DATA DISPATCH

Key US bank credit quality measures hit 3-year lows in Q4 2025

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Market Intelligence

Several key credit quality measures improved in the fourth quarter of 2025, reaching their lowest points in at least three years.

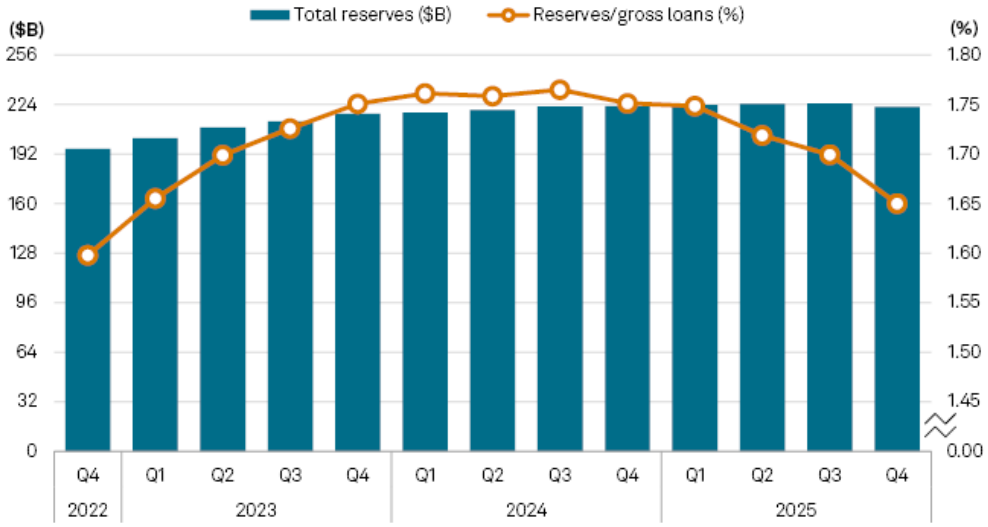
US banks' reserves totaled $222.40 billion in the last quarter of 2025, down from $224.50 billion in the prior quarter. This represented the first time that reserves declined sequentially since the first quarter of 2022.

With a nearly 1% decrease in reserves and a 2% jump in gross loans, the reserves-to-gross loans ratio was 1.65%, the lowest quarterly ratio within a 12-quarter period. The 2025 third-quarter ratio was 1.70%.

Banks' credit quality was stable in the 2025 fourth quarter, a favorable change following volatility in the prior quarter related to nondepository financial institution (NDFI) loans, according to analysts.

"Credit remained remarkably benign by and large. ... Actual loss content just isn't an issue at the moment, and provisioning levels were more tied to the quarter's loan growth rather than a deteriorating credit backdrop," Hovde Group analysts wrote in a Feb. 9 note. "NDFI concerns continue to fade, and no new 'cockroaches' crawled out of the woodwork."

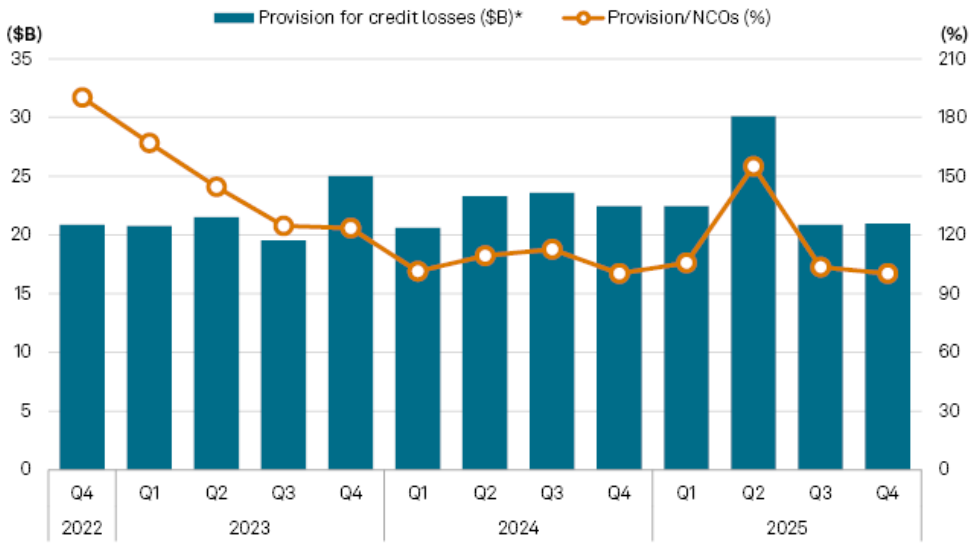
Total reserves at US banks



Data compiled Feb. 11, 2026.
Analysis includes US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.
Data based on regulatory filings.
Source: S&P Global Market Intelligence.
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At Dec. 31, 2025, provisions amounted to $20.94 billion, up 0.4% quarter over quarter, while net charge-offs grew 3.7% to $20.89 billion. That resulted in a provisions-to-net charge-offs ratio of 100.25%, down from 103.58% in the prior quarter, according to S&P Global Market Intelligence data. This was the lowest ratio since the first quarter of 2022, when it was 82.97%.

Credit provision trends at US banks



Data compiled Feb. 11, 2026.
NCOs = net charge-offs.
Analysis includes US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.
* Includes credit loss provisions for all financial assets and off-balance-sheet credit exposures.
Source: S&P Global Market Intelligence.
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Of the selected banks that reported the biggest sequential increases in their reserves-to-gross loans ratios in the fourth quarter of 2025, some have bank holding companies that recently completed acquisitions.

Needham Bank reported the biggest jump at 49 basis points, reaching 1.40%. The bank's parent, NB Bancorp Inc., acquired Provident Bancorp Inc. in November 2025.

Eastern Bank booked an 18-basis-point rise in its ratio in the same quarter its parent, Eastern Bankshares Inc., acquired HarborOne Bancorp Inc. The deal contributed to an increase in Eastern Bankshares' nonperforming loans and reserves for those loans, according to an earnings release.

Seacoast National Bank's ratio ticked up 7 bps in the fourth quarter of 2025, the same period as Seacoast Banking Corp. of Florida closed its acquisition of Villages Bancorp Inc.

EagleBank also recorded a 7-bps ratio increase, but its provision for credit losses dropped by $97.4 million. EagleBank parent Eagle Bancorp Inc. faced persistent credit quality issues in 2025 but is optimistic going into 2026.

"Over the course of [2025], we took actions to diversify our balance sheet, reduce risk and strengthen the overall quality of the franchise. ... As we enter the new year, our focus shifts from remediation to execution, we are operating with a stronger foundation, improved asset quality and a more disciplined funding approach," Eagle President and CEO Susan Riel said during an earnings call.

SMBC MANUBANK posted the largest quarter-over-quarter reserves-to-gross loans ratio decrease of 348 bps, followed by Goldman Sachs Bank USA with a 114-bps decline. Goldman Sachs Bank parent Goldman Sachs Group Inc. had a reserve release connected with its Apple Card portfolio transition, which positively impacted fourth-quarter 2025 results on net, CFO Denis Coleman said during an earnings call.

Two of the banks with the biggest ratio declines sold equipment finance books in the fourth quarter of 2025.

Midland States Bank's ratio slipped 48 bps, mainly fueled by the sale of its equipment finance portfolio, according to an earnings release. At Simmons Bank, the ratio fell 22 bps after an equipment finance portfolio sale.

Simmons Bank parent Simmons First National Corp. also resolved two problem credits and conducted a deep-dive analysis of its nonperforming loans, resulting in credit quality optimism.

"I feel credit is very stable right now," Simmons First President and CEO James Brogdon said during an earnings call.

US banks with the most QOQ change in reserves-to-gross loans ratio, Q4 2025

Sorted by most QOQ change in reserves-to-gross loans ratio and then by total assets

		Reserves/gross loans			Provision for credit losses[1]		
Company (top-level ticker)	Total assets ($B)	QOQ change (bps)	YOY change (bps)	(%)	($M)	QOQ change ($M)	Provision/ NCOs (%)
Largest QOQ percentage increase							
Needham Bank (NBBK)[2,3]	6.93	49	51	1.40	-1.1	-2.5	NM
Merrick Bank	9.25	40	-138	15.33	293.8	-4.7	124.8
WEX Bank (WEX)	8.45	26	11	1.62	15.1	3.0	126.3
Mizuho Bank (USA) (8411)[4]	5.50	26	18	0.36	2.6	3.8	NM
Eastern Bank (EBC)[3]	30.58	18	15	1.44	5.7	-2.1	58.5
Cross River Bank	8.06	15	8	2.23	19.1	-12.9	348.7
USAA Federal Savings Bank	107.99	9	39	4.22	308.0	67.0	133.9
Barclays Bank Delaware (BARC)	47.61	9	-3	7.21	457.0	39.0	150.3
Israel Discount Bank of New York (DSCT)	14.43	9	15	0.95	14.8	12.0	180.9
Toyota Financial Savings Bank (7203)	15.43	8	49	0.92	16.6	-0.5	714.6
Beal Bank USA[2]	14.51	8	28	1.05	7.3	5.7	NM
Seacoast National Bank (SBCF)[3,5]	20.83	7	7	1.41	30.1	21.6	NM
EagleBank (EGBN)	10.45	7	73	2.17	15.8	-97.4	128.8
Centier Bank	9.66	6	15	1.24	3.4	-0.2	528.8
Poppy Bank[5]	7.59	6	3	1.66	5.0	1.0	NM
Pathward NA (CASH)[2]	7.56	6	-44	1.16	3.2	9.7	NM
TBK Bank SSB (TFIN)	6.38	6	-17	0.73	-2.0	-6.3	41.7
Largest QOQ percentage decrease							
SMBC MANUBANK (8316)	7.68	-348	-373	1.20	31.2	20.1	16.0
Goldman Sachs Bank USA (GS)[2]	645.00	-114	-142	0.64	-2,086.0	-2,464.0	NM
Comenity Bank (BFH)	7.76	-60	-68	11.40	120.9	25.8	107.6
Comenity Capital Bank (BFH)	13.63	-51	-66	11.45	251.7	48.2	112.4
Midland States Bank (MSBI)	6.50	-48	-43	1.59	11.6	-8.4	26.7
Sallie Mae Bank (SLM)[2]	29.73	-29	-12	6.32	-19.4	-198.7	NM
Synchrony Bank (SYF)	112.12	-28	-29	10.17	1,421.0	282.0	106.3
Santander Bank NA (SAN)[6]	104.15	-25	-29	2.27	86.8	6.7	82.7
First National Bank of Omaha (FINN)[3]	34.57	-23	-11	3.86	128.6	4.3	100.0
Simmons Bank (SFNC)	24.50	-22	-10	1.28	15.1	3.2	31.0
Amerant Bank NA (AMTB)	9.76	-19	1	1.18	3.5	-11.1	18.9
Woodforest National Bank	9.25	-19	-12	1.34	12.0	3.0	48.7
LendingClub Bank NA (LC)	11.47	-18	15	4.24	47.2	0.9	117.7
CFG Bank	5.74	-16	-13	1.39	1.8	1.1	51.6
First Internet Bank of Indiana (INBK)	5.55	-16	38	1.44	12.0	-22.8	74.7
Industry aggregate[7]		**-5**	**-10**	**1.65**			**100.3**

Data compiled Feb. 11, 2026.

NCOs = net charge-offs; NM = not meaningful.

Analysis includes US commercial banks, savings banks, and savings and loan associations with more than $5 billion in total assets and loans-to-deposits ratio greater than 40% as of Dec. 31, 2025. Nondepository trusts and companies with a foreign banking organization charter are excluded.

[1] Includes credit loss provisions for all financial assets and off-balance-sheet credit exposures.

[2] Provision-to-NCOs ratio for the fourth quarter of 2025 was negative.

[3] The parent company of the bank completed a whole-bank deal in 2025.

[4] The company reported zero net charge-off in the fourth quarter of 2025.

[5] Provision-to-NCOs ratio for the fourth quarter of 2025 was more than 1,000%.

[6] Banco Santander SA announced the acquisition of Webster Financial Corp. on Feb. 3, 2026.

[7] Represents aggregate data for US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

Tickers based on top-level entities' home country stock exchanges.

Data based on regulatory filings.

Source: S&P Global Market Intelligence.

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