBs)</b>	GSIB-designated banks (largest, most systemic)	Global	Global systemically important, full universal banking across all business lines	Highest regulatory burden: GSIB surcharge, TLAC, capital buffers, resolvability planning (living wills)

Note: In this report we classify institutions solely by asset size (or GSIB designation). Source: Cadwalader, Wickersham & Taft LLP.

# Overview: Industry Composition



Note: GSIBs includes U.S. domestic only; subsidiaries of foreign GSIBs grouped according to total assets throughout.  
Source: Bankregdata and Cadwalader, Wickersham & Taft LLP.

- Measuring from 2003 to now, large banks have outpaced smaller banks in terms of asset growth.
- Over this period, holding institutional category classification fixed based on current size (and the last observed value for discontinued banks to limit survivorship bias), today's GSIBs have grown assets at a 7.3% CAGR versus 3.0% sub-\$100 billion banks, and 5.1% industrywide.
- Asset growth accelerated after COVID to 5.3% for the industry, but with GSIBs and SRBs outpacing the group (at 6.3% and 6.8%, respectively) and Cat4 and RBs lagging (at 2.3% and 3.7%). Acquisitions and category upgrades aided the winners.
- The long-term trend is toward consolidation, with institution count declining by 2.6% yearly since year-end 2019. The post-COVID annual attrition rate has slowed from 3.4% going back to 2009 and reflects a more tightened merger framework over much of the period.

# Overview: Category Mobility

Category Transition by Institution Count 2003–1H 2025

	Starting Category	Ending Category					
		GSIB	Cat 3	Cat 4	Super-Regional	Regional	Community
		Exit					
Large (≥\$500bn)		1	0	0	0	0	0
Cat 3 (\$250bn – <\$500bn)		3	0	0	0	0	2
Cat 4 (\$100bn – <\$250bn)		0	1	0	0	0	6
Super-Regional (\$50bn – <\$100bn)		1	2	3	1	0	6
Regional (\$10bn – <\$50bn)		0	2	6	8	6	52
Community (<\$10bn)		0	1	2	11	81	3,642
Birth		3	1	6	1	15	444

Category Transition by Institution Count GFC–2018

	Starting Category	Ending Category					
		GSIB	Cat 3	Cat 4	Super-Regional	Regional	Community
		Exit					
Large (≥\$500bn)		4	0	0	0	0	0
Cat 3 (\$250bn – <\$500bn)		0	2	0	0	0	0
Cat 4 (\$100bn – <\$250bn)		2	2	6	0	0	0
Super-Regional (\$50bn – <\$100bn)		2	0	7	4	0	5
Regional (\$10bn – <\$50bn)		0	0	2	7	33	21
Community (<\$10bn)		0	0	0	0	58	5,014
Birth		0	0	1	2	3	97

Category Transition by Institution Count 2020–1H 2025

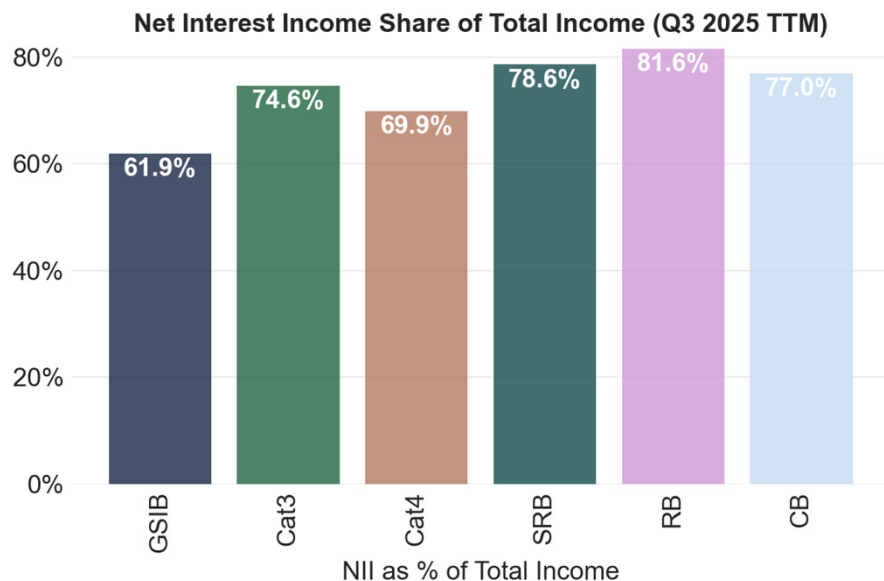
	Starting Category	Ending Category					
		GSIB	Cat 3	Cat 4	Super-Regional	Regional	Community
		Exit					
GSIB		8	0	0	0	0	0
Cat 3 (\$250bn – <\$500bn)		0	5	0	0	0	0
Cat 4 (\$100bn – <\$250bn)		0	2	11	0	0	4
Super-Regional (\$50bn – <\$100bn)		0	0	5	4	0	7
Regional (\$10bn – <\$50bn)		0	0	1	17	60	1
Community (<\$10bn)		0	0	0	0	40	3,953
Birth		0	0	0	0	2	131

Note: We use current supervisory categories to group institutions for Cat3 and Cat4 and bucket all larger institutions for analysis that predates 2016 into a made-up “Large” bucket. Transition matrices capture only beginning and end status, not path. Exits are based on banks that stop filing call reports before period-end and therefore include discontinuations due to mergers and failures. Starting category is as of year-end of the start year; banks first appearing mid-year are in the start cohort, not in Birth.

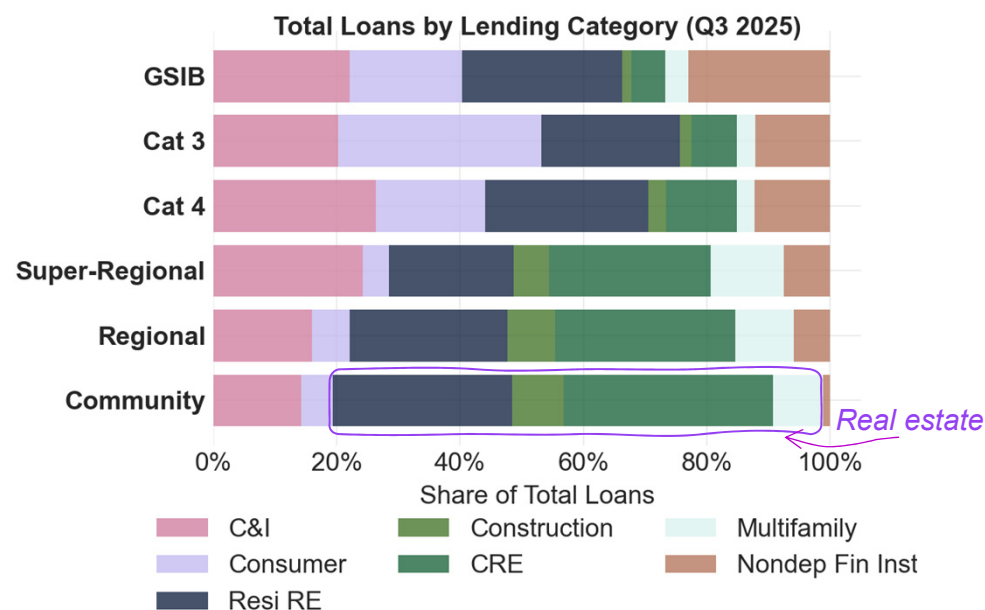
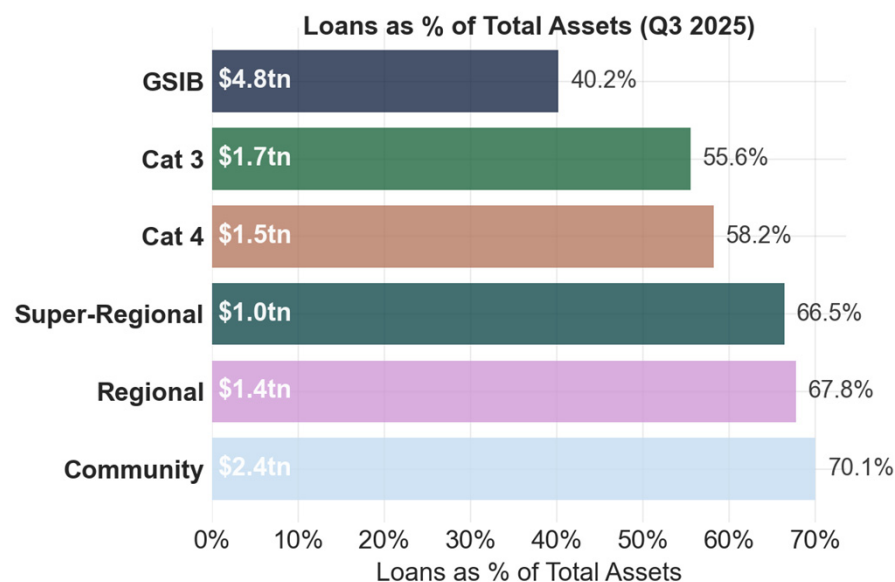
Source: Bankregdata and Cadwalader, Wickersham & Taft LLP.

- Category mobility is high when viewed over a long period. Focusing on institutions in existence today (survivors), mobility since 2003 is highest for larger institutions. For example, 46% of the 2003 super-regionals are now in a higher size category. That compares with only 1.2% for community banks.
- Attrition is higher for smaller banks, and the GFC stressed this cohort: 19% of the community banks in existence in 2005 had exited through mergers or failure by year-end 2010.
- Category downgrades are rare in any time period, but a few examples of shrinking and divestment show up around the \$10 billion mark.

# Overview: Distinct Business Models



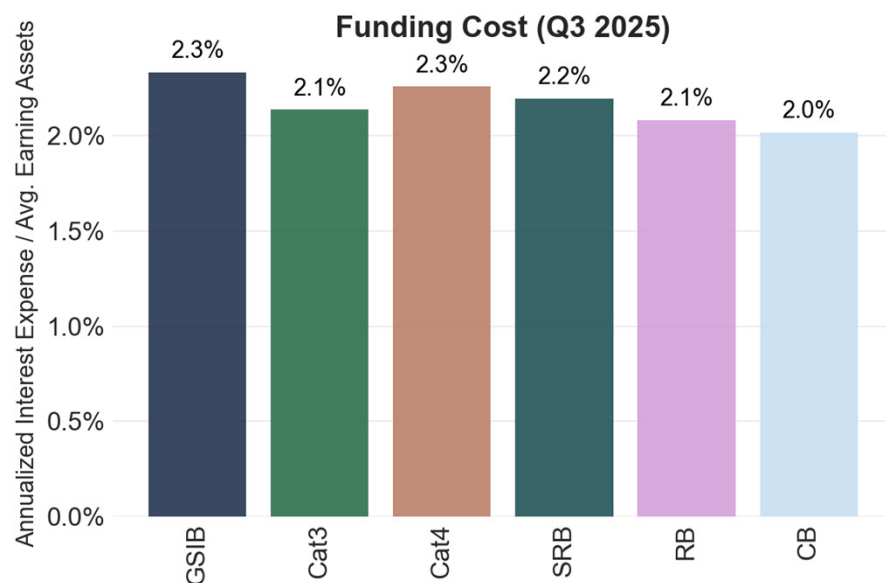
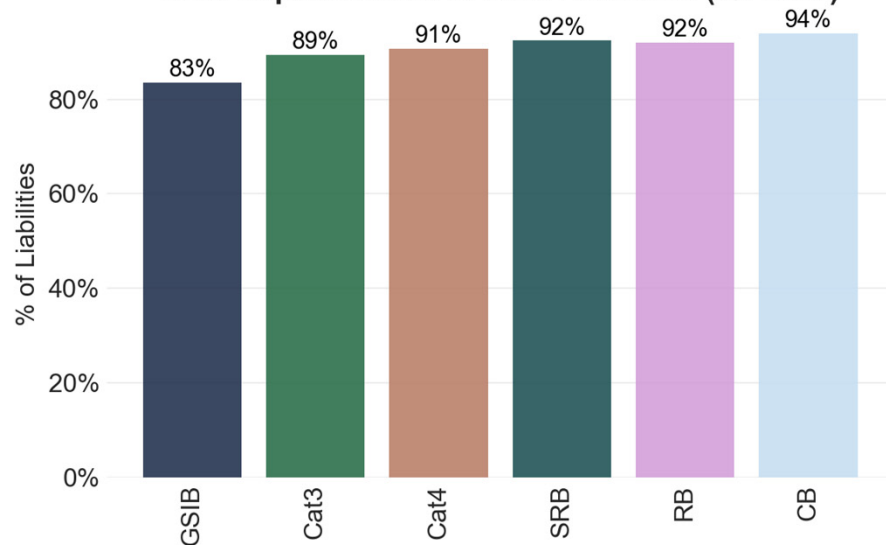
- Big banks lend less of the total balance sheet but move a large amount of dollars. Non-interest income contributes a greater share on total income for these institutions.
- Smaller banks are more likely to lend to real estate related loan categories. Total share allocated to real estate (resi, CRE, construction, and multifamily) is highest at CBs.
- Larger banks are more likely to finance non-bank financial institutions, as is evident in the NDFI loan share. C&I exposure varies by size category.



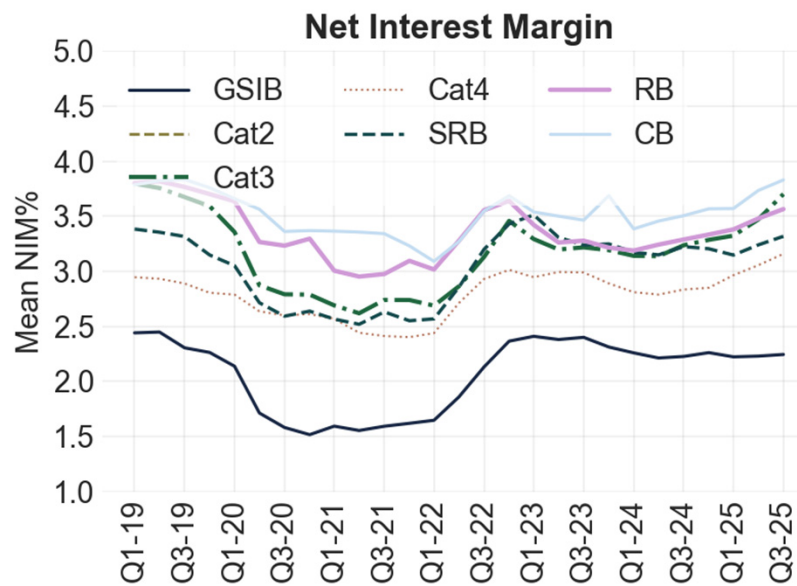
Source: Bankregdata and Cadwalader, Wickersham & Taft LLP.

# Overview: Distinct Business Models (cont'd)

Core Deposit Share of Total Liabilities (Q3 2025)

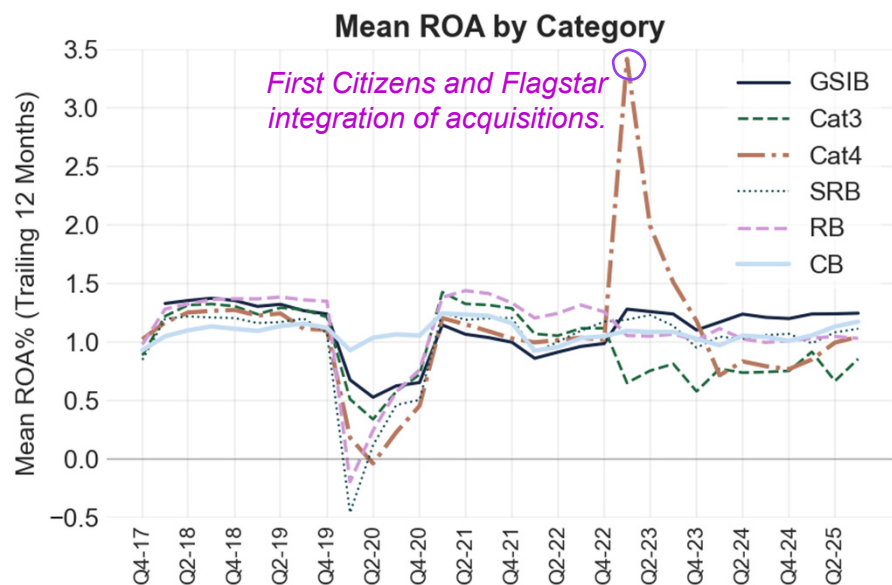


- Deposit reliance diverges by size: community and regional banks fund liabilities primarily from core deposits, while GSIBs and Cat3 use wholesale, FHLB, and interbank funding channels.
- Funding cost sensitivity is similarly stratified, with the smaller categories subject to rates and deposit betas.
- NIM compression follows model specialization, but larger category bank business models are less reliant on NIM because of the contributions from less rate-sensitive fee and trading income.

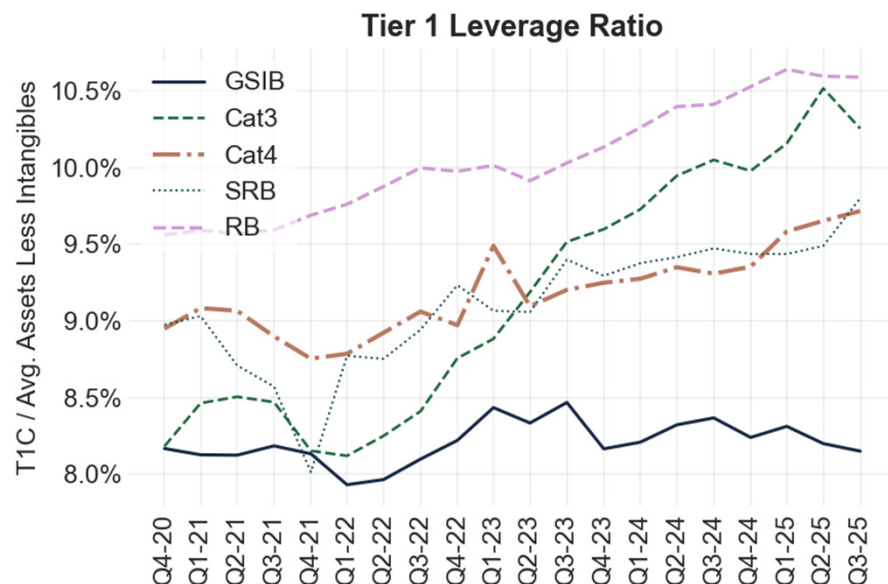
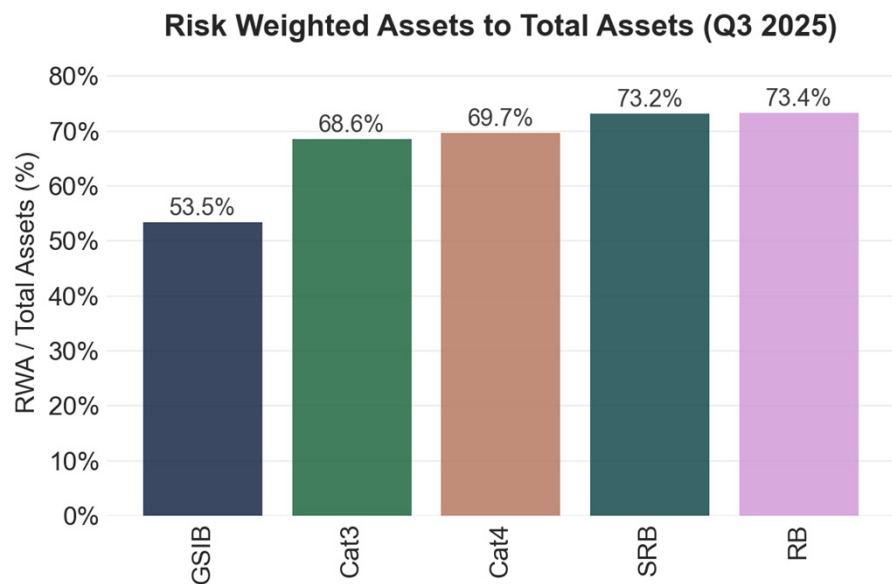


Source: Bankregdata and Cadwalader, Wickersham & Taft LLP.

# Overview: Distinct Business Models (cont'd)



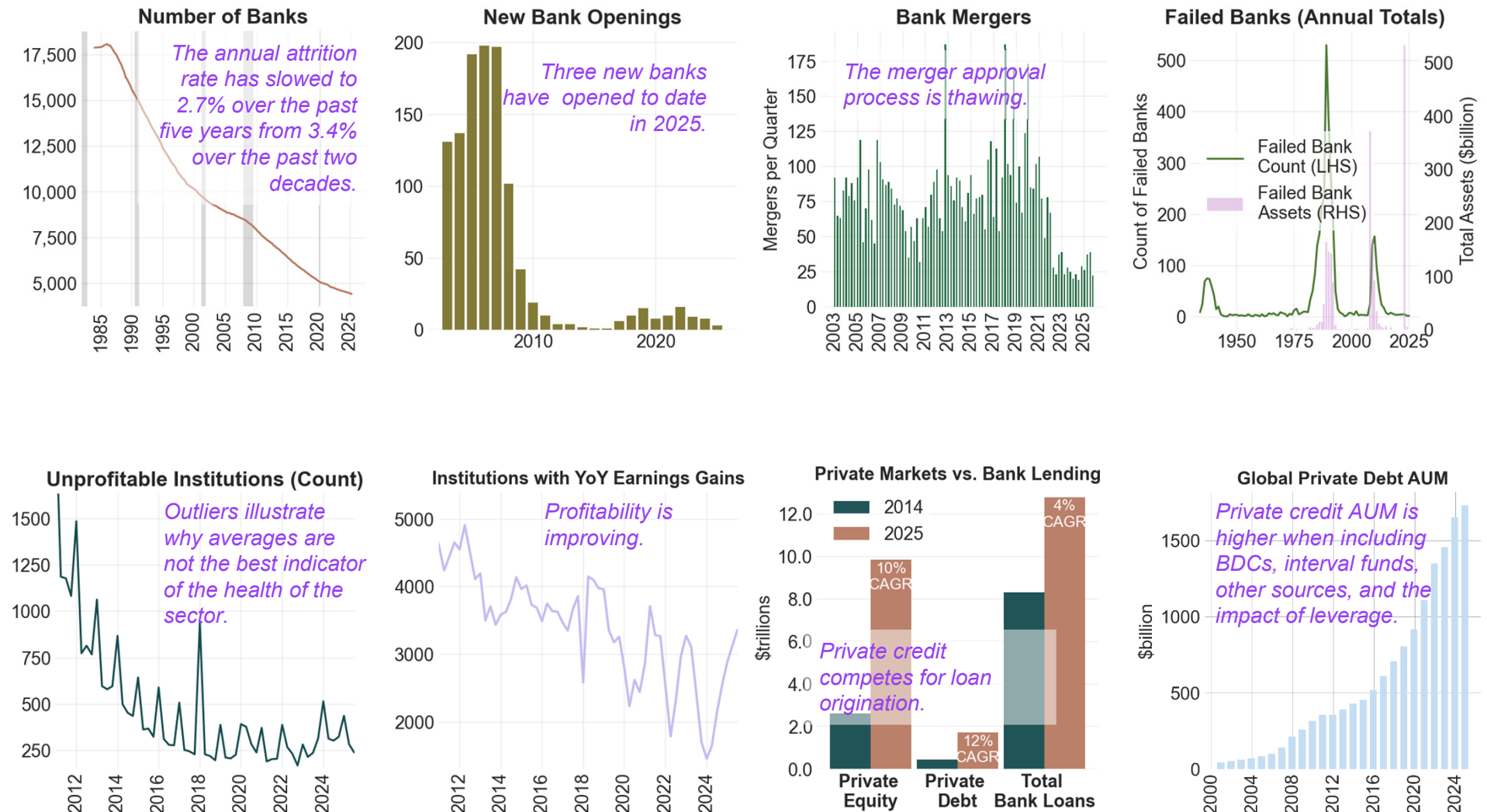
- Return on assets is a function of asset mix and market regime without a clear pattern based on bank size, although GSIBs benefited earlier in the recent rate hiking cycle.
- RWA density is higher at smaller banks due to asset composition, but also as a result of different approaches to capital optimization.
- As a result, capital efficiency—and with it return on equity—diverges clearly by size tier. Differences in funding mix can amplify performance gaps.



Note: Community Bank Leverage Ratio (CBLR) banks do not report risk weighted assets.  
Source: Bankregdata and Cadwalader, Wickersham & Taft LLP.



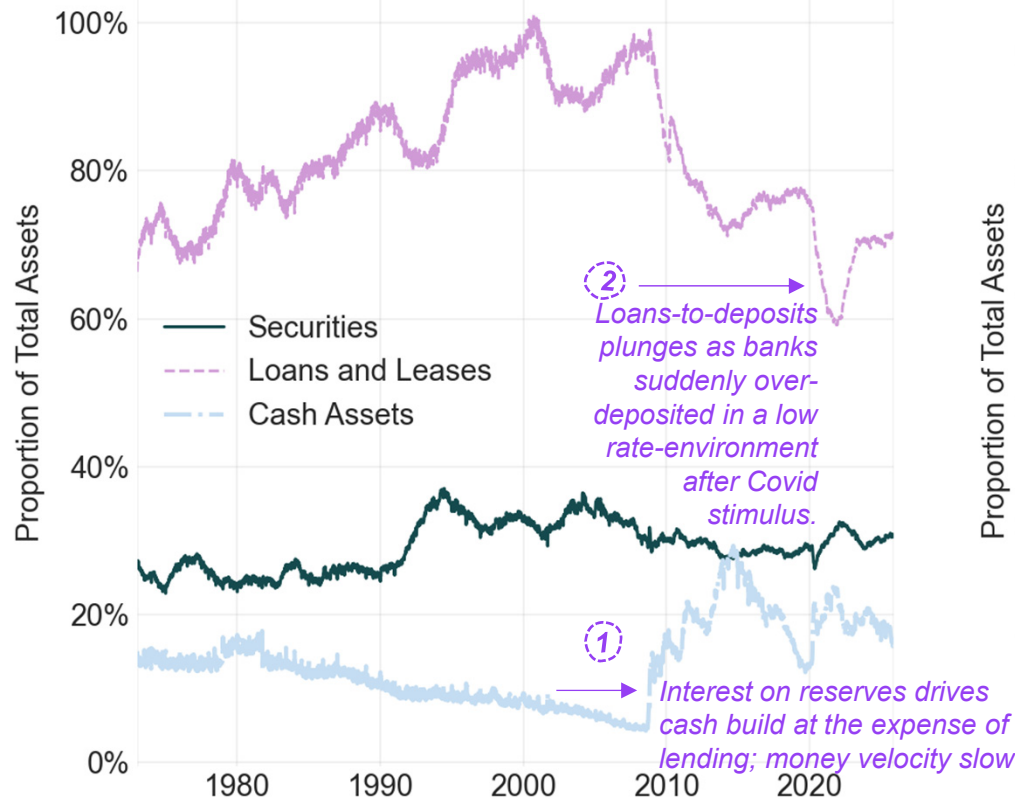
# Overview: Long-Term Context



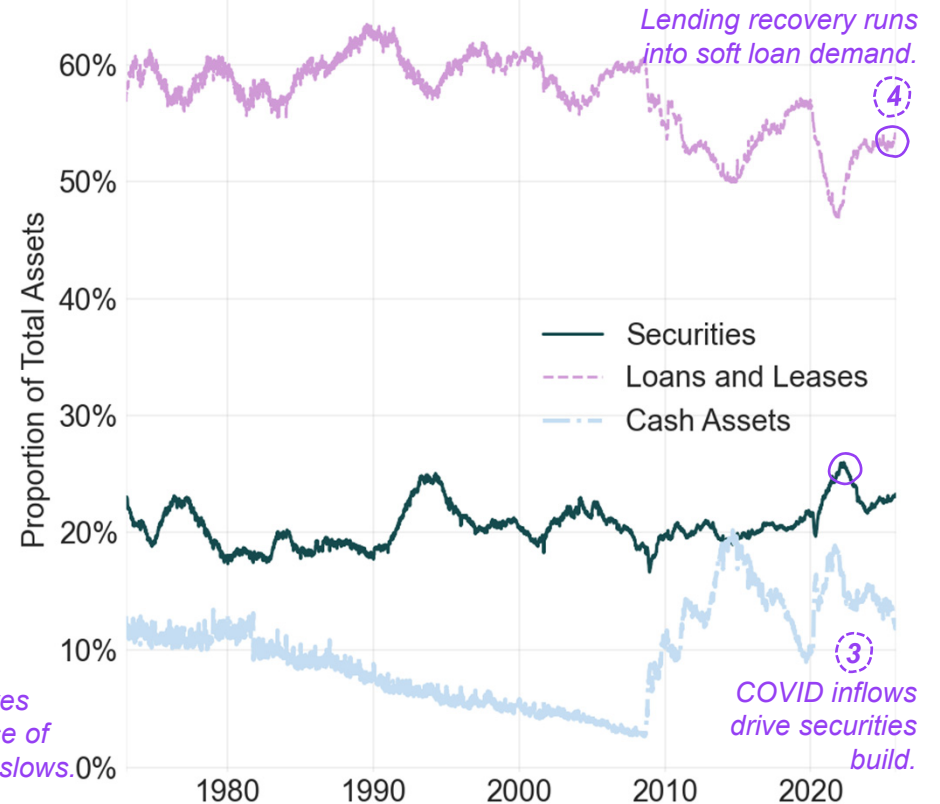
Source: FDIC, NYSEArca, Preqin, and Cadwalader, Wickersham & Taft LLP.

# Overview: Long-Term Context (cont'd)

Loans, Securities, Cash Relative to Deposits (All Banks)



Loans, Securities, Cash Relative to Assets (All Banks)



Source: Federal Reserve and Cadwalader, Wickersham & Taft LLP.



## **Q3 2025 Recap**

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# Q3 2025: Aggregate Net Income and Balance Sheet

Q3 2025 Net Income Recap (\$bn)

\$billion	Q3 2023	Q3 2024	Q2 2025	Q3 2025	QoQ Change	QoQ Growth	YoY Growth	2-Yr. Growth
+ Interest Income	281.91	305.02	295.66	305.82	10.16	3.4%	0.3%	8.5%
- Interest Expense	118.71	142.18	123.64	126.73	3.09	2.5%	-10.9%	6.8%
- Provision	14.58	18.65	27.22	17.98	-9.24	-33.9%	-3.6%	23.3%
+ Non-Interest Income	66.42	68.58	75.61	76.50	0.89	1.2%	11.6%	15.2%
- Securities Gain	-4.29	-2.94	-0.60	-1.41	-0.81	133.6%	-52.1%	-67.2%
- Non-Interest Expense	130.24	132.86	138.09	140.78	2.69	1.9%	6.0%	8.1%
- Unrealized Equity Gains	0.02	0.51	0.29	0.38	0.09	31.2%	-24.4%	1947.4%
<b>Pre-Tax NOI</b>	<b>80.53</b>	<b>77.47</b>	<b>82.01</b>	<b>95.80</b>	<b>13.79</b>	<b>16.8%</b>	<b>23.7%</b>	<b>19.0%</b>
- Income Tax	15.26	15.93	15.50	20.28	4.78	30.8%	27.3%	32.9%
- Discont. Ops.	-30.55	-31.96	-31.09	-40.66	-9.57	30.8%	27.2%	33.1%
<b>Net Income</b>	<b>65.23</b>	<b>61.45</b>	<b>66.43</b>	<b>75.43</b>	<b>9.00</b>	<b>13.5%</b>	<b>22.7%</b>	<b>15.6%</b>

- The Fed rate cut came late in the quarter. Interest income rose faster than interest expense in Q3.
- This, combined with lower added loss provisions, propelled pre-tax NOI up significantly from the prior quarter.

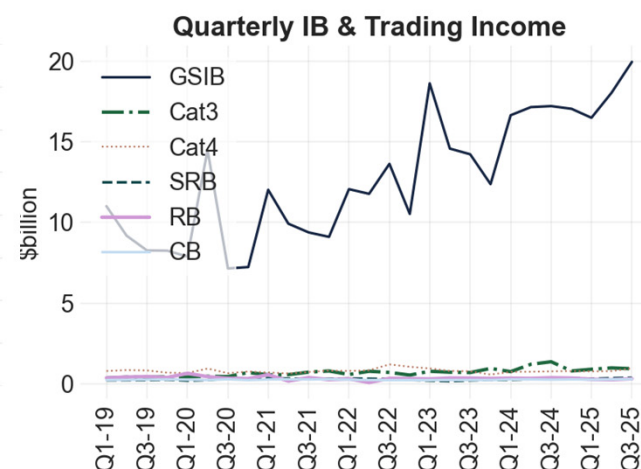
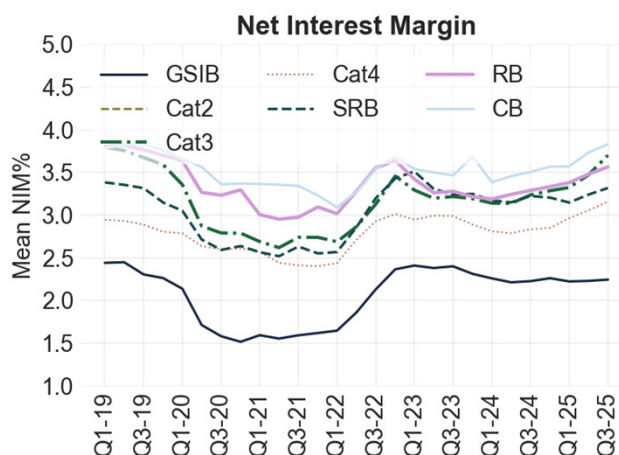
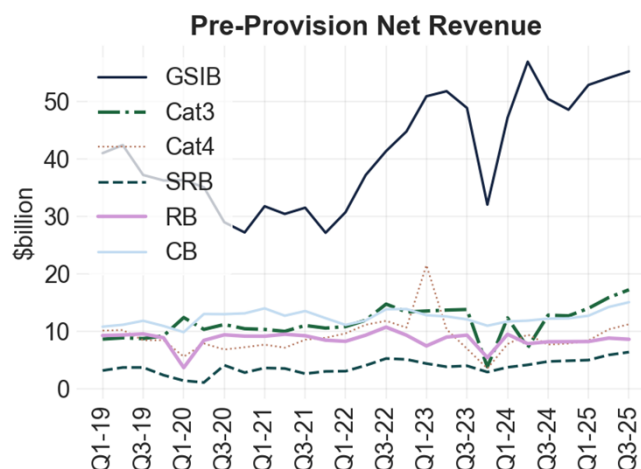
Q3 2025 Balance Sheet Recap (\$bn)

\$trillion	Q3 2023	Q3 2024	Q2 2025	Q3 2025	QoQ Change	QoQ Growth	YoY Growth	2-Yr. Growth
Assets	22.87	23.63	24.53	24.65	0.12	0.5%	4.3%	7.8%
Net Loans	11.72	11.96	12.49	12.64	0.15	1.2%	5.7%	7.8%
Securities (Cost)	5.28	5.53	5.67	5.72	0.06	1.0%	3.5%	8.4%
Cash	2.63	2.61	2.58	2.44	-0.14	-5.2%	-6.6%	-7.1%
Trading Assets	0.86	1.00	1.15	1.22	0.06	5.5%	21.6%	41.9%
Deposits	18.15	18.63	19.31	19.39	0.08	0.4%	4.1%	6.8%
Core Deposits	14.90	15.10	15.73	15.82	0.09	0.6%	4.8%	6.2%
Pledged Loans	5.47	5.92	6.13	6.20	0.07	1.2%	4.8%	13.3%
Pledged Securities	2.33	2.46	2.35	2.31	-0.04	-1.8%	-6.5%	-1.2%
FHLB Advances	0.60	0.51	0.48	0.43	-0.05	-9.9%	-15.6%	-28.5%

- Loan growth measures 5.7% on a year-over-year basis but slowed to an annualized 4.8% rate in Q3.
- Securities holdings, on the other hand, accelerated from the 3.5% one-year pace to a 4.2% annualized growth in Q3.
- Deposit growth moderated to 1.7% annualized, down from 4.1% year over year.

Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

# Q3 2025: Top Line



Pre-Provision Net Revenue					
	GSIB	Cat3	Cat4	Cat5	Total
PPNR (\$bn)	55.16	17.24	11.26	30.12	113.78
Chained Quarter Growth					
Q3-24	-11.4%	78.2%	-18.5%	5.3%	-1.3%
Q4-24	-3.7%	-0.9%	2.6%	0.8%	-1.7%
Q1-25	8.9%	10.3%	6.6%	2.3%	7.1%
Q2-25	2.3%	13.3%	22.8%	11.5%	7.9%
Q3-25	2.1%	8.6%	8.8%	3.9%	4.2%
YoY Growth					
2021	-0.2%	1.0%	22.5%	-5.3%	0.5%
2022	64.9%	26.5%	20.0%	19.0%	37.9%
2023	-28.4%	-71.3%	-66.6%	-31.6%	-39.5%
2024	51.5%	230.6%	121.8%	31.0%	60.7%
Q3 2025	9.5%	34.4%	46.0%	19.5%	18.4%

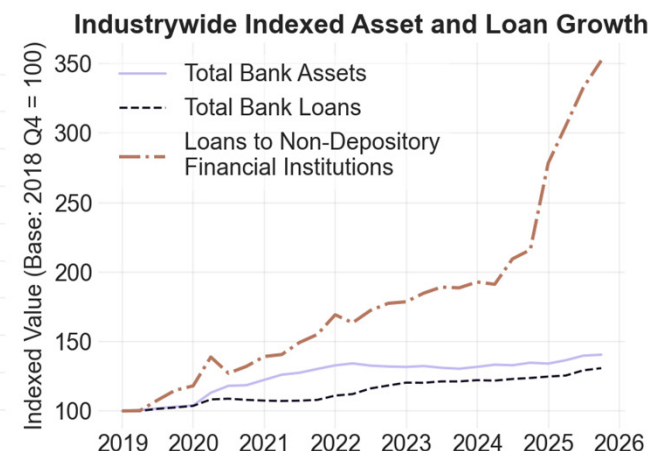
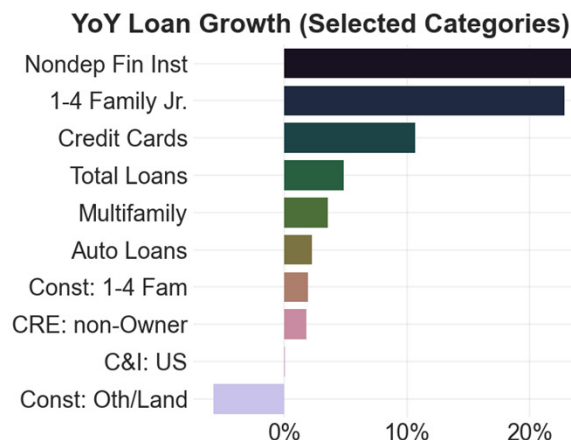
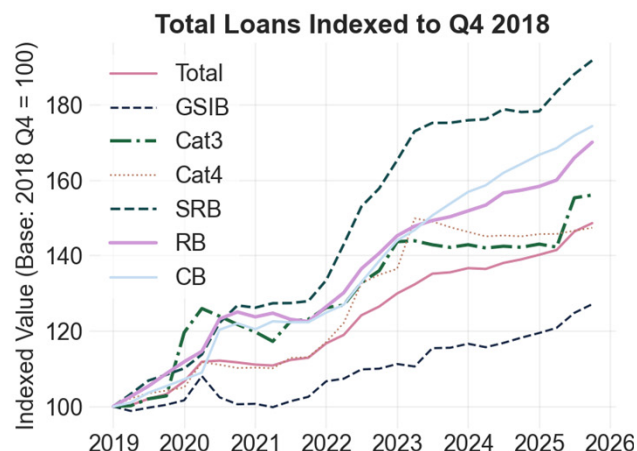
Net Interest Income					
	GSIB	Cat3	Cat4	Cat5	Total
NII (\$bn)	\$72.7	\$28.5	\$18.3	\$59.6	\$179.1
Chained Quarter Growth					
Q3-24	2.3%	3.8%	1.5%	2.6%	2.6%
Q4-24	1.2%	1.7%	0.9%	2.7%	1.8%
Q1-25	-0.8%	-0.3%	2.0%	0.1%	-0.2%
Q2-25	1.6%	8.8%	3.2%	5.0%	4.0%
Q3-25	2.7%	3.3%	9.7%	4.6%	4.1%
YoY Growth					
2021	6.4%	6.3%	18.7%	-0.3%	5.2%
2022	42.8%	27.2%	26.1%	22.0%	31.1%
2023	2.2%	-0.2%	-20.0%	-9.0%	-4.4%
2024	-0.3%	4.0%	-0.3%	6.4%	2.5%
Q3 2025	4.8%	14.0%	16.5%	12.9%	10.0%

Non-Interest Income					
	GSIB	Cat3	Cat4	Cat5	Total
Non-Int. Inc.	\$42.9	\$9.3	\$8.0	\$16.3	\$76.5
Chained Quarter Growth					
Q3-24	-3.6%	-7.4%	2.0%	0.1%	-2.8%
Q4-24	-0.9%	-6.6%	8.8%	3.5%	0.3%
Q1-25	14.5%	13.2%	-5.2%	-2.4%	8.6%
Q2-25	-1.7%	4.4%	7.1%	5.5%	1.2%
Q3-25	-1.6%	2.1%	0.2%	9.3%	1.2%
YoY Growth					
2021	1.7%	10.0%	12.9%	-8.1%	1.6%
2022	3.3%	-89.0%	-7.4%	-21.8%	-17.8%
2023	-4.7%	719.7%	-11.0%	0.7%	10.0%
2024	24.2%	-12.0%	10.3%	17.0%	15.7%
Q3 2025	9.7%	12.6%	10.7%	16.4%	11.6%

Note: Cat5 summarizes all institutions below \$100 billion in total assets. Category classifications are based on category at the given point in time.

Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

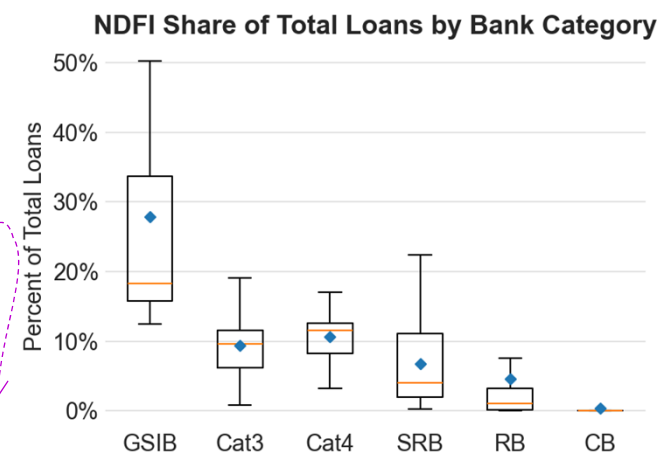
# Q3 2025: Lending



Total Loans					
	GSIB	Cat3	Cat4	Cat5	Total
Loans (\$tn)	\$4.8	\$1.7	\$1.5	\$4.8	\$12.8
Chained Quarter Growth					
Q3-24	1.2%	-0.2%	-0.8%	0.7%	0.6%
Q4-24	1.0%	0.7%	-0.1%	0.9%	0.8%
Q1-25	1.2%	-0.6%	-0.1%	0.6%	0.6%
Q2-25	3.3%	8.2%	0.7%	1.5%	3.0%
Q3-25	1.9%	-7.1%	7.3%	2.0%	1.2%
YoY Growth					
2021	5.9%	6.3%	21.4%	-5.4%	3.4%
2022	4.3%	13.8%	9.1%	10.5%	8.4%
2023	4.8%	8.8%	-17.4%	2.8%	1.5%
2024	2.4%	0.4%	-1.9%	3.8%	2.1%
Q3 2025	7.5%	0.6%	7.9%	5.1%	5.7%

Cumulative Loan Growth Rates				
	Loans (\$tn)	1-Yr.	2-Yr.	3-Yr.
Total Loans	\$12.8	5.7%	7.9%	10.5%
CRE	1.2	1.5%	2.7%	6.0%
Multifamily	0.7	3.4%	7.4%	11.8%
C&I	2.3	-5.1%	-4.6%	-5.5%
Resi RE	2.9	2.1%	4.0%	8.3%
Consumer	1.7	0.1%	0.4%	2.7%
Construction	0.5	-5.6%	-6.5%	3.6%
Nondep Fin Inst	1.5	63.1%	86.7%	98.5%

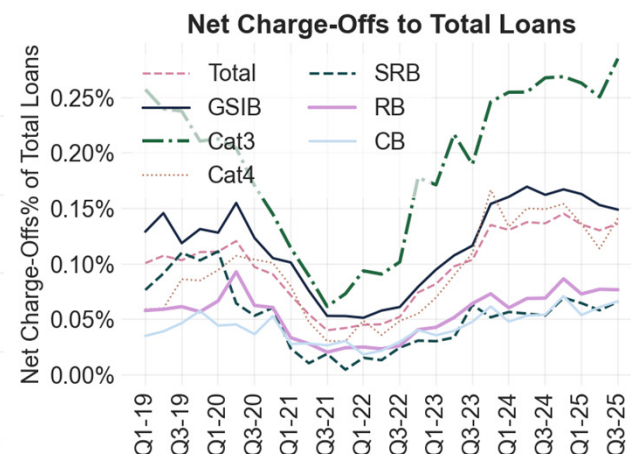
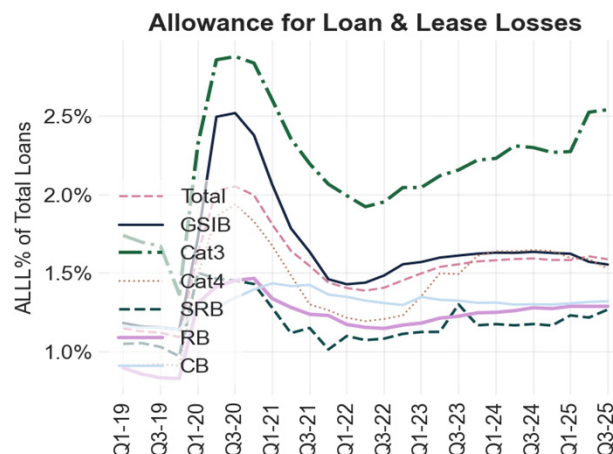
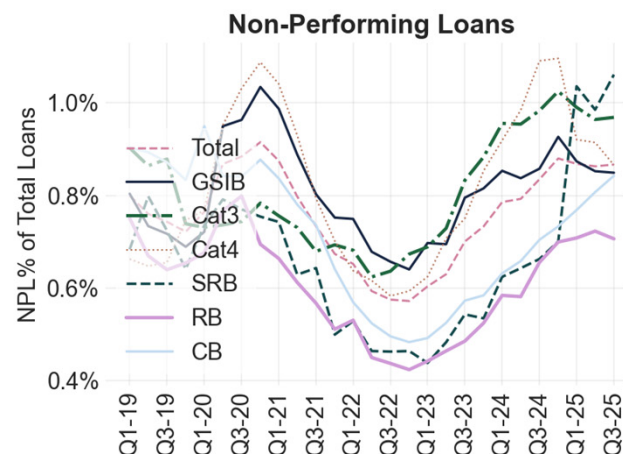
- Loan reclassifications out of C&I into NDFI is distorting the growth rates in both.
- But NDFI growth is a primary contributor to the overall loan growth rate.



Note: Cat5 includes all institutions below \$100 billion in total assets.

Source: BankRegData, FDIC Research Information System, and Cadwalader, Wickersham & Taft LLP.

# Q3 2025: Credit



**Non-Performing Loan Rate**

	GSIB	Cat3	Cat4	Cat5	Total
<b>NPL (\$bn)</b>	41.0	16.7	12.7	41.0	111.4
<b>Q3 NPL%</b>	0.85%	0.97%	0.87%	0.85%	0.87%
<b>Chained Quarter Change in NPL Rate (bps)</b>					
Q3-24	2.1	10.0	23.7	12.5	10.2
Q4-24	6.9	6.9	17.7	10.2	9.4
Q1-25	-5.3	3.6	-6.4	17.2	7.6
Q2-25	-2.1	-1.9	-17.6	13.7	2.8
Q3-25	-0.3	-5.6	-23.0	13.1	-1.3
<b>YoY Change in NPL Rate (bps)</b>					
2021	-28.2	-9.0	-38.6	-21.9	-24.1
2022	-11.2	-2.0	-10.8	-11.5	-10.2
2023	-17.5	-21.0	-26.0	-9.6	-16.1
2024	11.1	14.2	24.2	16.0	14.7
Q3 2025	-0.9	-1.5	-22.5	16.7	3.2

**Allowance for Loan & Lease Losses**

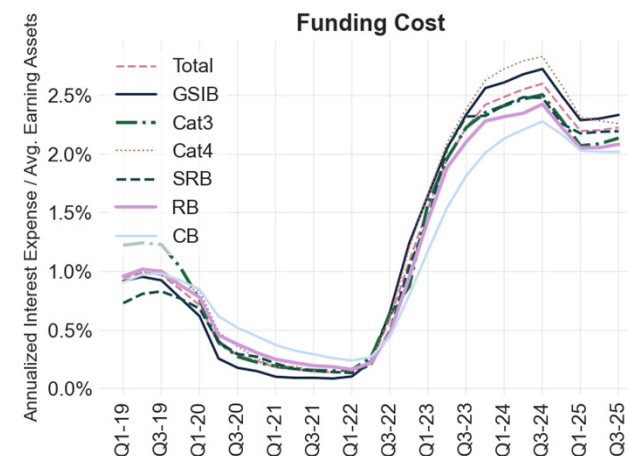
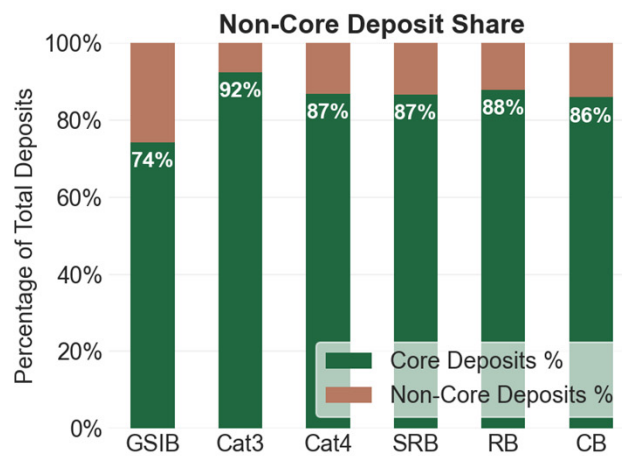
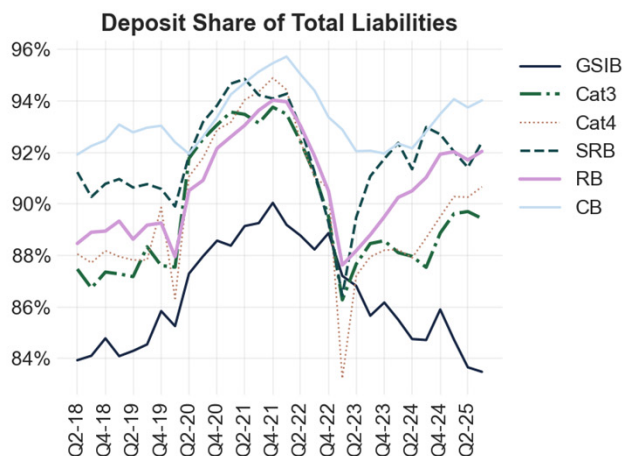
	GSIB	Cat3	Cat4	Cat5	Total
<b>ALLL (\$bn)</b>	75.2	43.8	22.4	62.8	204.2
<b>Q3 ALLL%</b>	1.56%	2.54%	1.53%	1.30%	1.59%
<b>Chained Quarter Change in ALLL Rate (bps)</b>					
Q3-24	0.6	-1.1	0.7	0.8	0.4
Q4-24	-0.7	-3.1	-0.6	-0.5	-1.0
Q1-25	-0.5	0.5	-4.5	1.9	0.0
Q2-25	-5.1	25.1	-0.6	0.1	2.4
Q3-25	-1.7	1.6	-6.3	1.2	-1.9
<b>YoY Change in ALLL Rate (bps)</b>					
2021	-91.8	-77.2	-56.6	-15.9	-55.6
2022	9.6	-2.1	-3.2	-4.3	1.4
2023	-6.7	-17.5	-37.9	-4.4	-12.1
2024	0.5	4.9	3.2	0.1	0.9
Q3 2025	-8.1	24.1	-12.0	2.7	-0.5

**Charge-Offs**

	GSIB	Cat3	Cat4	Cat5	Total
<b>Q1 CO (\$bn)</b>	7.2	4.9	2.1	3.4	17.5
<b>Q3 CO%</b>	0.15%	0.28%	0.14%	0.21%	0.14%
<b>Quarterly Charge-Off Rate (bps)</b>					
Q3-24	16.2	26.8	14.9	17.7	13.7
Q4-24	16.7	26.9	15.4	22.8	14.5
Q1-25	16.3	26.3	13.6	19.2	13.6
Q2-25	15.3	25.0	11.4	19.7	13.0
Q3-25	14.9	28.5	14.1	21.0	13.6
<b>YoY Change in Total TTM Charge-Offs</b>					
2021	-45%	-54%	-51%	-56%	-50%
2022	-5%	54%	23%	9%	13%
2023	98%	104%	106%	93%	100%
2024	43%	26%	27%	29%	34%
Q3 2025	3%	7%	-8%	20%	5%

Note: Cat5 includes all institutions below \$100 billion in total assets.  
Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

# Q3 2025: Funding



Deposits					
	GSIB	Cat3	Cat4	Cat5	Total
Depos. (\$tn)	9.1	2.4	2.0	1.3	1.7
Chained Quarter Change Deposit Level					
Q3-24	1.4%	0.8%	1.1%	1.7%	1.4%
Q4-24	0.3%	1.0%	0.7%	1.4%	0.8%
Q1-25	2.0%	-0.7%	1.8%	0.9%	1.3%
Q2-25	2.2%	4.2%	-0.6%	0.1%	1.6%
Q3-25	0.0%	-7.5%	6.6%	2.6%	0.4%
YoY Change in Deposits					
2021	9.5%	11.6%	30.5%	5.2%	10.8%
2022	-3.1%	-3.8%	-5.6%	-0.8%	-2.9%
2023	-0.4%	2.8%	-20.0%	0.5%	-2.1%
2024	1.6%	-0.6%	1.6%	4.3%	2.1%
Q3 2025	4.7%	-3.3%	8.6%	5.1%	4.1%

Core Deposit % of Total Liabilities					
	GSIB	Cat3	Cat4	Cat5	Total
Core Dep.%	62%	83%	79%	81%	72%
Chained Quarter Change in Core Deposit Level					
Q3-24	1.2%	1.1%	1.3%	1.6%	1.3%
Q4-24	2.3%	1.5%	1.0%	1.5%	1.8%
Q1-25	1.3%	-0.3%	2.3%	1.1%	1.1%
Q2-25	1.5%	3.9%	-0.8%	0.1%	1.2%
Q3-25	-0.1%	-7.0%	7.2%	3.0%	0.6%
YoY Change in Core Deposits					
2021	15.4%	20.6%	36.2%	7.7%	15.9%
2022	-6.0%	-2.8%	-7.8%	-3.8%	-5.1%
2023	-5.7%	-1.3%	-23.1%	-5.6%	-7.3%
2024	3.1%	0.7%	1.8%	3.9%	2.8%
Q3 2025	5.1%	-2.1%	9.8%	5.9%	4.8%

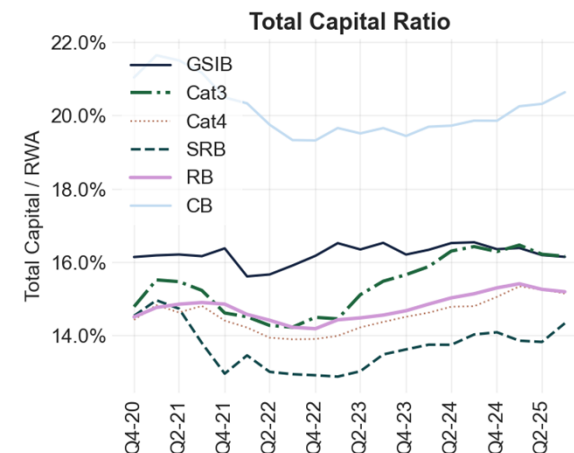
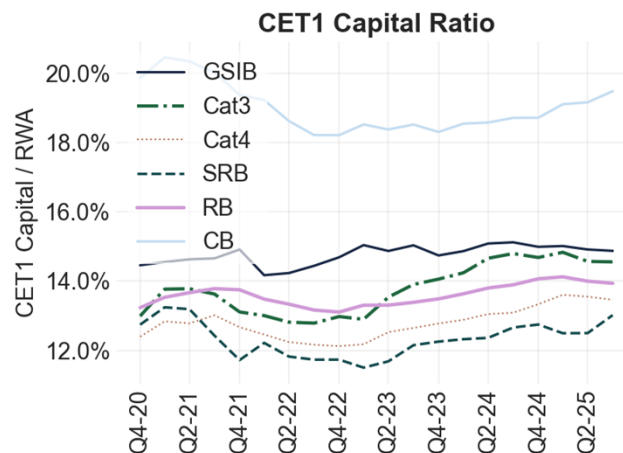
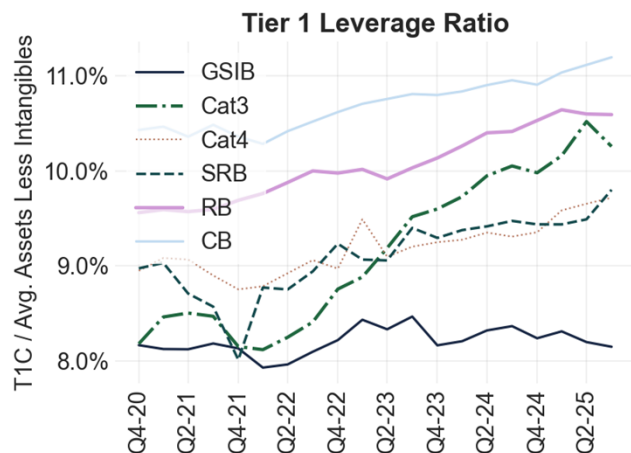
Funding Cost (Int. Ext / Avg Earning Assets)					
	GSIB	Cat3	Cat4	Cat5	Total
Funding Cost	2.34%	2.14%	2.26%	2.08%	2.23%
Quarterly Change (bps)					
Q3-24	56	45	63	51	54
Q4-24	35	24	41	31	33
Q1-25	16	15	20	21	18
Q2-25	-11	-12	-14	-4	-10
Q3-25	-35	-33	-54	-22	-33
YoY Change (bps)					
2021	-6	-7	-12	-15	-10
2022	115	72	106	67	95
2023	132	149	143	126	134
2024	-7	-6	-4	5	-3
Q3 2025	-39	-37	-57	-28	-37

Note: Cat5 includes all institutions below \$100 billion in total assets.

Source: BankRegData and Cadwalader, Wickersham & Taft LLP.



# Q3 2025: Capital



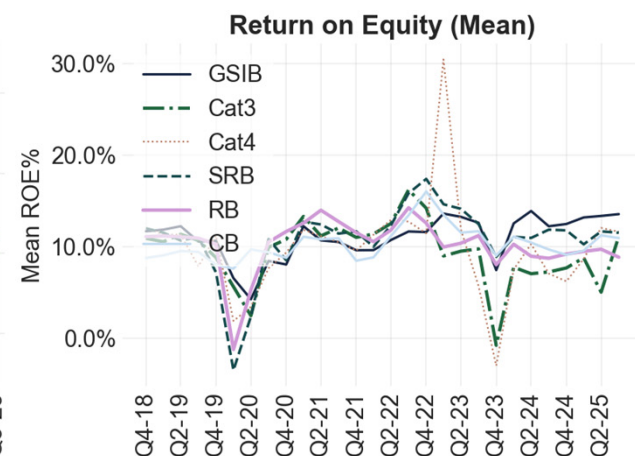
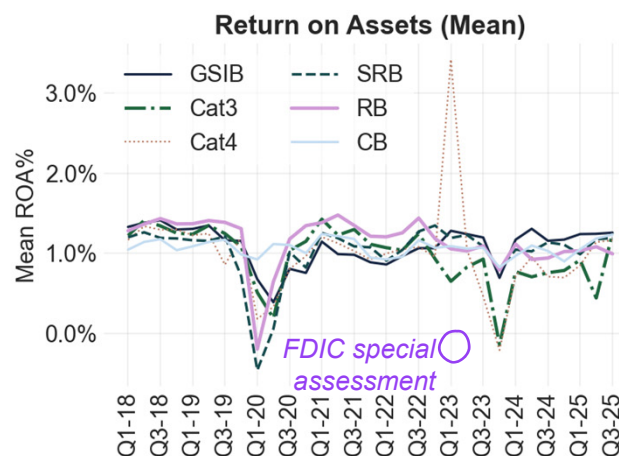
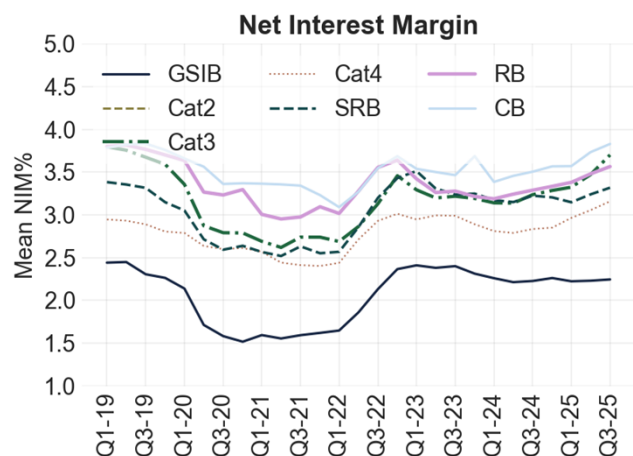
Tier1 Leverage Ratio					
	GSIB	Cat3	Cat4	Cat5	Total
<b>T1L Ratio</b>	8.2%	10.3%	9.7%	10.7%	9.3%
<b>Chained Quarter Change T1L Ratio (bps)</b>					
Q3-24	4.5	10.3	-4.2	3.1	3.7
Q4-24	-12.7	-7.1	4.6	0.0	-6.5
Q1-25	7.2	17.9	22.9	7.7	10.0
Q2-25	-11.2	35.9	7.0	2.4	-0.2
Q3-25	-4.9	-26.2	6.4	9.3	-3.2
<b>YoY Change in T1L Ratio (bps)</b>					
2022	8.7	60.4	21.8	39.2	27.0
2023	-5.5	84.1	27.7	16.8	16.4
2024	7.4	38.0	10.4	18.5	14.4
2025	-21.7	20.5	40.9	19.4	0.0

CET1 Capital Ratio					
	GSIB	Cat3	Cat4	Cat5	Total
<b>CET1 Ratio</b>	14.9%	14.6%	13.5%	16.1%	15.0%
<b>Chained Quarter Change CET1 Ratio (bps)</b>					
Q3-24	3.5	13.5	4.0	13.6	8.5
Q4-24	-13.0	-11.4	24.5	8.2	-1.6
Q1-25	2.3	15.0	27.1	7.1	8.5
Q2-25	-10.0	-26.2	-5.2	-6.4	-11.2
Q3-25	-3.9	-1.5	-9.0	17.9	2.3
<b>YoY Change in CET1 Ratio (bps)</b>					
2022	-22.6	-13.3	-54.8	-85.4	-44.7
2023	5.3	108.1	65.6	37.9	42.6
2024	24.9	62.5	55.6	46.3	41.8
2025	-24.6	-24.1	37.4	26.8	-2.0

Total Capital Ratio					
	GSIB	Cat3	Cat4	Cat5	Total
<b>TRBC Ratio</b>	16.2%	16.2%	15.2%	17.3%	16.4%
<b>Chained Quarter Change Total Capital Ratio (bps)</b>					
Q3-24	2.2	12.3	1.4	14.1	7.6
Q4-24	-18.8	-13.6	25.4	7.0	-4.7
Q1-25	3.3	17.7	28.7	9.9	10.3
Q2-25	-19.4	-25.0	-8.8	-7.5	-15.6
Q3-25	-4.8	-5.7	-10.6	17.6	0.8
<b>YoY Change in Total Capital Ratio (bps)</b>					
2022	-20.3	-11.8	-50.3	-87.5	-44.1
2023	3.5	116.4	60.7	46.5	44.3
2024	14.7	63.1	54.4	47.9	37.7
2025	-39.7	-26.6	34.7	27.0	-9.2

Note: Cat5 includes all institutions below \$100 billion in total assets.  
Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

# Q3 2025: Profitability



Net Interest Margin					
	GSIB	Cat3	Cat4	Cat5	Total
NIM	2.25%	3.70%	3.16%	3.82%	3.23%
Chained Quarter Change NIM (bps)					
Q1-24	-14.1	-7.7	-17.9	-7.9	-11.9
Q2-24	-9.9	-5.5	-10.2	-22.3	-12.0
Q3-24	-3.3	9.6	2.4	11.9	5.2
Q4-24	4.8	14.8	6.2	11.0	9.2
Q3-25	1.8	46.5	32.4	32.2	28.2
YoY Change in NIM (bps)					
2021	10.3	-4.9	-21.0	-14.0	-7.4
2022	74.6	71.8	61.0	45.8	63.3
2023	-5.3	-26.6	-12.3	-1.0	-11.3
2024	-5.1	9.3	-4.0	-11.3	-2.8
Q3 2025	1.8	46.5	32.4	32.2	28.2

Return on Assets					
	GSIB	Cat3	Cat4	Cat5	Total
ROA	1.26%	1.25%	1.16%	1.24%	1.23%
Chained Quarter Change ROA (bps)					
Q1-24	-2.7	-15.7	25.4	-9.8	-0.7
Q2-24	61.2	84.6	116.1	26.4	72.1
Q3-24	-1.4	-1.3	-0.5	5.9	0.7
Q4-24	-13.5	8.0	-25.6	-18.8	-12.5
Q3-25	10.1	49.1	45.2	20.0	31.1
YoY Change in ROA (bps)					
2022	13.2	-3.6	-4.2	-5.6	-0.1
2023	17.5	-18.1	3.4	12.0	3.7
2024	-37.0	-107.2	-116.5	-24.7	-71.3
2025	47.7	92.6	90.5	7.6	59.6
Q3 2025	10.1	49.1	45.2	20.0	31.1

Return on Equity					
	GSIB	Cat3	Cat4	Cat5	Total
ROE	13.56%	11.14%	11.64%	10.91%	11.81%
Chained Quarter Change ROE (bps)					
Q1-24	-7	-201	182	-58	-21
Q2-24	646	782	1,329	141	725
Q3-24	-31	-52	-45	-141	-67
Q4-24	-142	63	-408	-129	-154
Q3-25	133	390	457	121	275
YoY Change in ROE (bps)					
2022	156	22	23	-30	43
2023	198	319	188	740	362
2024	-416	-1,498	-1,446	-695	-1,014
2025	504	845	921	12	571
Q3 2025	133	390	457	121	275

Note: Cat5 includes all institutions below \$100 billion in total assets.

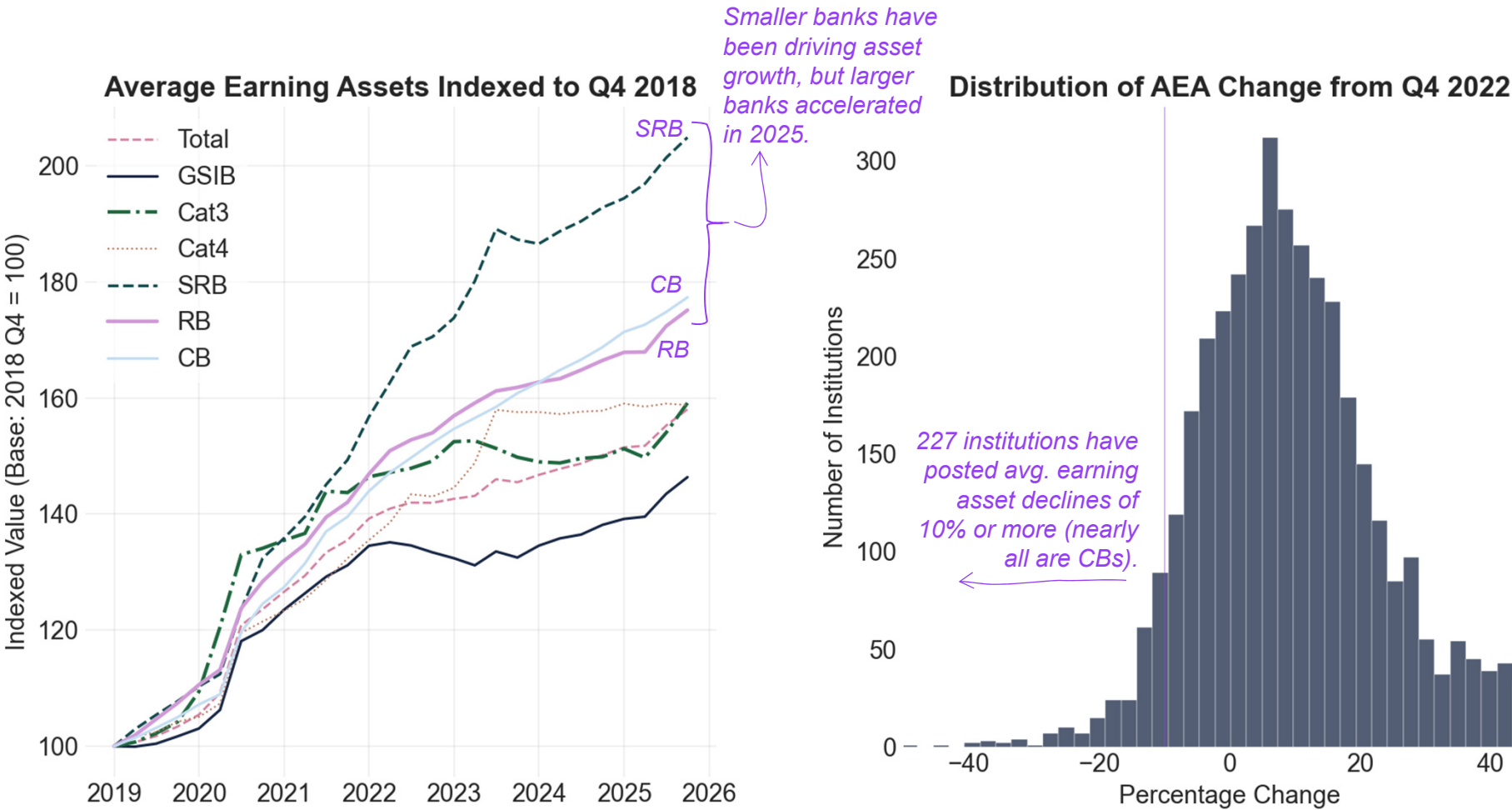
Source: BankRegData and Cadwalader, Wickersham & Taft LLP.



## **Assets: Narrowing Growth**

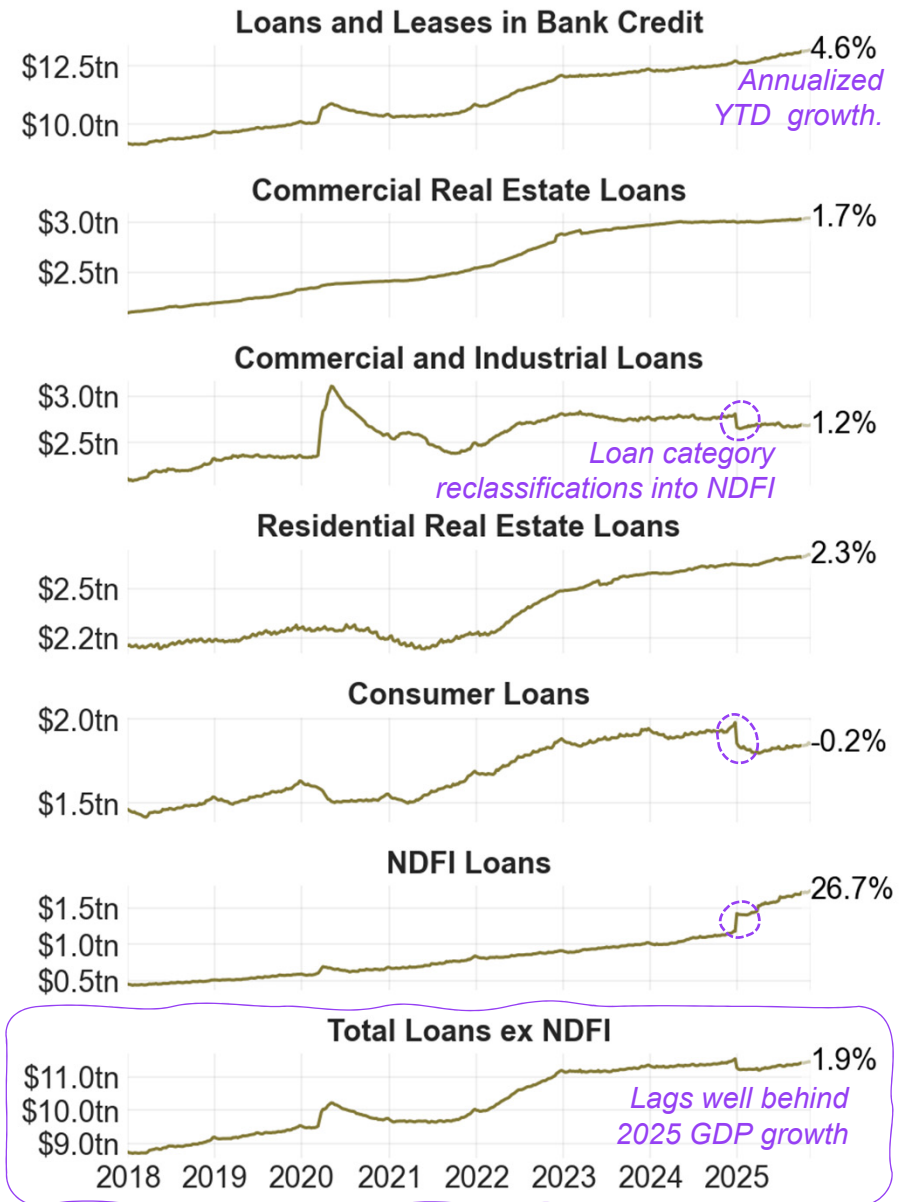
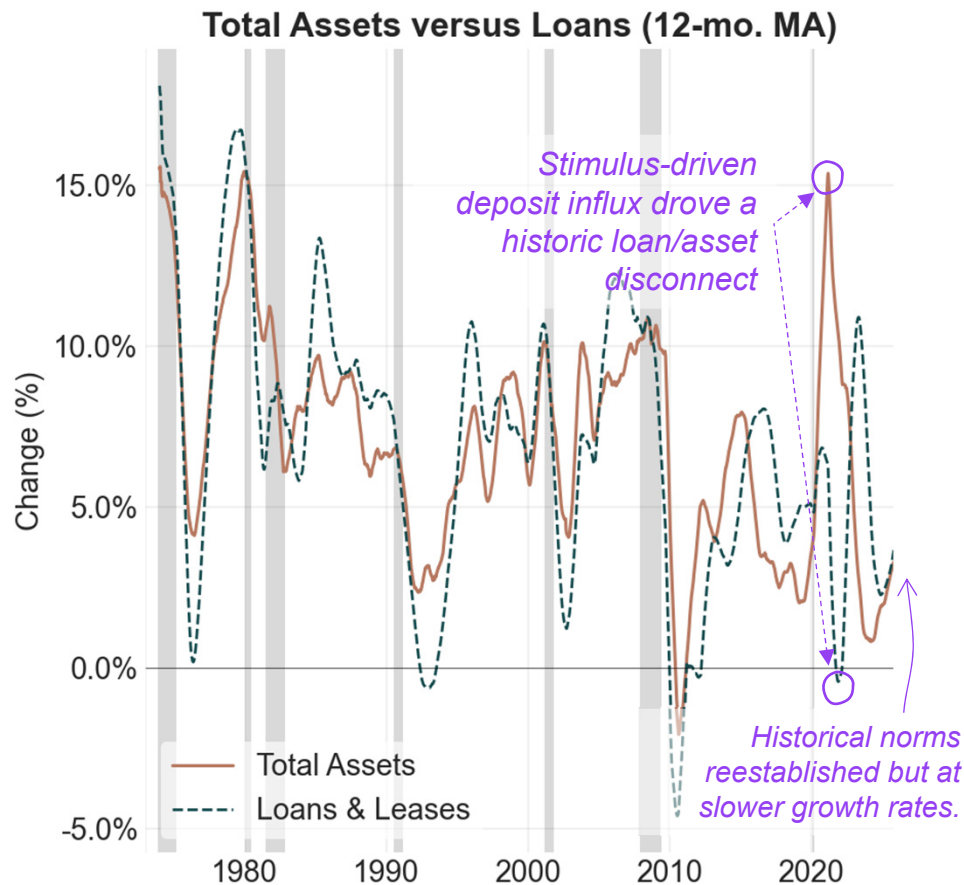
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# Assets: Narrowing Growth



Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

# Assets: Narrowing Growth (cont'd)

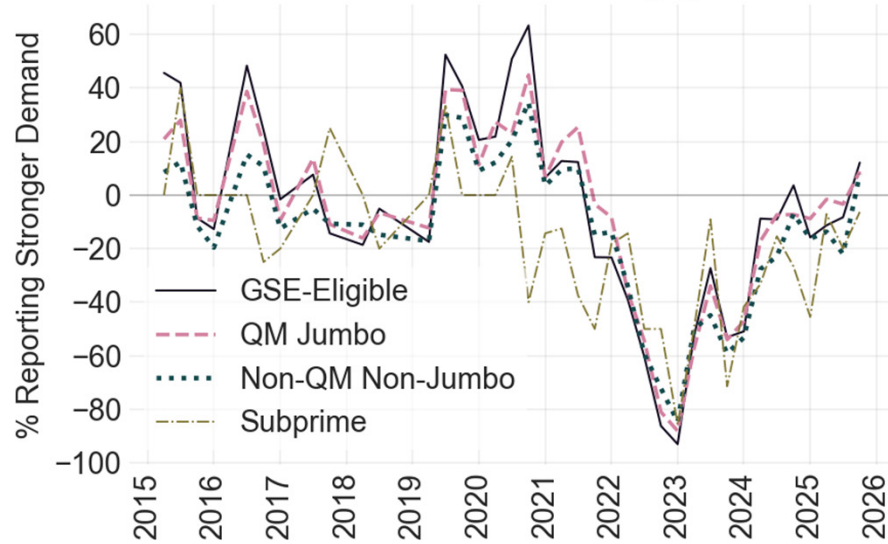


NDFI: Non-depository financial institutions.

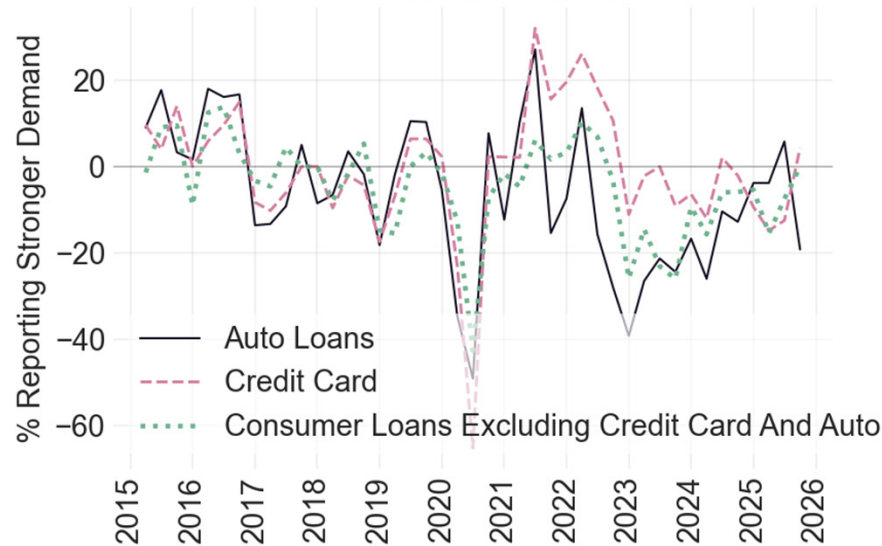
Source: BankRegData, Federal Reserve, and Cadwalader, Wickersham & Taft LLP.

# Assets: Loan Demand

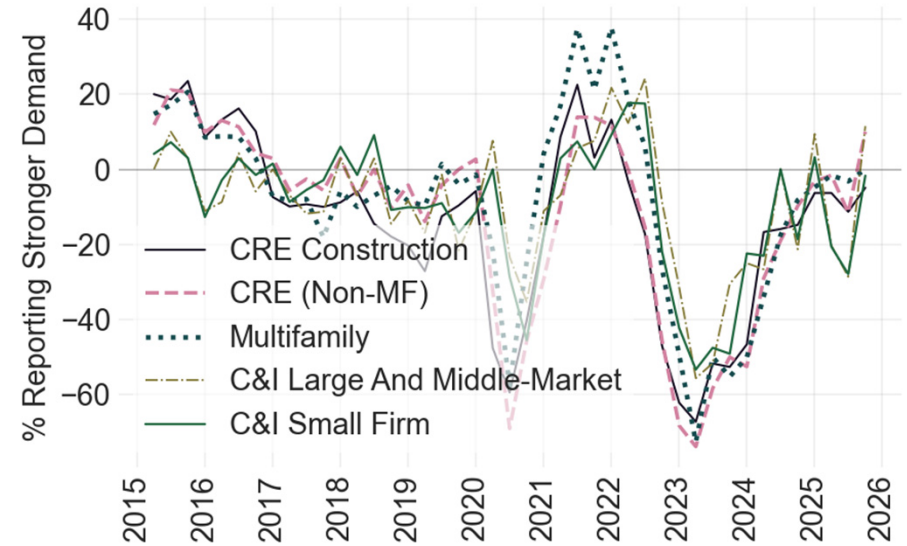
Loan Demand: Resi Mortgages



Loan Demand: Consumer



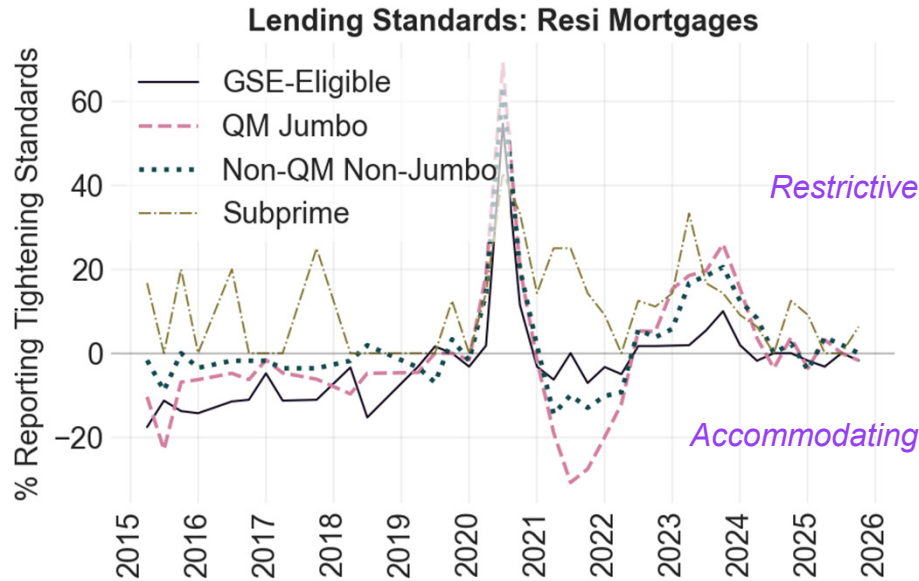
Loan Demand: Non-Consumer



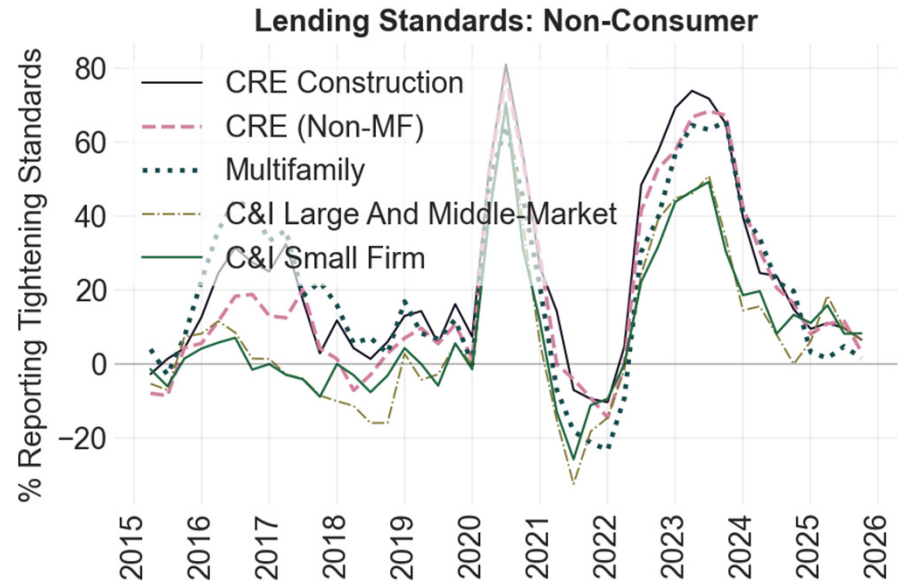
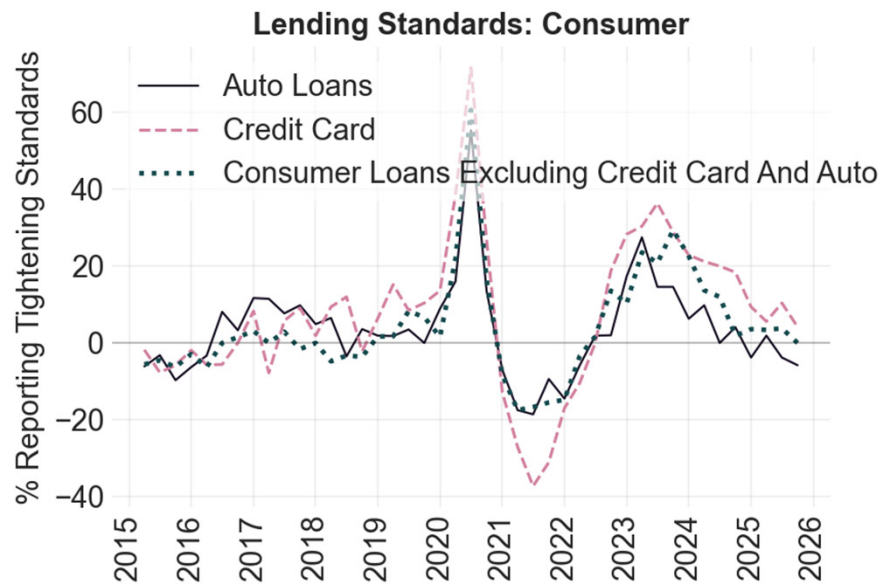
- Loan demand shows some signs of improvement in 2H 2025 after an extended period of weakness since 2023 coinciding with the Fed's rate-hike cycle.
- The number of institutions reporting stronger demand for CRE and C&I loans improved in the Q3 report.
- On the other hand, reported demand for auto loans and subprime mortgages weakened, illustrating an economic dichotomy.

Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

# Assets: Lending Standards



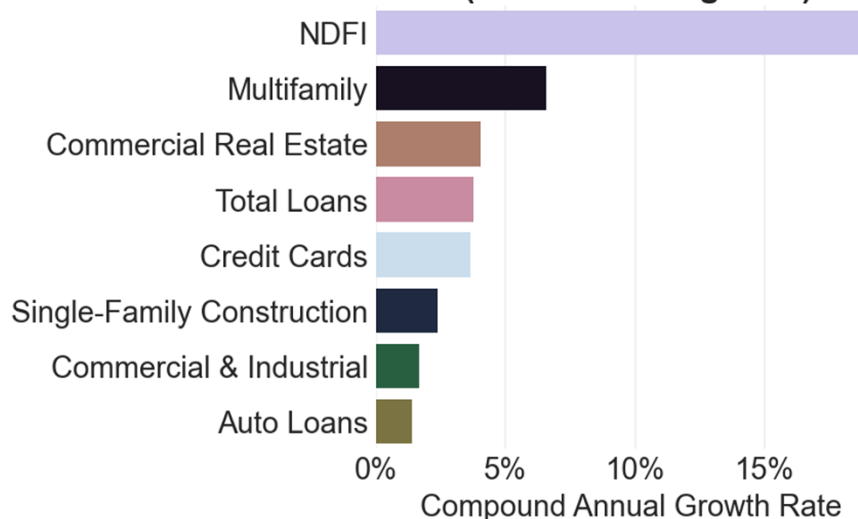
- On the whole, institutions have continued to report tightening lending standards in 2025, although the trend has been pulling toward neutral.
- Standards for commercial asset classes continue to hold in restrictive territory.
- Residential real estate lending standards have generally been held flat.



Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

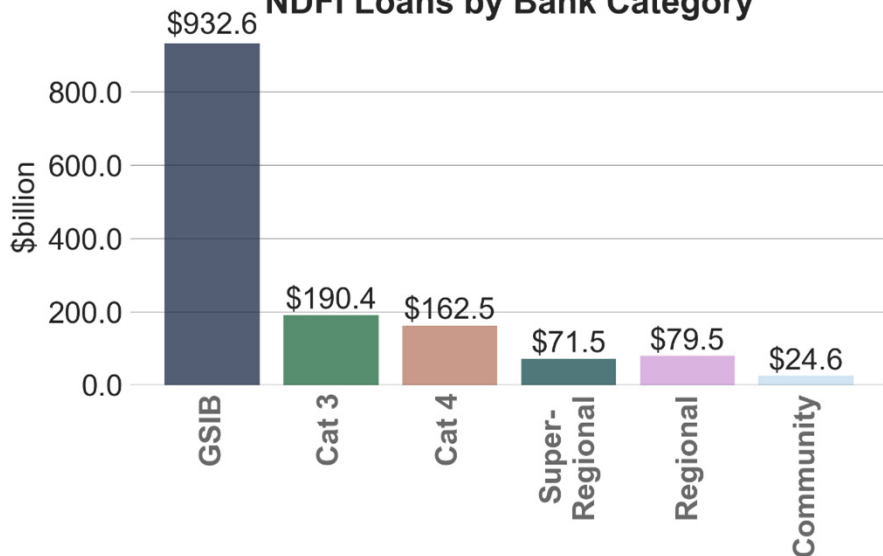
# Assets: NDFI Loans

Five-Year Loan Growth (Selected Categories)

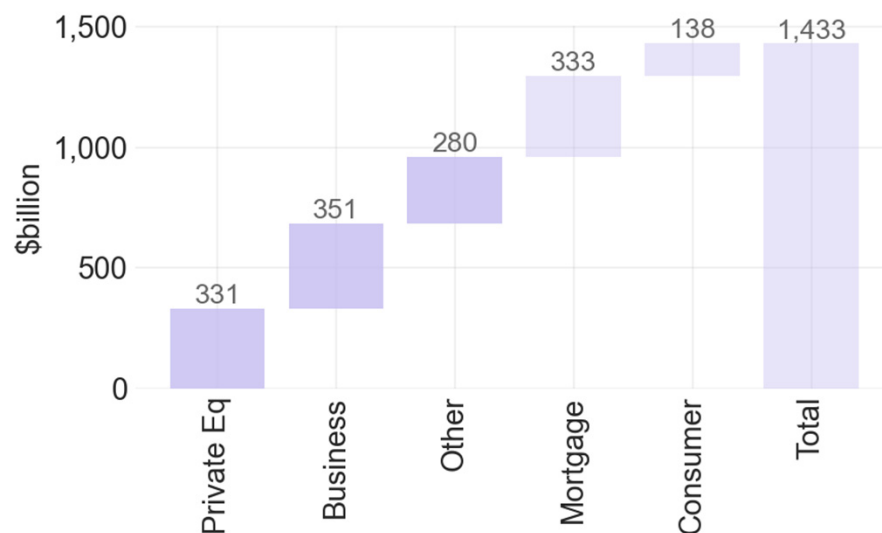


- In 2024, call reports were updated to require banks with \$10 billion or more in total assets to further group their NDFI exposures into subtypes.
- Following that, a large number of loan reclassifications out of consumer and C&I loans into NDFI has skewed the loan category totals and growth rates.
- Large lenders appear to be natural lenders to the nonbank lending space.
- Growth is likely to continue because of the cost efficiency, structural alignment, capital optimization, and origination flexibility benefits of lending to an outsourced lender.

NDFI Loans by Bank Category



NDFI Loans By Type

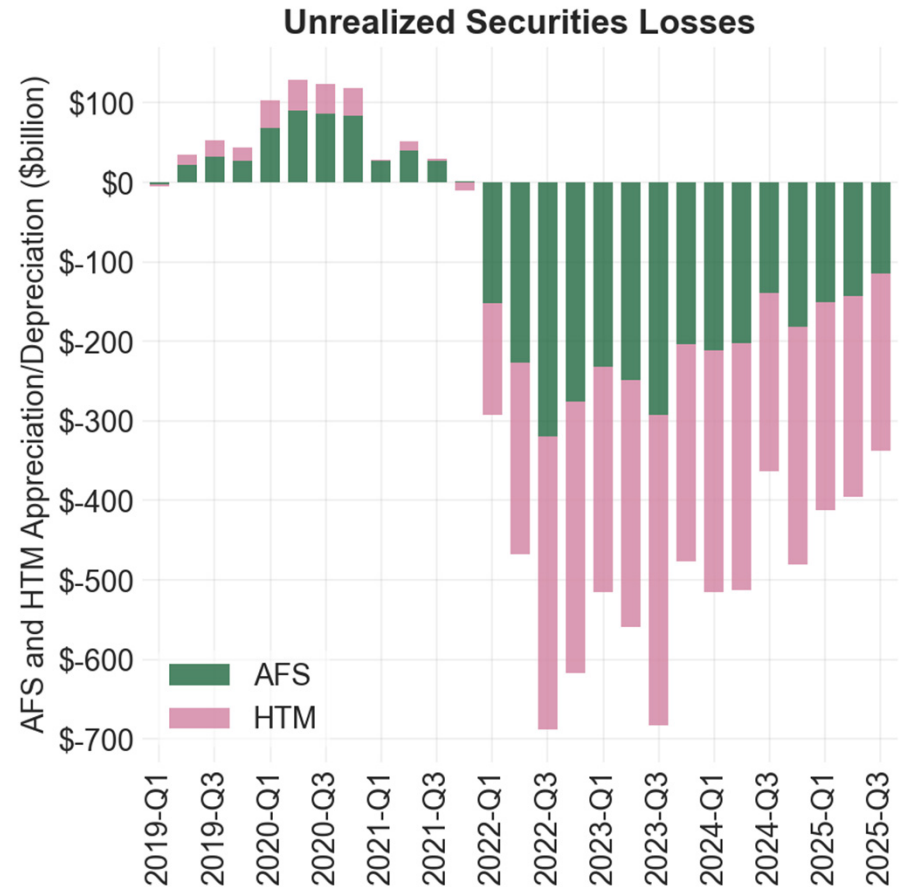
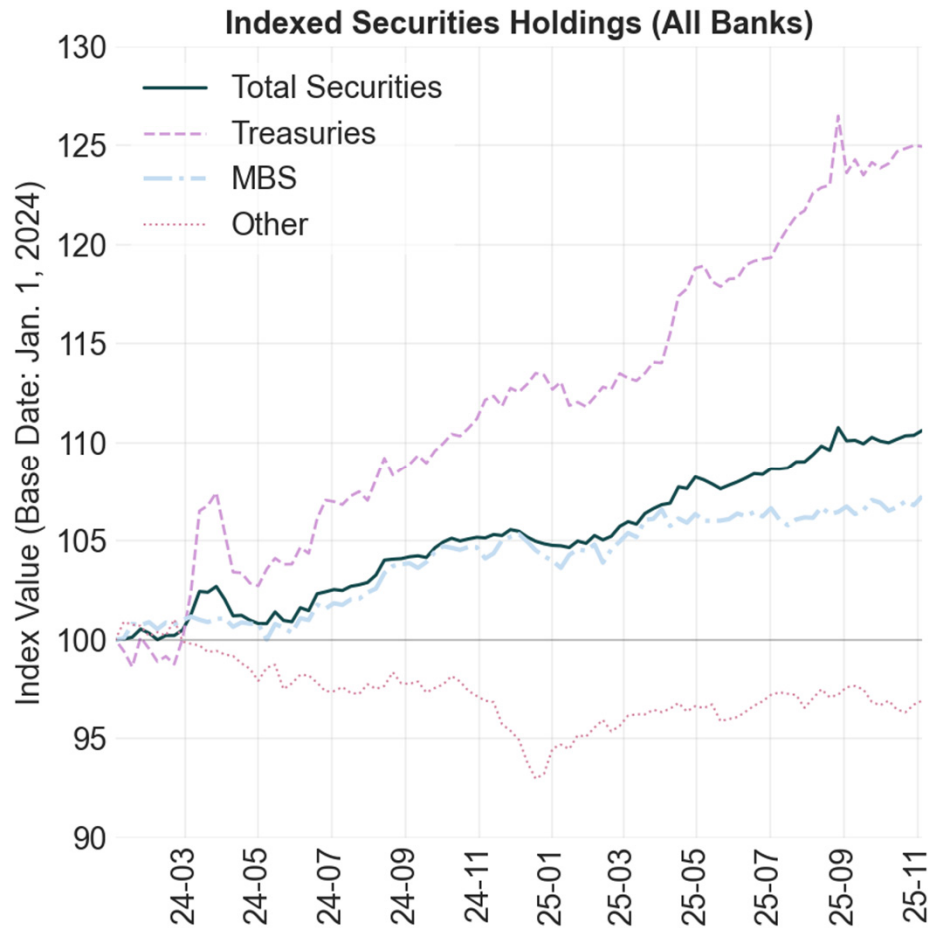


Source: BankRegData, FDIC, and Cadwalader, Wickersham & Taft LLP.



# Assets: Securities

- Higher interest rates combined with weak loan demand has led to growth in securities holdings.
- Unrealized securities losses have moderated but can still present a hurdle to acquisitions in some cases.

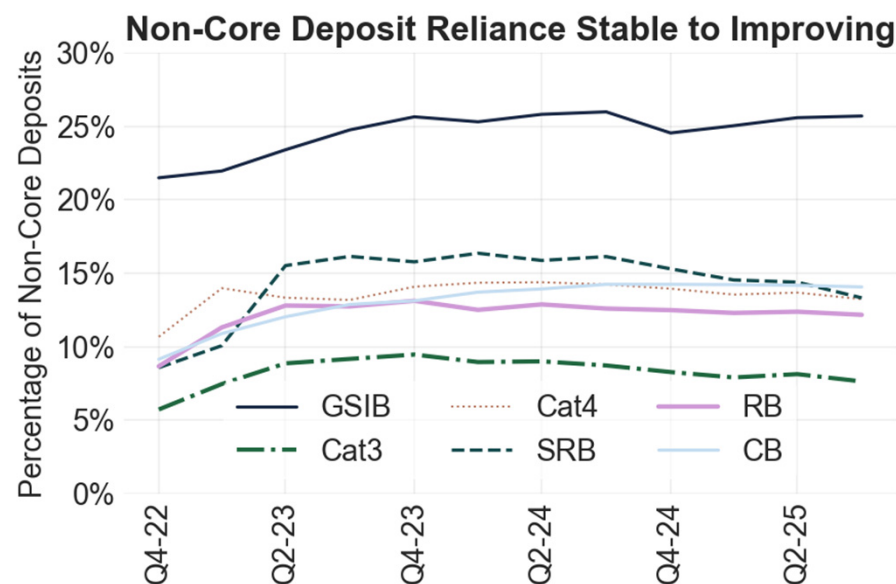
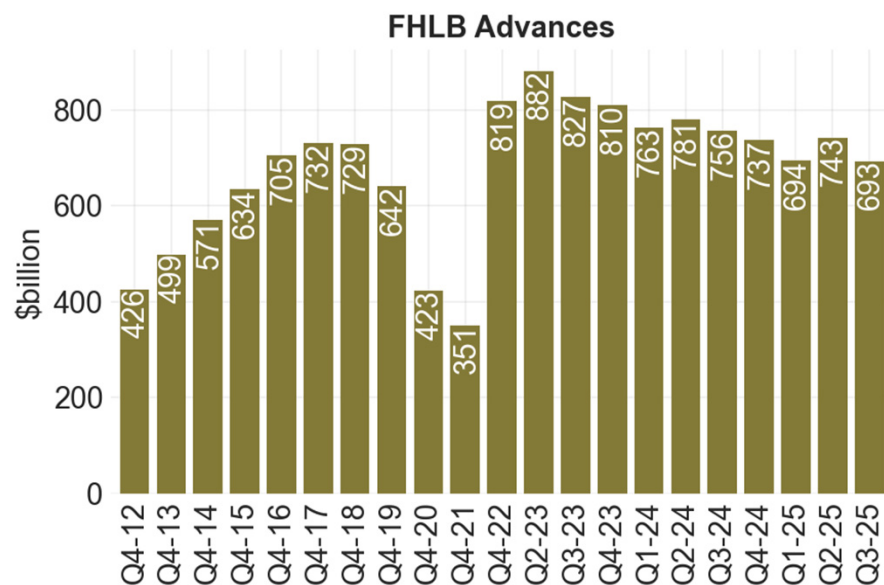
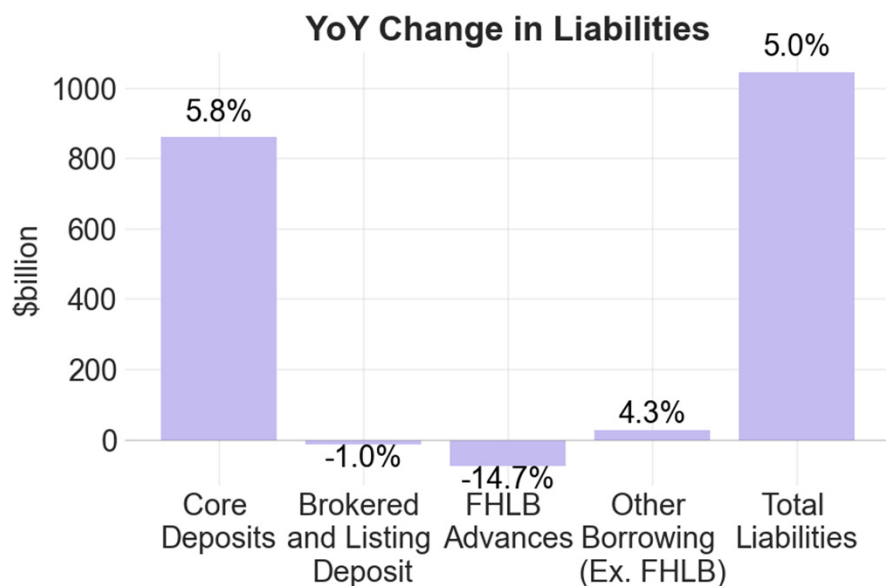


Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

## **Liabilities: Improved Mix**



# Liabilities: Mix Shift

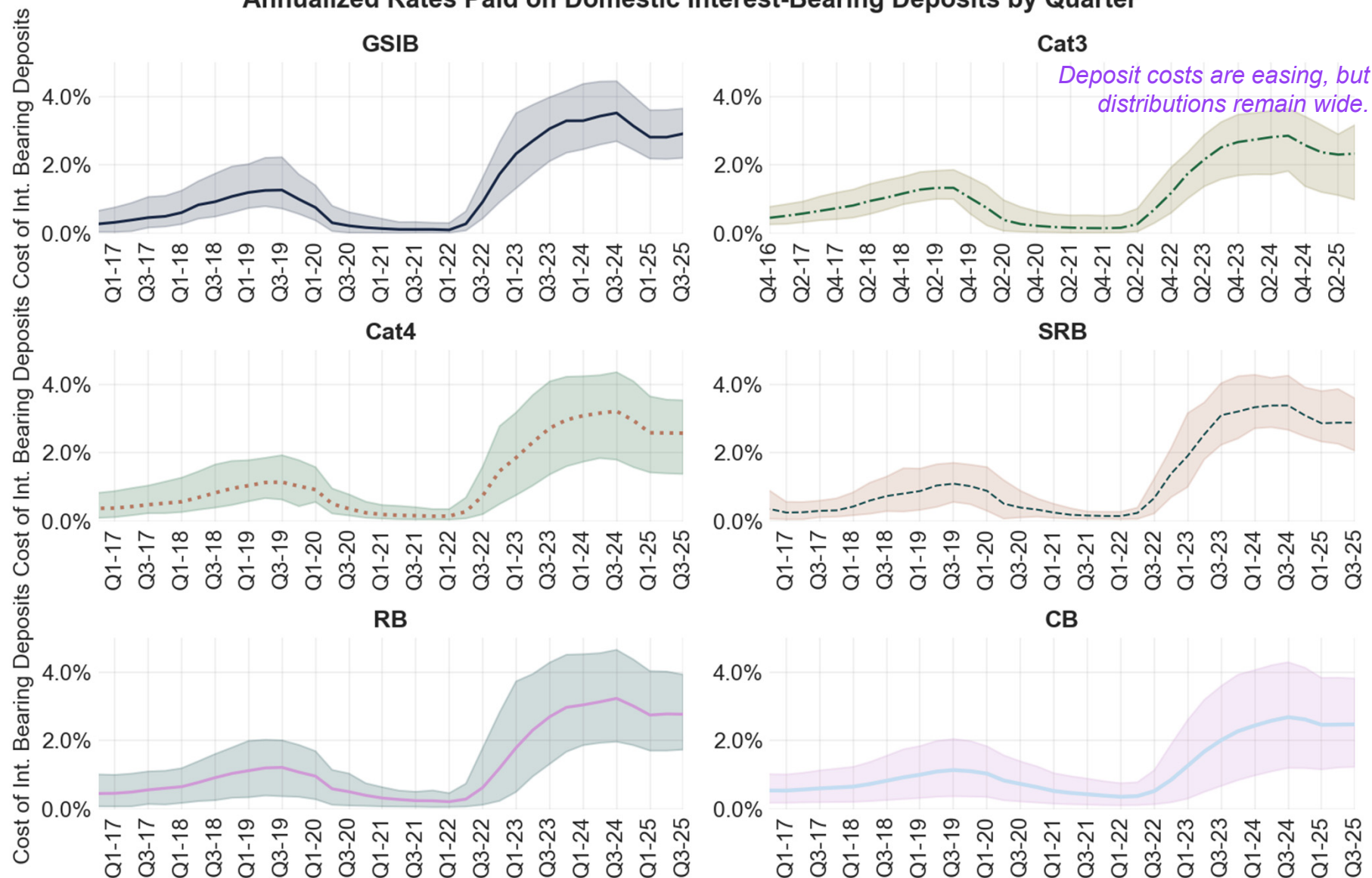


- Liability mix has improved over the past year with core deposits gaining share over other funding sources.
- Smaller banks—Cat4 and below—ramped up reliance on higher-cost non-core deposits in 2023 and, while the trend has been improving, overall non-core share of deposits is still elevated.
- With the improved mix, liability costs are trending lower (following page).
- Reliance on FHLB advances are lower year over year.

Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

# Liabilities: Improved Deposit Costs

Annualized Rates Paid on Domestic Interest-Bearing Deposits by Quarter



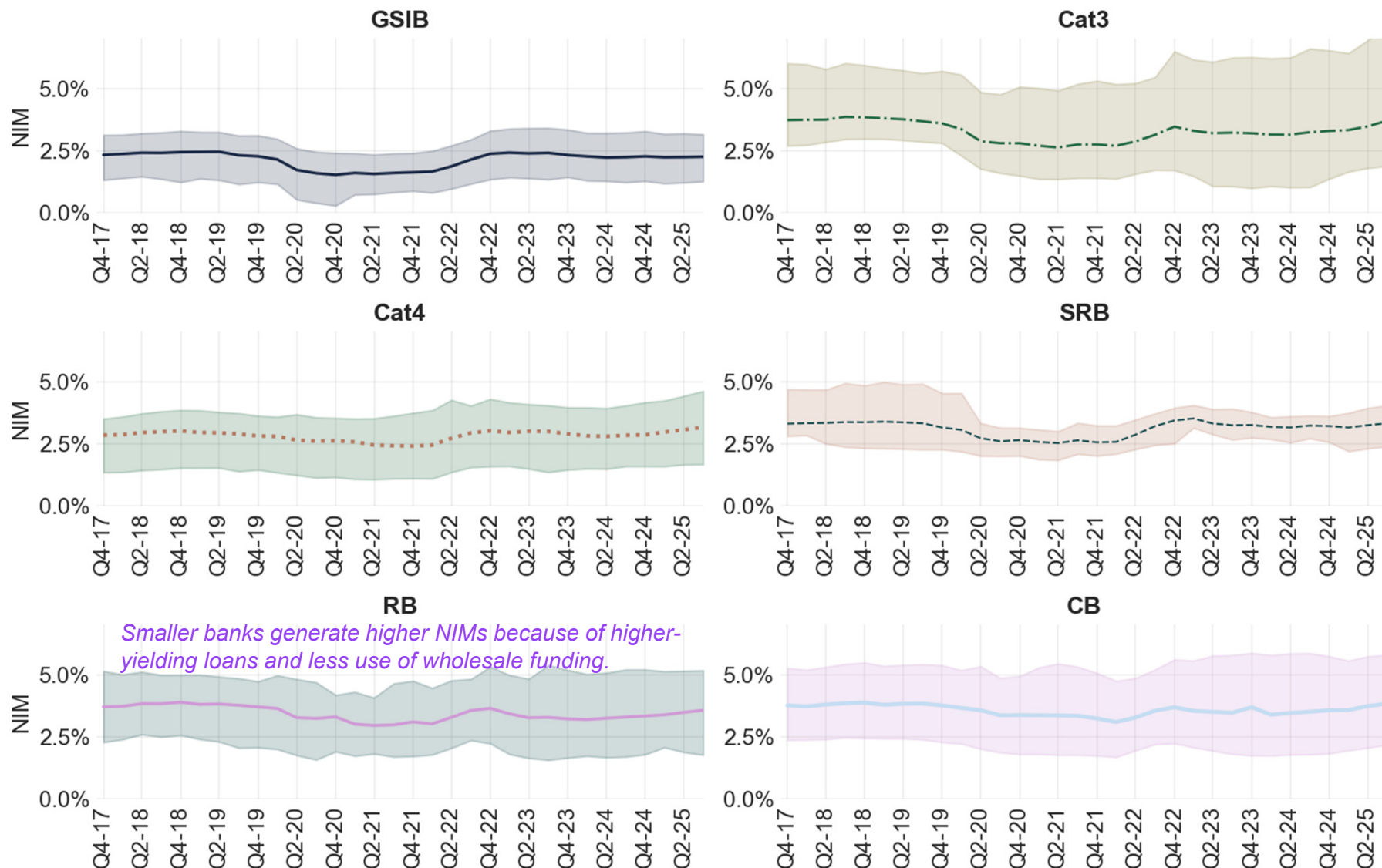
Shaded area represents 90th percentile.

Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

## **Profitability: Slow and Steady**

# Profitability: NIM

NIMs: Mixed Outcomes, Wider Distributions for Cat3, RBs, and CBs

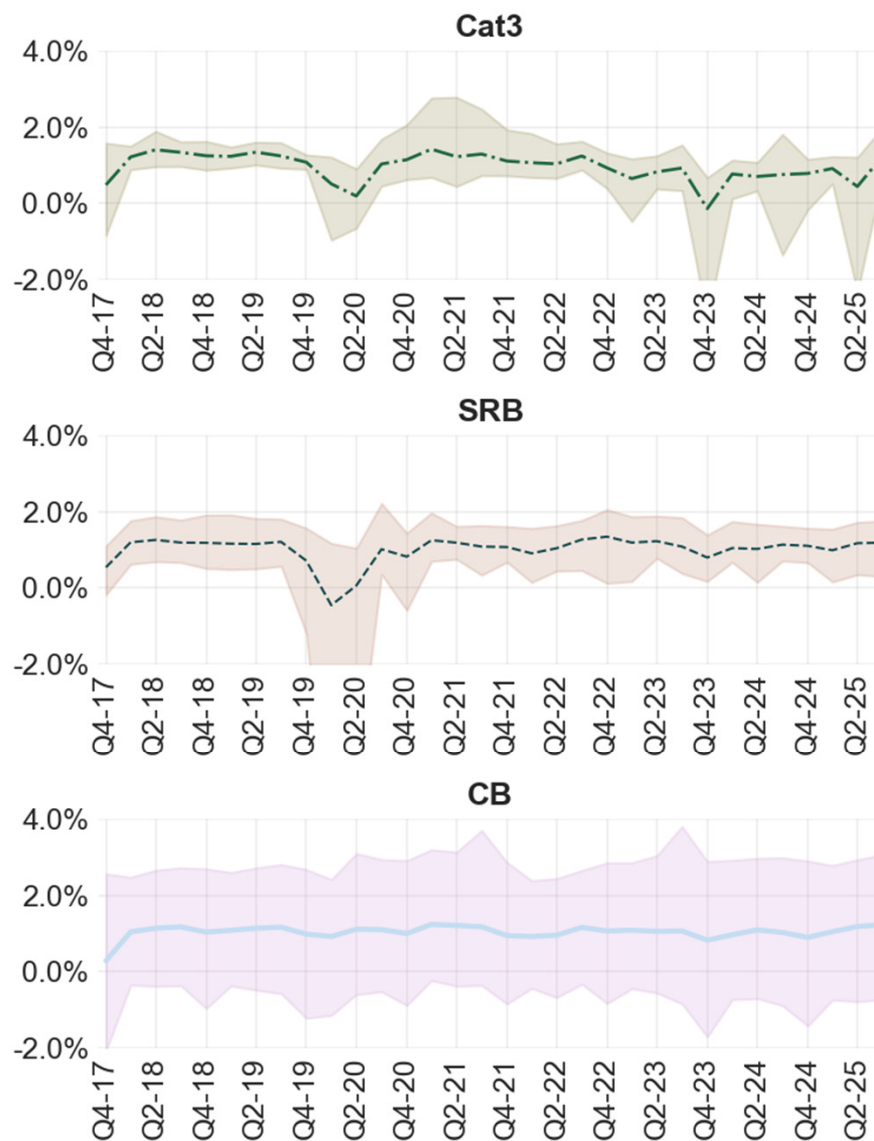
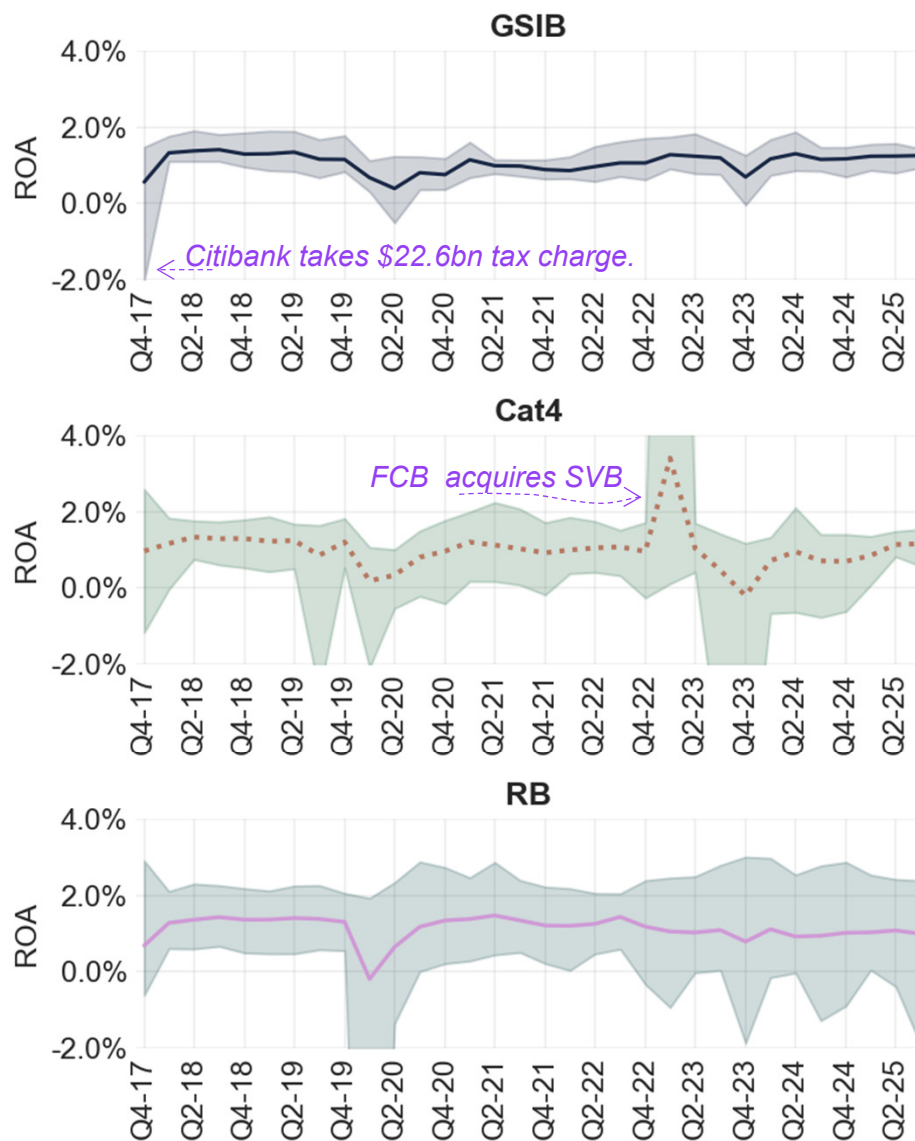


Shaded area represents 95th percentile.

Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

# Profitability: ROA

## ROAs: Sluggish Interest Rate Flow-Through



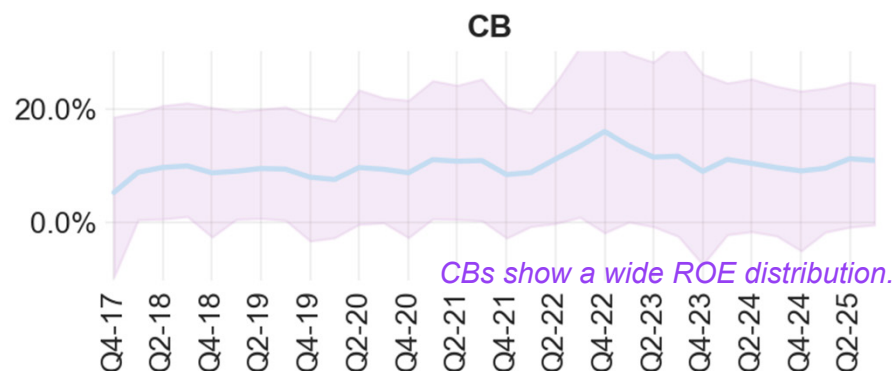
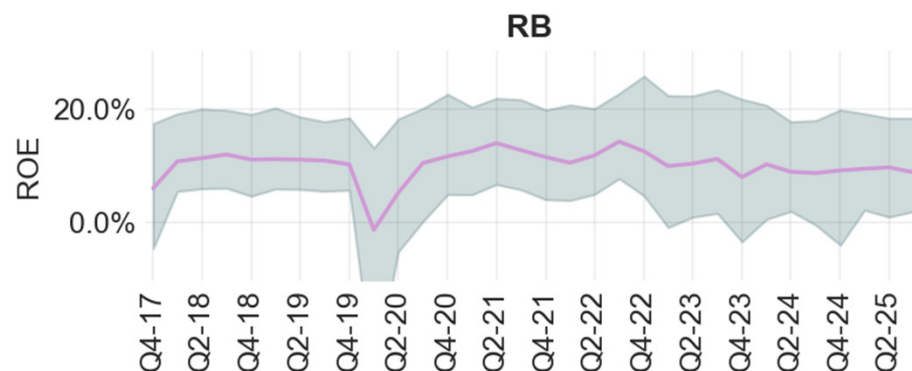
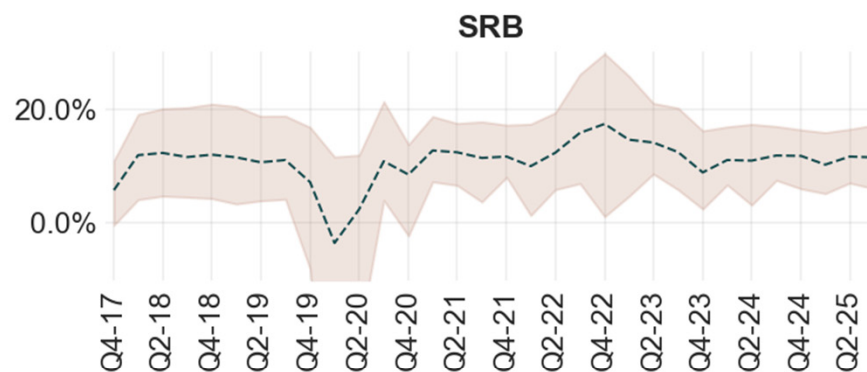
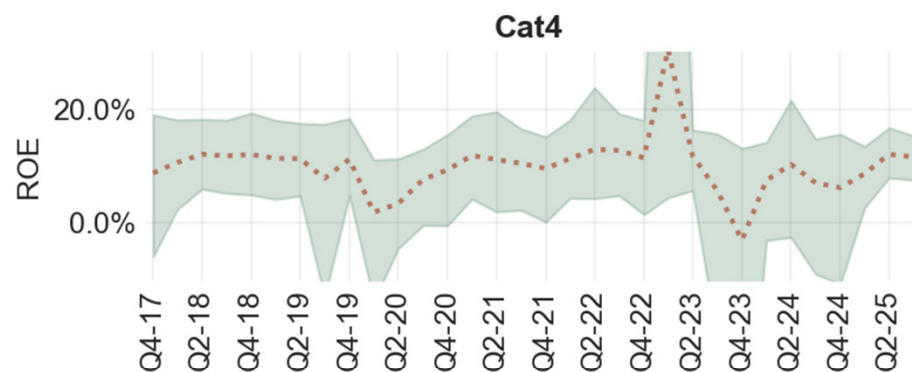
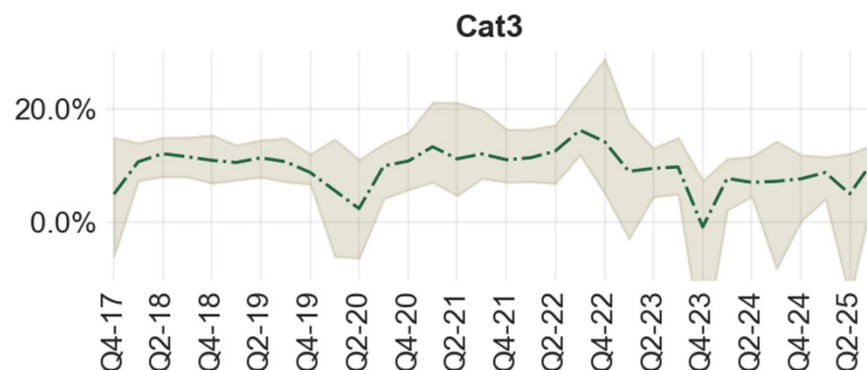
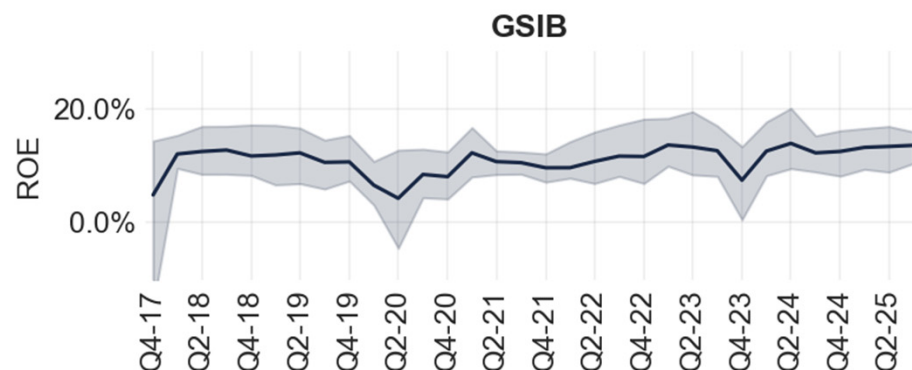
Shaded area represents 95th percentile.

Source: BankRegData and Cadwalader, Wickersham & Taft LLP.



# Profitability: ROE

## Higher Rates Not an Automatic Boost: ROEs Have Been Slow to Rebound



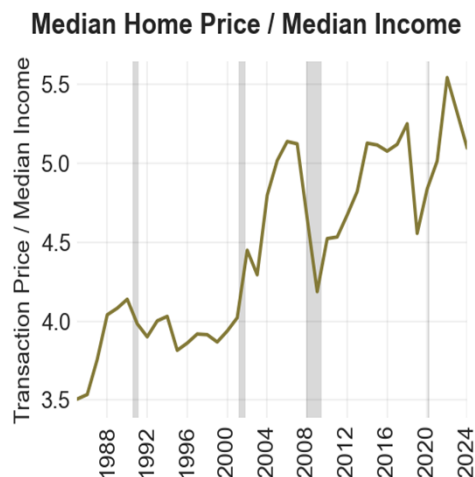
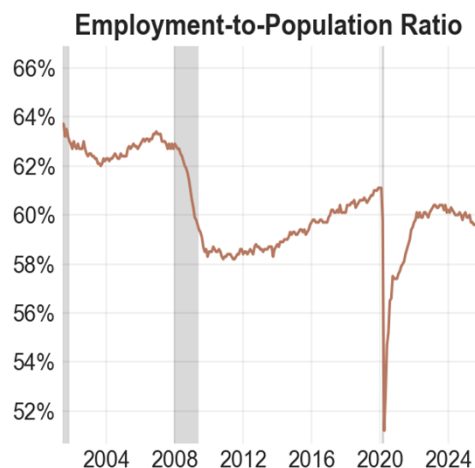
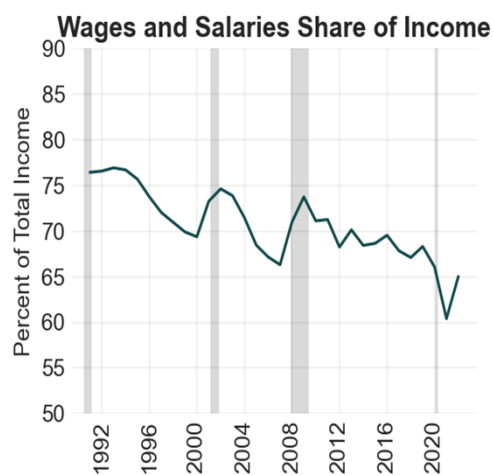
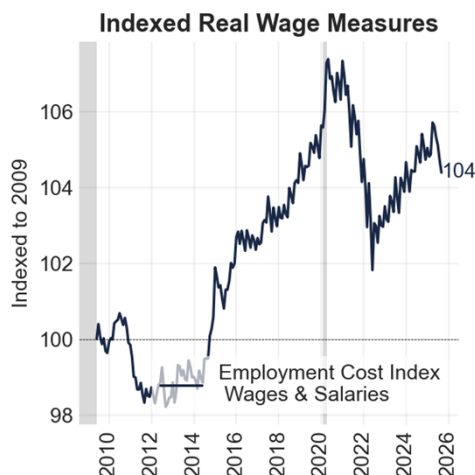
Shaded area represents 90th percentile.

Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

## **Credit: Two Economies**

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# Credit: Two Economies (cont'd)

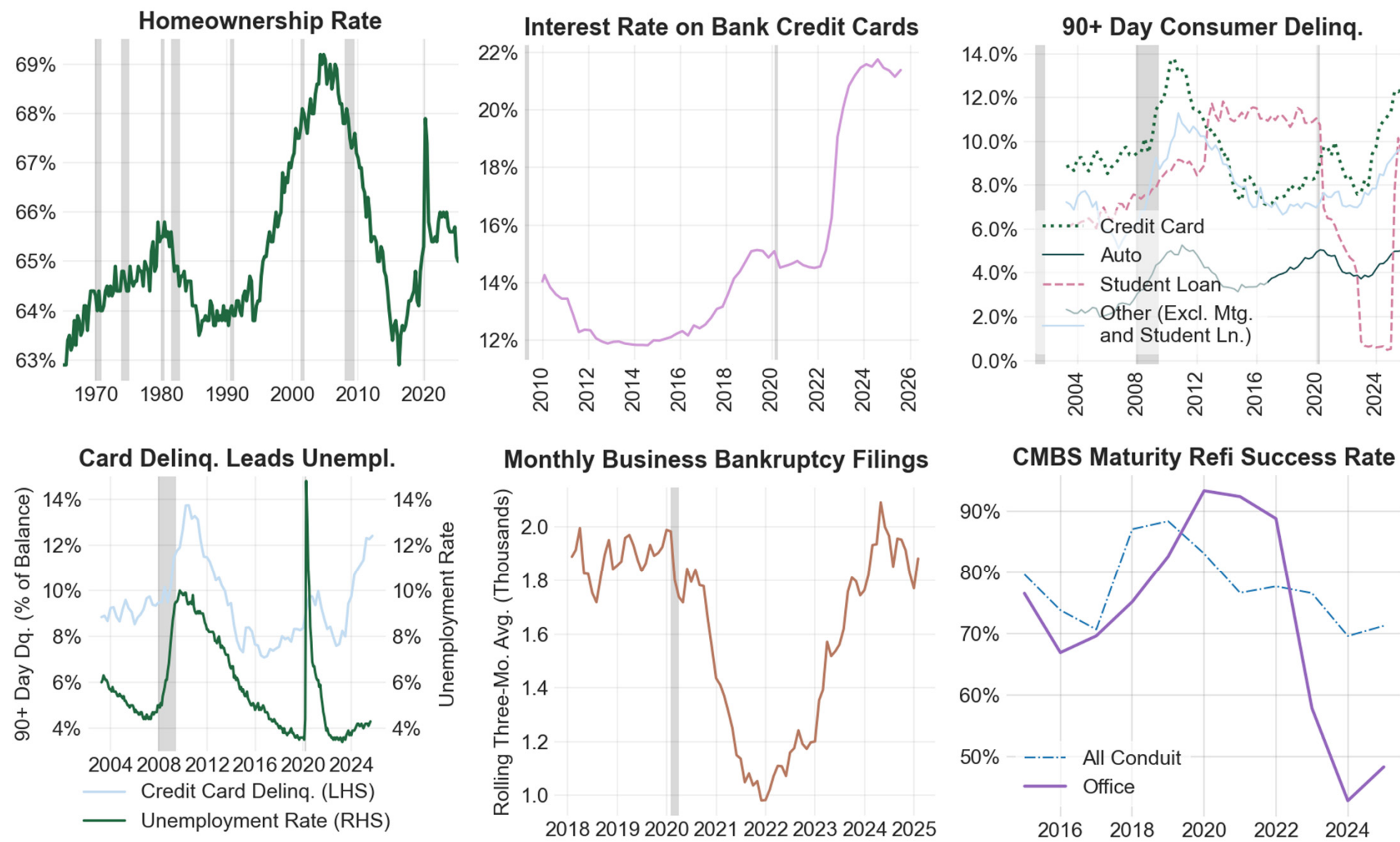


Sources: Bureau of Labor Statistics, Census Bureau, IRS, and Cadwalader, Wickersham & Taft LLP.

- The less-than-inclusive nature of the post-covid recovery may be material to consumer loan credit performance over time.
- Job market participation failed to fully recover covid-related losses and real wage growth (the Employment Cost Index is the best measure) is up only 4% since the GFC.
- The wage share of total personal income has declined. Investment income has increased post-GFC, but this helps a limited segment of the population.
- Homeownership has never been less affordable than in the past two years.
- Net, net, the post-GFC economic experience has differed widely for renters and those without a significant investment portfolio or rental income.
- Persistently high inflation erodes purchasing power. Wage increases lag, meaning inflation could continue to strain consumer credit.
- Bank loan performance is not shaped by the average as much as by the left tail of the distribution (*i.e.*, the least well-off consumers and businesses).

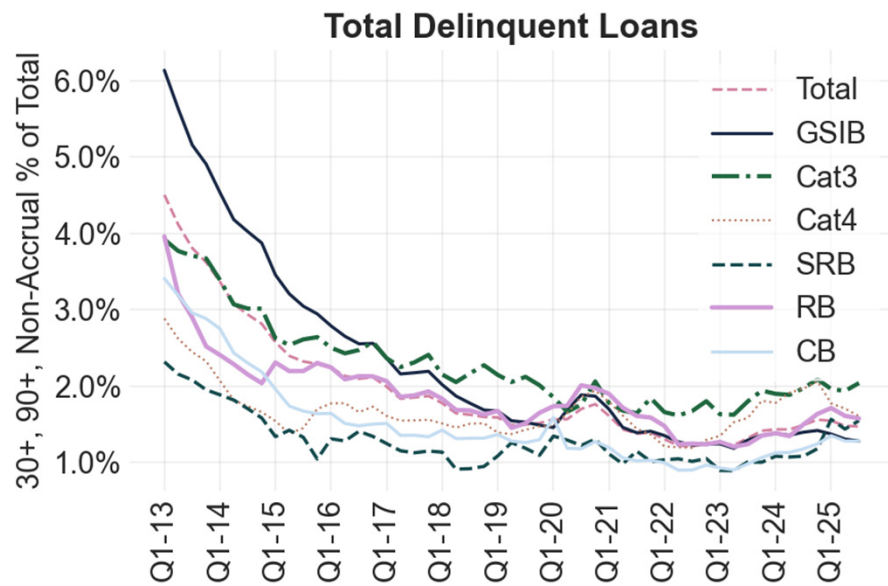


# Credit: Two Economies

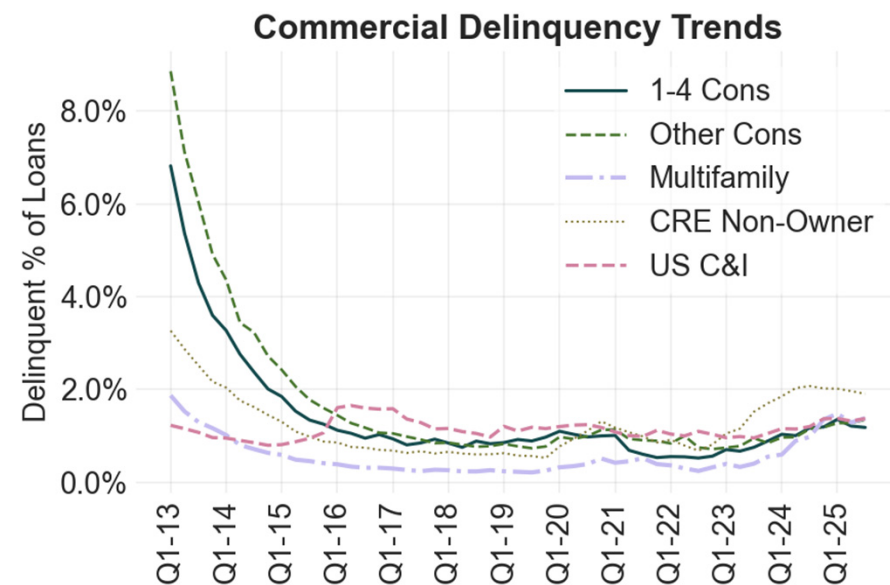
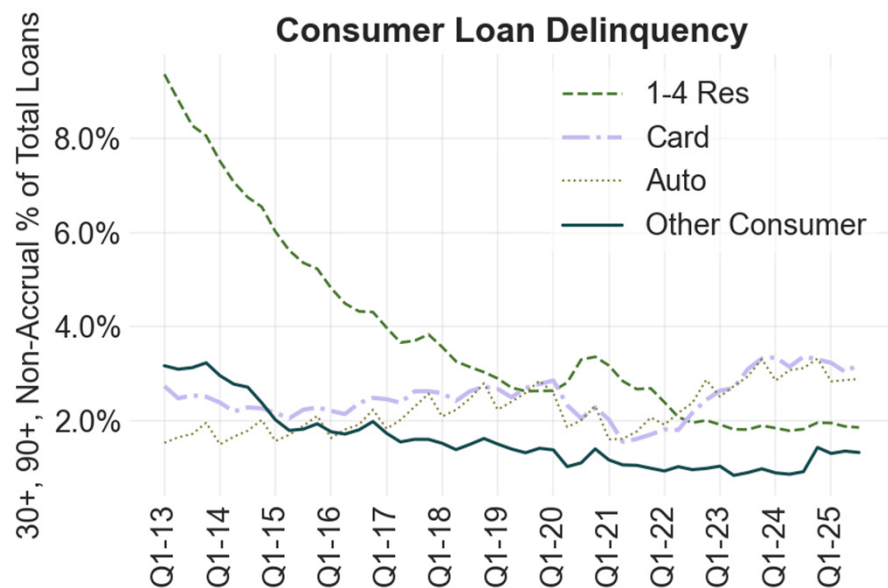


Source: Administrative Office of the U.S. Courts, Board of Governors of the Federal Reserve System, JP Morgan CMBS Research, and Cadwalader, Wickersham & Taft LLP.

# Credit: Delinquencies

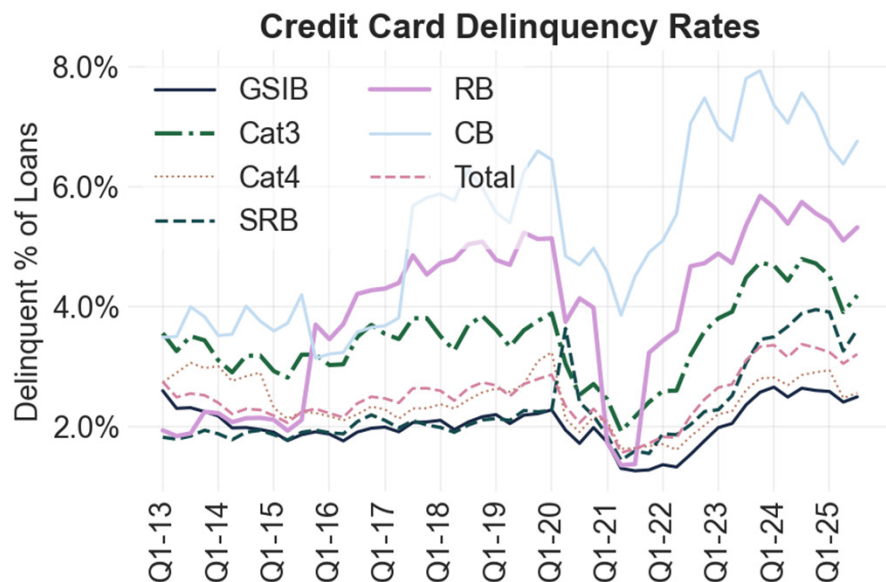


- Delinquencies are emerging from an extraordinarily low base. Industry-wide trends remain low although performance variations are apparent under the surface (following page).
- The total NDFI loan delinquency rate sits at 14 bps, making it the best performing broad asset class at the moment.
- Tepid loan demand in other loan asset classes and the clean performance in NDFI loans to date will likely support further growth in the category.

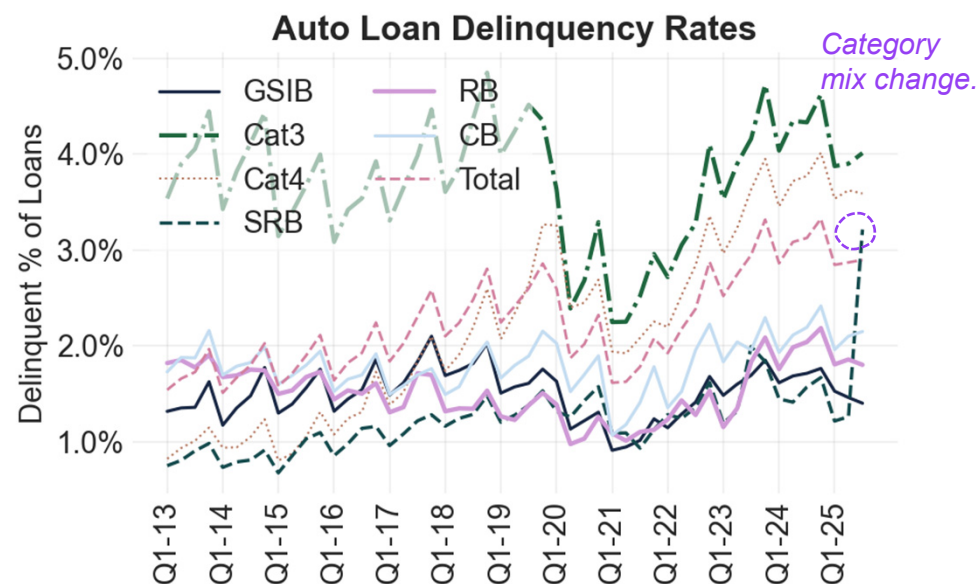
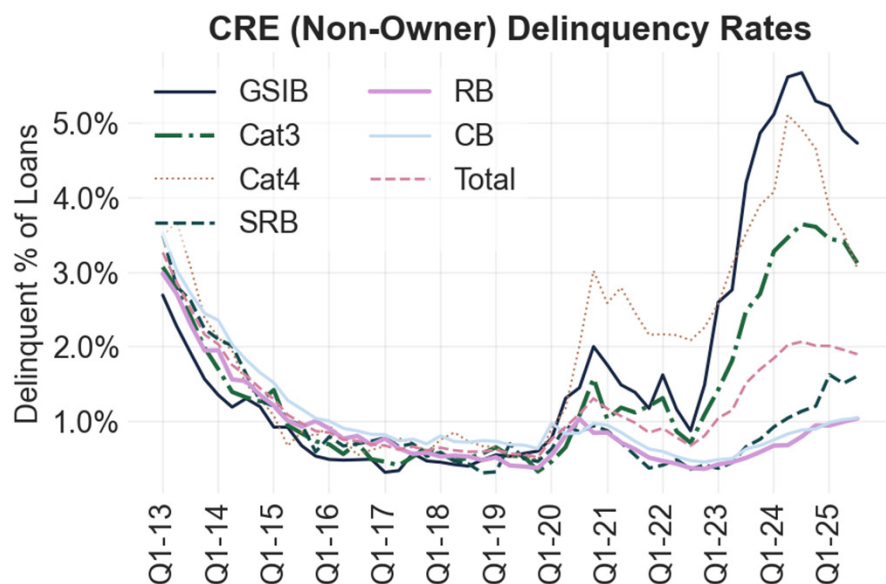


Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

# Credit: Delinquencies (cont'd)

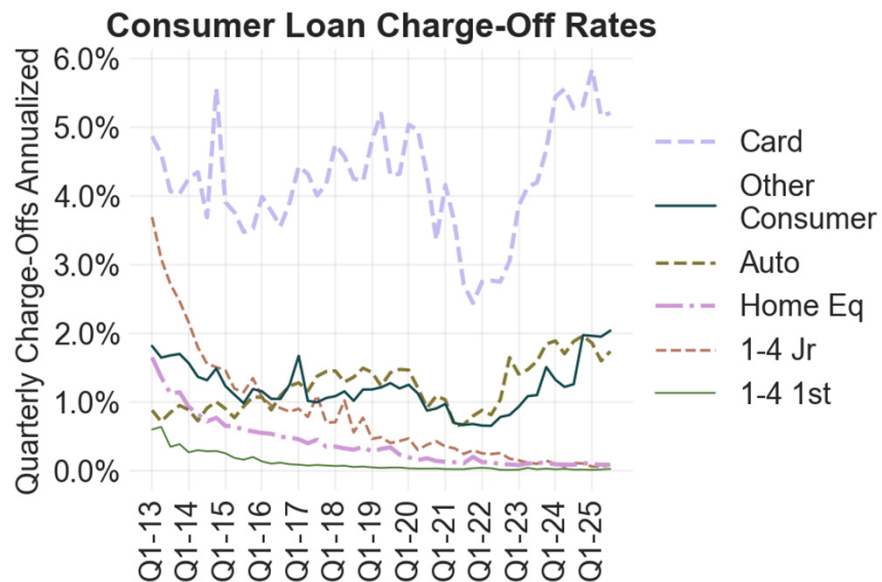


- While delinquencies are moving higher from an extraordinarily low base, signs the bifurcated are becoming apparent in credit card and auto loan delinquency rates.
- Loan performance has been improving in CRE.
- Auto loans show a long-established seasonal year-end rise in delinquency followed by tax-refund driven cure.

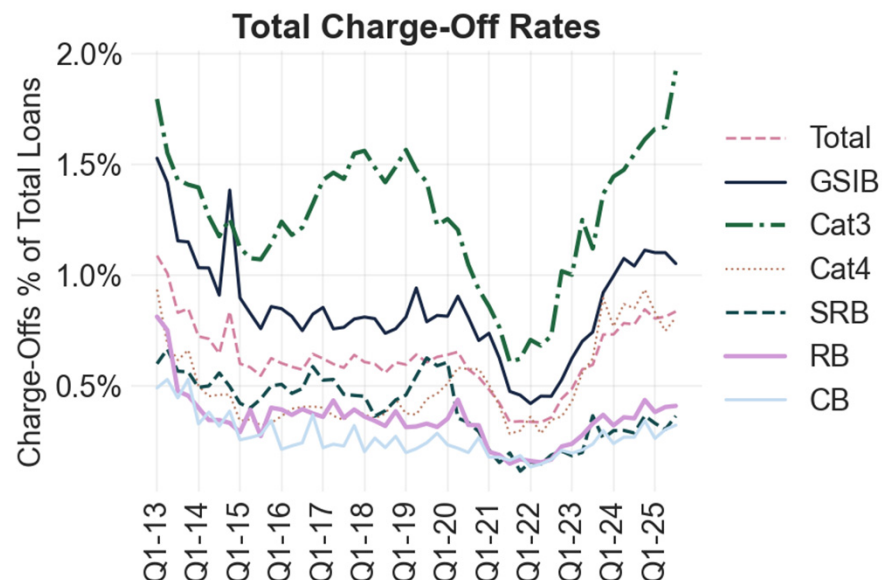
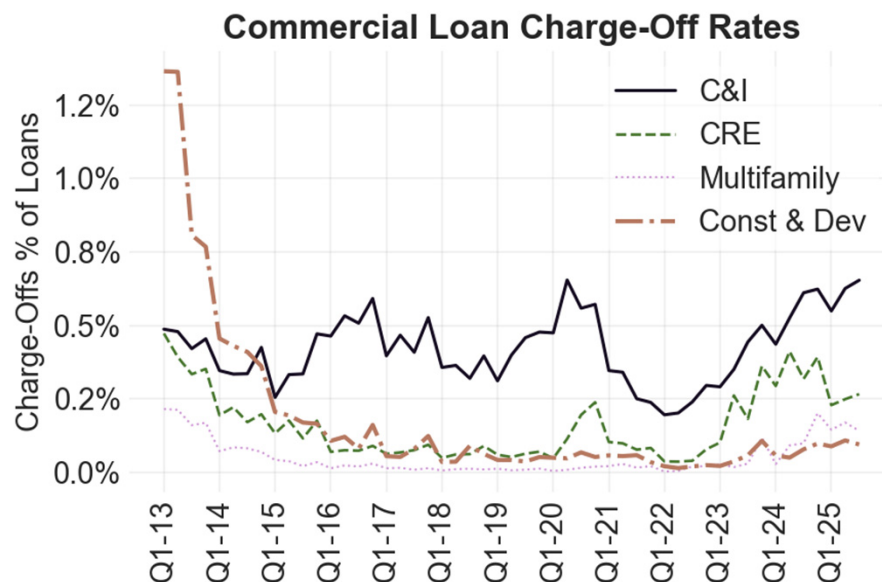


Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

# Credit: Charge-Offs



- Consistent with delinquency rates, charge-offs are emerging from subdued covid-era stimulus driven suppression and moving toward historical norms..
- Again, differences in client base and asset mix is driving divergences in performance by bank size grouping.
- Because we use point-in-time category grouping, mix changes in category constituents can influence the results.



Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

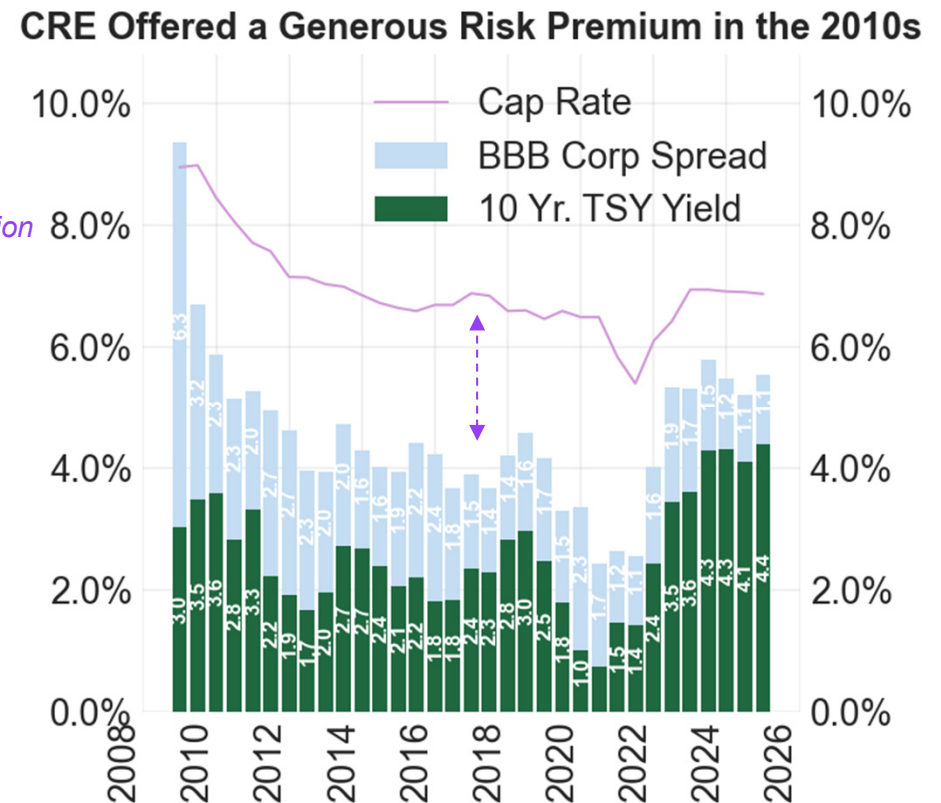
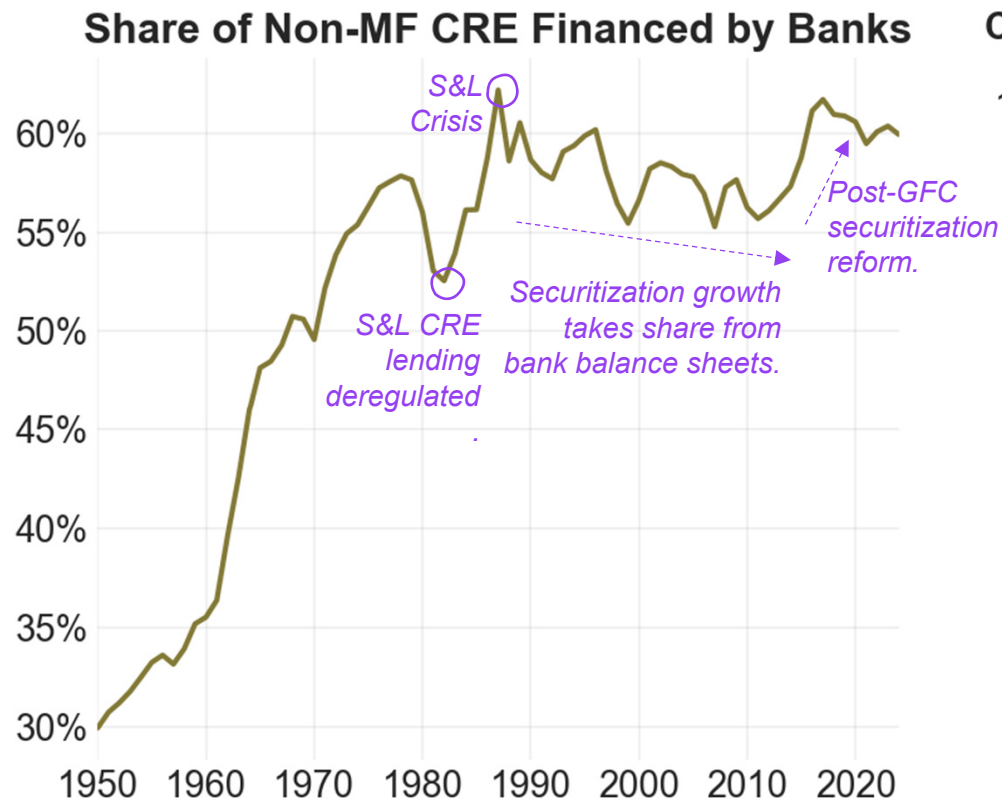
## **Commercial Real Estate**

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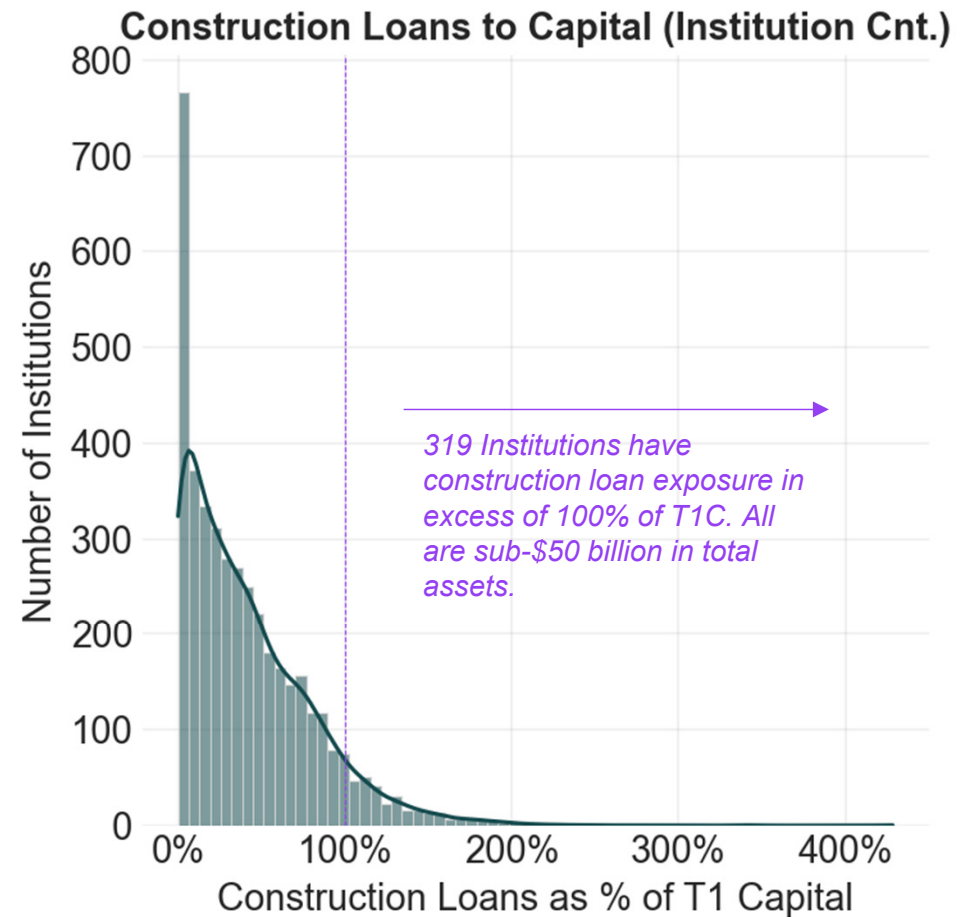
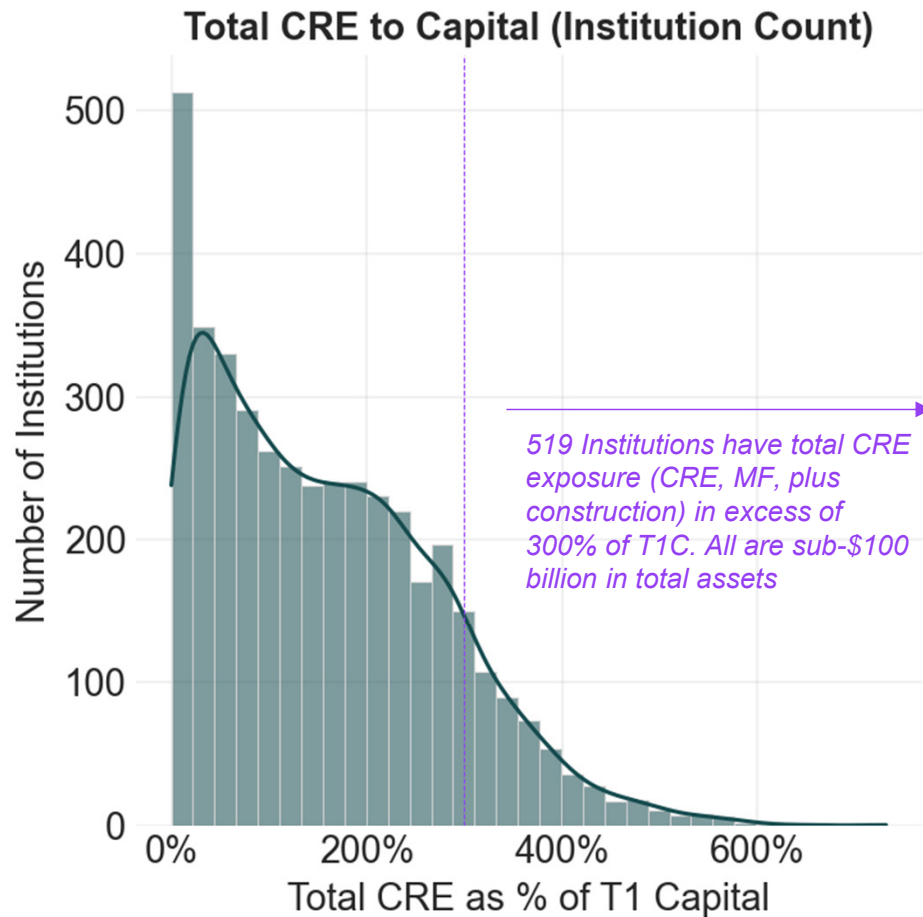
# CRE: Background

- CRE offered an attractive relative value in the 2010s, significantly out-earning many other asset classes as banks worked to solve for NII in a low-rate environment.
- Bank allocation to CRE lending increased over this period.
- Increased CRE loan exposure coincided with a willingness to take on more asset duration in a low-rate environment.



Source: CBRE, Federal Reserve, BankRegData and Cadwalader, Wickersham & Taft LLP.

# CRE: Varied Exposure



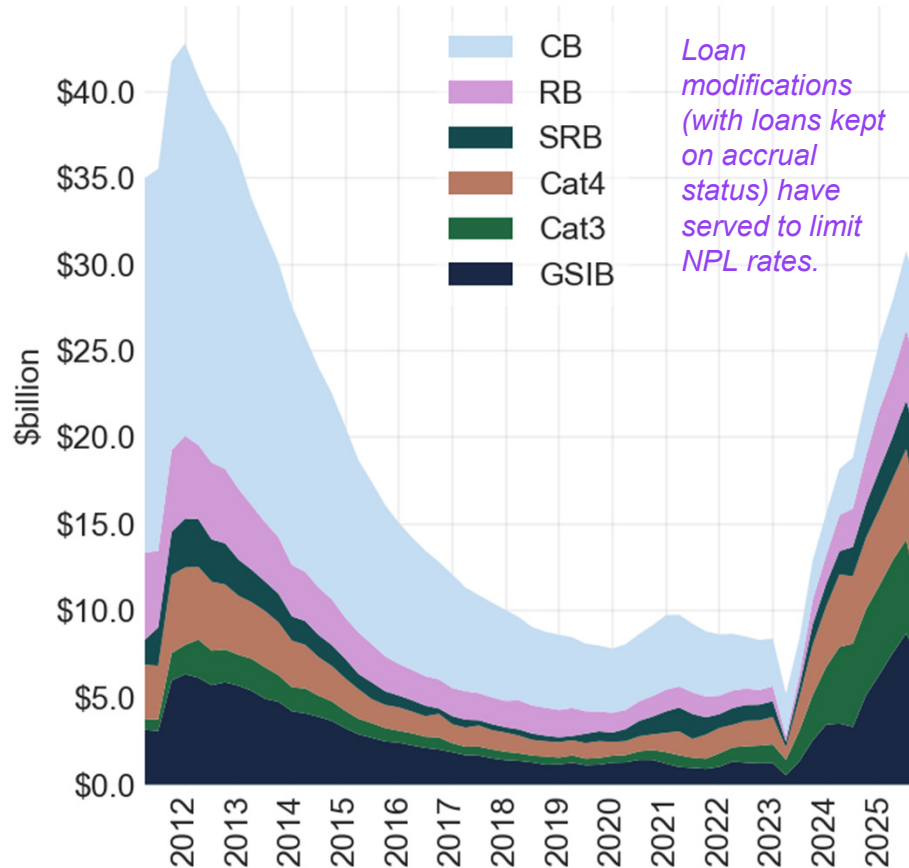
Note: Construction here includes residential.

Source: BankRegData and Cadwalader, Wickersham & Taft LLP.



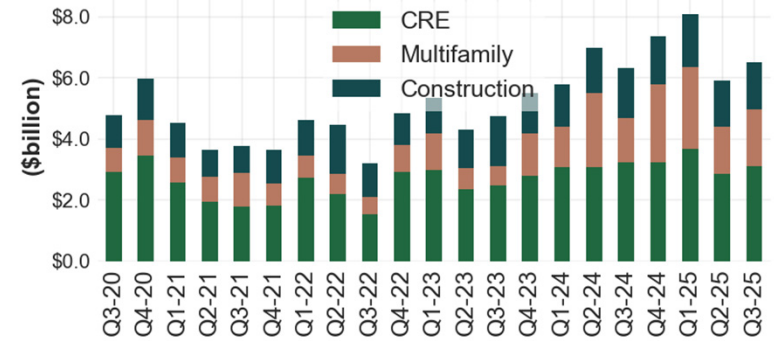
# CRE: Loan Performance

## Total Restructured CRE, MF, Construction Loans

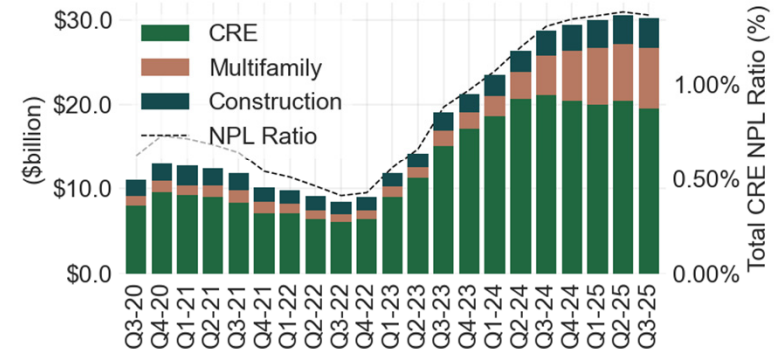


Note: Construction here includes residential; CB restructured totals interpolated for second and fourthquarters.  
Source: BankRegData and Cadwalader, Wickersham & Taft LLP.

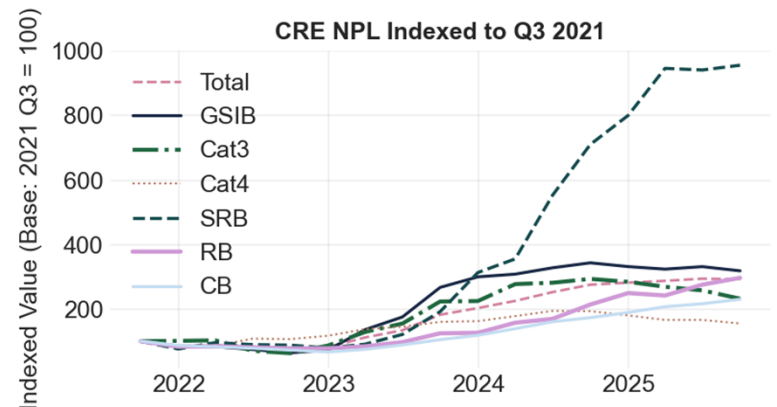
## Newly Delinquent CRE Loans



## CRE Non-Performing Loans



## CRE NPL Indexed to Q3 2021



## **Conclusion**

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# Conclusion

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- Returning to our two main inquiries, what do bank fundamentals tell us about the state of the U.S. economy? Loan growth of 1.9% when excluding the NDFI segment (annualized YTD basis) reflects a bifurcated economy in which overall growth is largely concentrated in a few sectors (e.g., AI-related capex). A similar theme emerges in reported loan demand, and credit performance shows signs of a two-economies theme emerging in card and auto-loan delinquencies.
- What do bank fundamentals tell us about their capacity and willingness to extend credit? Balance sheets and healthy top-line growth, combined with relatively low delinquency and charge-off rates, point to ample lending capacity.
- At the same time, tepid loan demand could signal limited potential for broad-based growth. NDFI loans have attracted significant lending capital, and may continue to do so in light of an overall delinquency rate below 15 bps. Clean loan performance for NDFI loans fit with the short tenure loans and active collateral control mechanisms (e.g., borrowing base eligibility and exclusion criteria) often built into loans in the category, which should support continued expansion in this segment.

# Cadwalader Market Research

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**Chris van Heerden** is the Director of Market Research at Cadwalader, Wickersham & Taft LLP, where he previously served as an attorney in the Fund Finance practice. Chris focuses on combining market intelligence with legal insight to serve the firm's clients. Born in South Africa, Chris has logged previous experience as a research analyst focusing on the Taiwan tech industry and subsequently in covering commercial ABS, CMBS, and commercial real estate. He serves as a director on the Board of New Aberdeen College in Charlotte, NC.

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