



# Supervision and Regulation Report



June 2026

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM



The Federal Reserve is the central bank of the United States. It performs five key functions to promote the effective operation of the U.S. economy and, more generally, the public interest.

#### The Federal Reserve

- **conducts the nation's monetary policy** to promote maximum employment and stable prices in the U.S. economy;
- **promotes the stability of the financial system** and seeks to minimize and contain systemic risks through active monitoring and engagement in the U.S. and abroad;
- **promotes the safety and soundness of individual financial institutions** and monitors their impact on the financial system as a whole;
- **fosters payment and settlement system safety and efficiency** through services to the banking industry and U.S. government that facilitate U.S.-dollar transactions and payments; and
- **promotes consumer protection and community development** through consumer-focused supervision and examination, research and analysis of emerging consumer issues and trends, community economic development activities, and administration of consumer laws and regulations.

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# Preface

The Federal Reserve Board publishes its *Supervision and Regulation Report* to inform the public and provide transparency about its supervisory and regulatory policies and actions, as well as current banking conditions. Previous reports are available at <https://www.federalreserve.gov/publications/supervision-and-regulation-report.htm>.

For more information on how the Federal Reserve promotes the safety and soundness of individual financial institutions and the financial system, see *The Fed Explained: What the Central Bank Does* at <https://www.federalreserve.gov/aboutthefed/the-fed-explained.htm> and visit the Supervision and Regulation webpage on the Board's public website at <https://www.federalreserve.gov/supervisionreg.htm>.

This report focuses on developments in four areas:

1. [Banking System Conditions](#) provides an overview of the financial condition of the banking sector.
2. [Regulatory Developments](#) outlines the Federal Reserve's recent regulatory policy work.
3. [Supervisory Developments](#) highlights the Federal Reserve's current supervisory programs and priorities.
4. [Bank Applications and M&A](#) provides details on the Federal Reserve's review of applications and mergers and acquisitions activity.



## Abbreviations

<b>AFS</b>	available-for-sale
<b>AML</b>	anti-money laundering
<b>BHC</b>	bank holding company
<b>BSA</b>	Bank Secrecy Act
<b>CA</b>	Consumer Affairs
<b>CAMELS ratings</b>	Capital, Asset quality, Management, Earnings, Liquidity, and Sensitivity to market risk ratings
<b>CBLR</b>	community bank leverage ratio
<b>CBO</b>	community banking organization
<b>CDS</b>	credit default swap
<b>CET1</b>	common equity tier 1
<b>CRE</b>	commercial real estate
<b>C&amp;I</b>	commercial and industrial
<b>FBO</b>	foreign banking organization
<b>FFIEC</b>	Federal Financial Institutions Examination Council
<b>GSIB</b>	global systemically important banking organization
<b>LBO</b>	large banking organization
<b>LCR</b>	liquidity coverage ratio
<b>LFBO</b>	large and foreign banking organization
<b>LFI</b>	large financial institution
<b>MRA</b>	matter requiring attention
<b>MRIA</b>	matter requiring immediate attention
<b>M&amp;A</b>	merger and acquisition
<b>NDFI</b>	non-depository financial institution
<b>RBO</b>	regional banking organization
<b>RFBO</b>	regional and foreign banking organizations
<b>RFI ratings</b>	Risk management, Financial condition, and Impact ratings
<b>ROCA ratings</b>	Risk management, Operational controls, Compliance, and Asset quality ratings

<b>RRE</b>	residential real estate
<b>SLHC</b>	savings and loan holding company
<b>SMB</b>	state member bank
<b>SSOP</b>	Statement of Supervisory Operating Principles
<b>SR</b>	Supervision and Regulation
<b>TCE</b>	tangible common equity

# Introduction

## **The U.S. Banking System Remains Strong**

The U.S. banking system continues to maintain strong capital and liquidity levels while maintaining strong profitability and healthy loan growth. U.S. banks are well positioned to continue to support a growing economy.

## **The Federal Reserve Continues to Enhance Its Regulatory Framework Through Bank Capital Reform, Innovation, and Modernization**

In March 2026, the Federal Reserve and the other two prudential banking regulators proposed targeted revisions to modernize the regulatory capital framework for banks of all sizes. The proposals streamline Basel III requirements, the U.S. standardized approach capital requirements, and the GSIB surcharge framework. These changes ensure that the largest and most complex institutions maintain strong capital buffers under a range of economic conditions to support the safety and soundness of the banking system. In October 2025, the Board requested comment on additional proposals to increase the transparency and public accountability of the stress tests, and it is currently reviewing feedback on these proposals. In November 2025, the Board and the other two prudential regulators finalized changes to the enhanced supplementary leverage ratio standards to reduce disincentives banks may have to engage in lower-risk activities, such as intermediating in the U.S. Treasury markets.

On innovation, the Federal Reserve has emphasized a transparent, risk-focused approach that supports responsible technological advancement while reinforcing core supervisory principles. The Board has updated and clarified its supervisory expectations for novel activities and is working toward proposing a rule to implement the Guiding and Establishing National Innovation for U.S. Stablecoins Act. The Federal Reserve has also removed “reputational risk” as a standalone supervisory consideration.

## **The Federal Reserve Is Enhancing the Effectiveness of Its Supervisory Process**

The Federal Reserve has taken a number of steps to enhance the effectiveness, efficiency, fairness, transparency, and public accountability of supervision. In October 2025, it issued a

Statement of Supervisory Operating Principles (SSOP).<sup>1</sup> The SSOP included a number of principles designed to strengthen supervision. Among other things, it directed examiners to focus their attention on deficiencies that created a significant threat to a firm’s safety and soundness and to give less priority to procedural or documentation shortcomings. The Federal Reserve published the SSOP in November 2025 to promote supervisory transparency and public accountability. In May 2026, the Federal Reserve published an updated SSOP to provide guidance on issues that were not addressed in the original statement and to clarify some of the original guidance in response to feedback.<sup>2</sup>

The Board has also reformed its supervisory ratings framework to focus on material financial risks. In December 2025, the Board finalized revisions to the large financial institution (LFI) rating framework to better identify “well-managed” firms.<sup>3</sup> In addition, the Federal Financial Institutions Examination Council (FFIEC) proposed changes to the CAMELS rating framework to ensure supervisory ratings reflect an institution’s overall condition and safety and soundness.<sup>4</sup>

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<sup>1</sup> See Board of Governors of the Federal Reserve System, “Statement of Supervisory Operating Principles,” October 29, 2025, <https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20251118a1.pdf>.

<sup>2</sup> See Board of Governors of the Federal Reserve System, “Updated Statement of Supervisory Operating Principles,” April 21, 2026, <https://www.federalreserve.gov/supervisionreg/updated-statement-of-supervisory-operating-principles.htm>.

<sup>3</sup> See Board of Governors of the Federal Reserve System, “Large Financial Institution (LFI) Rating System,” SR letter 19-3/CA letter 19-2 (February 26, 2019), <https://www.federalreserve.gov/supervisionreg/srletters/sr1903.htm>, and Revisions to the Large Financial Institution Rating System and Framework for the Supervision of Insurance Organizations, 90 Fed. Reg. 51,329 (effective January 16, 2026), <https://www.federalregister.gov/documents/2025/11/17/2025-19945/revisions-to-the-large-financial-institution-rating-system-and-framework-for-the-supervision-of>.

<sup>4</sup> See Federal Financial Institutions Examination Council, “Agencies Request Comment on Financial Institutions Rating System,” press release, May 19, 2026, <https://www.ffiec.gov/news/press-releases/2026/pr-05-19>.

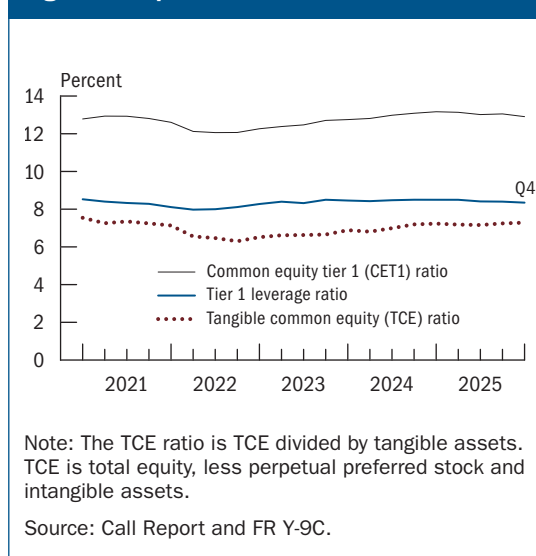
# Banking System Conditions

## Capital Levels Remain Strong

The vast majority of banking organizations continue to report capital levels well above applicable regulatory requirements through year-end 2025. As of the fourth quarter, over 99 percent of all banks were well capitalized. Aggregate common equity tier 1 (CET1) risk-based capital ratios were about 13 percent for both large and small banks, which is roughly the same level from a year earlier. The aggregate tier 1 leverage ratio also held steady through 2025 (figure 1).

The tangible common equity (TCE) ratio, which measures bank capital after adjusting for the market value of available-for-sale (AFS) securities, increased slightly in the second half of 2025.<sup>5</sup> Aggregate TCE ended the year at a high of \$2.23 trillion. The increase in TCE partially resulted from a recovery in bank unrealized losses on AFS securities. As of the fourth quarter of 2025, unrealized losses on AFS securities trended downwards to \$98 billion, ending the year at less than one-third of peak levels observed in 2022 (figure 2).

**Figure 1. Capital ratios**

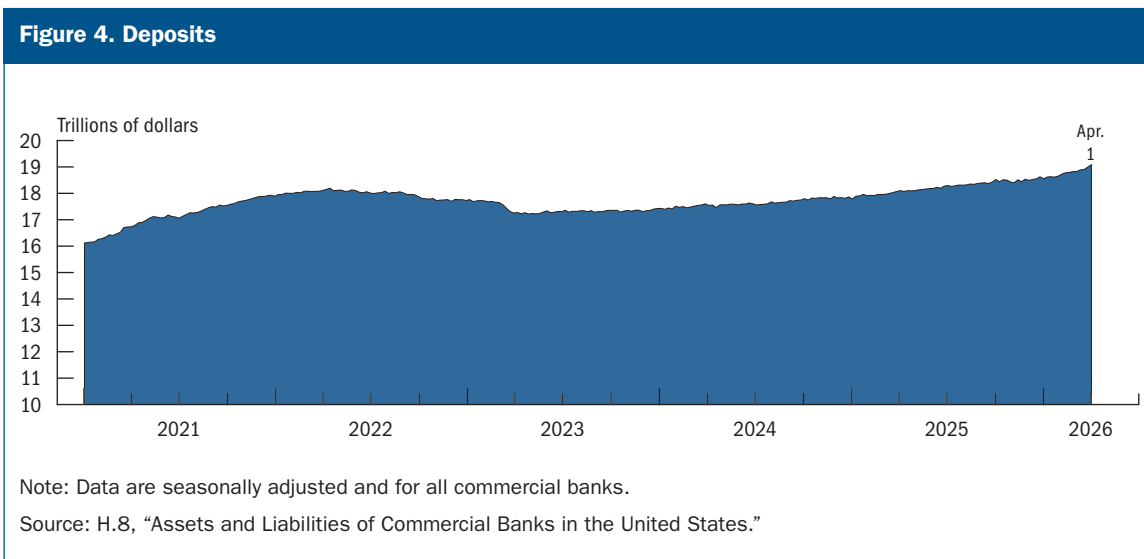
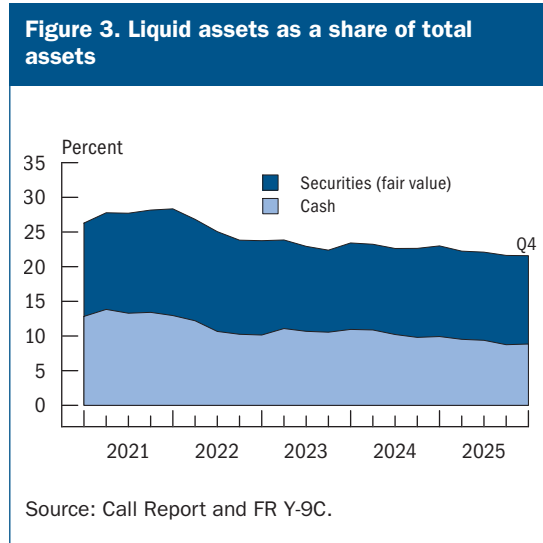
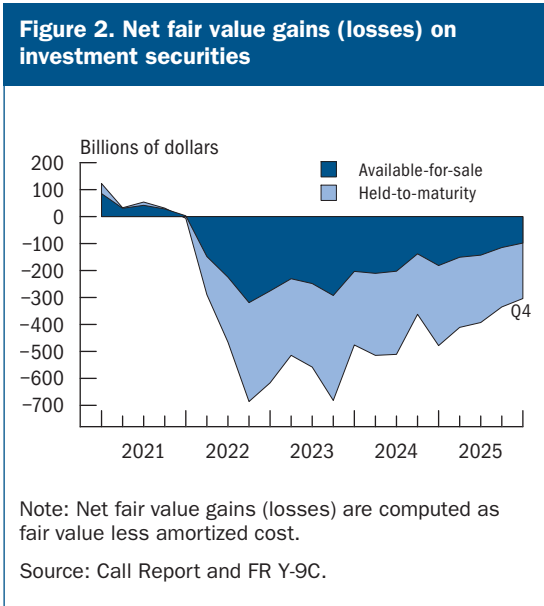


## Liquidity and Funding Conditions Shifted Slightly but Remain Solid

Aggregate liquidity levels were solid as of year-end 2025. Banking organizations subject to the liquidity coverage ratio (LCR) requirement maintained liquidity levels well above regulatory requirements. Liquid asset levels declined modestly, driven by lower holdings of reserve balances, yet remained robust across the industry (figure 3).

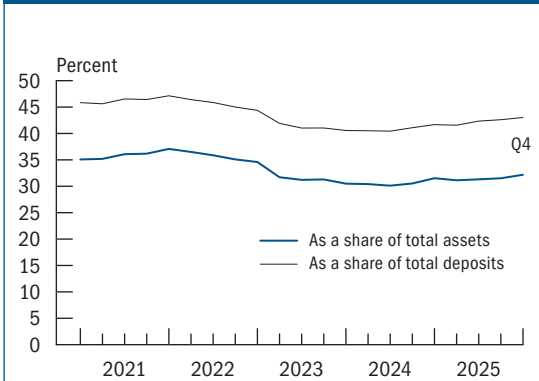
Deposits at commercial banks continued to grow, with aggregate deposits reaching a historical high of \$19.5 trillion by February 2026 (figure 4). Meanwhile, uninsured deposits, both as a

<sup>5</sup> In contrast to TCE, only the largest banks are required to include changes in the fair value of available-for-sale securities in CET1 capital.



percentage of total assets and as a percentage of total deposits, increased slightly from their recent lows in 2023 and 2024 but remained below 2022 levels (figure 5). Reliance on wholesale funding, which can be more costly and less stable than core deposits, fell slightly in the second half of 2025, but remained above 2022 levels (figure 6).

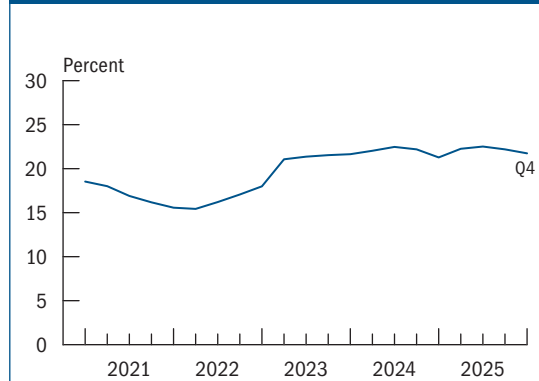
**Figure 5. Uninsured deposits as a share of total assets and deposits**



Note: Uninsured deposits are as reported or calculated using schedule RC-O Memoranda items of the Call Report.

Source: Call Report.

**Figure 6. Wholesale funding as a share of total assets**



Note: Wholesale funding is defined as the sum of brokered deposits under \$250,000, federal funds purchased, securities sold under agreement to repurchase, subordinated notes and debentures, and other borrowed money.

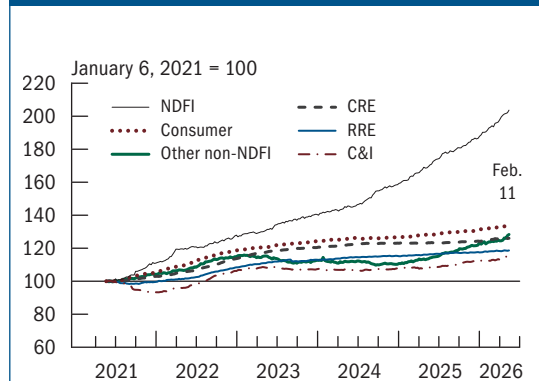
Source: Call Report and FR Y-9C.

## Loan Growth Was Strong. Delinquencies Increased Slightly Across Several Loan Categories in 2025.

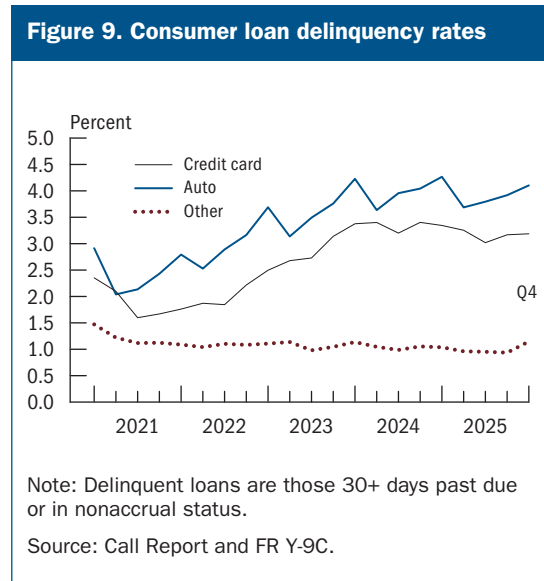
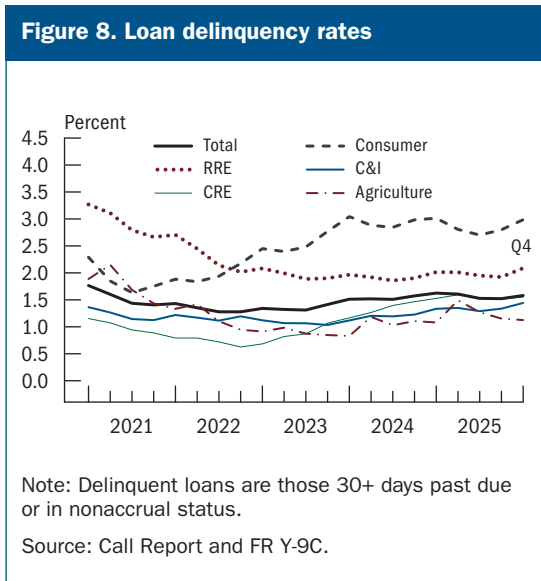
Loan balances continued to grow steadily throughout 2025, ending the year 5.6 percent higher than a year earlier. All major loan categories expanded over this period (figure 7). Commercial and industrial (C&I) loan growth accelerated in the second half of 2025 while commercial real estate (CRE) loans grew modestly. Loans to non-depository financial institutions (NDFI) continued to expand as banks partnered with nonbank financial entities, including private equity funds and mortgage, commercial, and consumer credit intermediaries, and warehouse lending facilities and lines of credit.

While loan growth remained steady, loan delinquency rates increased slightly across several loan categories in 2025. Consumer, CRE, C&I, and residential real estate (RRE) loans all showed slightly higher delinquency rates by the end of 2025, generally consistent with year-earlier levels (figure 8). Increases in these categories brought the total loan

**Figure 7. Loan growth by type**



Source: H.8, "Assets and Liabilities of Commercial Banks in the United States."



delinquency rate slightly upward, to 1.6 percent, which is below the long-run historical average delinquency rate of about 3 percent.

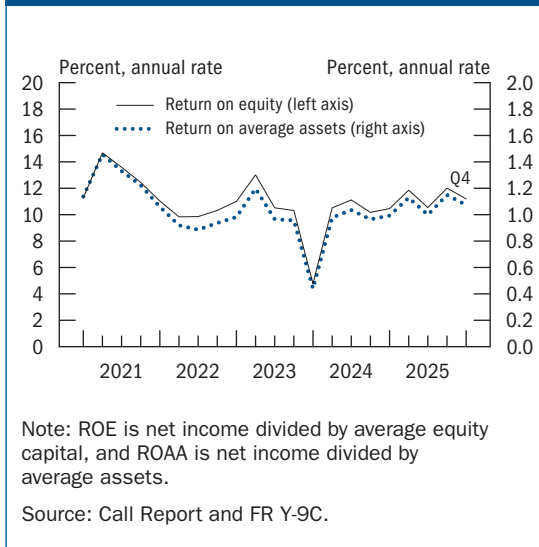
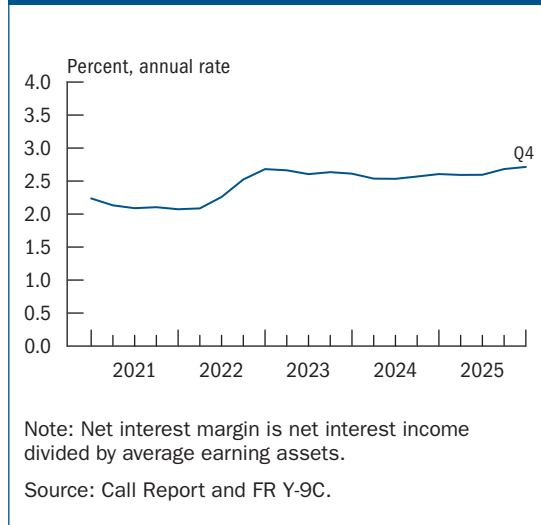
The Federal Reserve closely monitors bank exposures to NDFIs. Though regulatory data shows limited delinquencies in this category, several high-profile NDFI defaults have led to concern about the private credit sector. Supervisory work shows that some banks are revisiting collateral management practices for these exposures.

Consumer loan delinquencies declined throughout most of 2025 but increased moderately in the last two quarters. While delinquencies for auto and credit card loans rose over the last half of 2025, both categories ended the year at lower levels than the previous year, reflecting overall improvement (figure 9).

## Banks Saw Healthy Profitability in the Second Half of 2025

Return on average assets and return on equity were about 1.1 percent and 11.2 percent, respectively, at the end of 2025 (figure 10), similar to recent historical experience. Aggregate net interest margins increased slightly, partly due to the decline in the cost of funding (figure 11).<sup>6</sup>

<sup>6</sup> Net interest margin measures the difference between interest income and interest expense, relative to interest-earning assets.

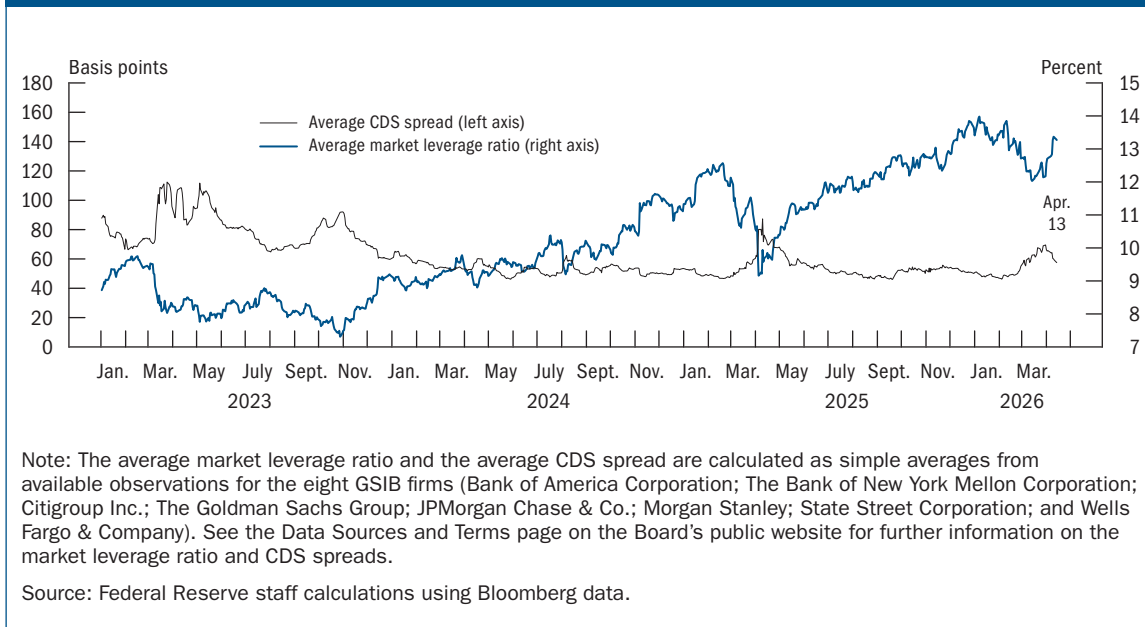
**Figure 10. Return on average assets (ROAA) and return on equity (ROE)****Figure 11. Aggregate net interest margin**

## Market Indicators of Large Banks Showed Market Confidence

Market assessments of bank risk, including the market leverage ratio and credit default swap (CDS) spreads, provide a forward-looking assessment of a bank's financial strength. The market leverage ratio measures a bank's financial position based on the ratio of its market capitalization to the sum of market capitalization and the book value of liabilities. A lower price for the bank's stock reduces the market leverage ratio, while a higher price for the bank's stock increases the ratio. A higher market leverage ratio generally indicates a higher degree of market confidence in a bank's financial strength. As a complement to the market leverage ratio, CDS spreads track the price of insurance against a default by a given bank. If a bank's CDS spread increases, it means the market has lower confidence in the bank's creditworthiness. Conversely, lower CDS spreads indicate higher market confidence in a bank's creditworthiness.<sup>7</sup>

Average CDS spreads for the largest banks ended 2025 near their lowest levels since 2015 but rose in March and April 2026 (figure 12). The market leverage ratio increased steadily through year-end 2025. The market leverage ratio currently sits near its 10-year high despite some movement in early 2026. The improvement in the market leverage ratio is partially attributable to strong stock market performance.

<sup>7</sup> For additional information on the market indicators, see the Data Sources and Terms page on the Board's public website at <https://www.federalreserve.gov/publications/2025-december-supervision-and-regulation-report-data-sources-terms.htm>.

**Figure 12. Average market leverage ratio and average credit default swap (CDS) spread (daily)**

## First Quarter 2026 Financial Results at Large Banks

Large banks reported strong first quarter 2026 earnings.<sup>8</sup> Aggregate return on equity rose to 14 percent from 12 percent in the fourth quarter of 2025. The quarter-over-quarter increase was driven by growth in noninterest income, reflecting record capital markets revenues and higher wealth management and payments fees. This growth more than offset higher operating expenses and credit loss provisions, while net interest income remained flat quarter-over-quarter.

Nonperforming loan, loan loss, and credit loss reserve ratios declined slightly in the first quarter of 2026 at most large banks, citing U.S. economic resiliency and enhanced oversight of private credit exposures.

Balance sheets expanded in the first quarter of 2026 at most large banks, reflecting growth in cash, reverse repos, trading assets, and loans. Loan growth was driven by commercial and industrial lending and funded by deposit growth.

<sup>8</sup> This section is based on a sample of 24 large banks that includes Ally Financial Inc.; American Express Company; Bank of America Corporation; The Bank of New York Mellon Corporation; Capital One Financial Corporation; The Charles Schwab Corporation; Citigroup Inc.; Citizens Financial Group, Inc.; Fifth Third Bancorp; First Citizens BancShares, Inc.; The Goldman Sachs Group, Inc.; Huntington Bancshares Incorporated; JPMorgan Chase & Co.; KeyCorp; M&T Bank Corporation; Morgan Stanley; Northern Trust Corporation; The PNC Financial Services Group, Inc.; Regions Financial Corporation; State Street Corporation; Synchrony Financial; Truist Financial Corporation; U.S. Bancorp; and Wells Fargo & Company. Data are unadjusted for mergers and acquisitions.

The aggregate CET1 capital ratio for large banks at the end of the first quarter of 2026 was 12 percent. Most banks reported quarter-over-quarter declines in CET1 capital ratios, as shareholder distributions and growth in risk-weighted assets outweighed incremental earnings, though all large banks remained well capitalized.



# Regulatory Developments

The Federal Reserve has taken several regulatory and policy actions since the publication of the December 2025 *Supervision and Regulation Report*. Key actions are detailed in [table 1](#). All Supervision and Regulation (SR) and Consumer Affairs (CA) letters are available on the Federal Reserve Board's public website.<sup>9</sup>

<b>Table 1. Federal Reserve or interagency rulemakings (proposed and final), statements, and other regulatory developments</b>	
From 11/26/2025 - 5/19/2026	
<b>Date issued</b>	<b>Development</b>
12/15/2025	Agencies announce dollar thresholds for smaller loan exemption from appraisal requirements for higher-priced mortgage loans. Press release: <a href="https://www.federalreserve.gov/newsevents/pressreleases/bcreg20251215b.htm">https://www.federalreserve.gov/newsevents/pressreleases/bcreg20251215b.htm</a>
12/17/2025	Federal Reserve Board withdraws 2023 policy statement and issues new policy statement regarding the treatment of certain Board-supervised banks that facilitates responsible innovation. Press release: <a href="https://www.federalreserve.gov/newsevents/pressreleases/bcreg20251217a.htm">https://www.federalreserve.gov/newsevents/pressreleases/bcreg20251217a.htm</a>
12/18/2025	Federal Reserve Board publishes first of several staff manuals for the supervision of the largest and most complex banks. Press release: <a href="https://www.federalreserve.gov/newsevents/pressreleases/bcreg20251218a.htm">https://www.federalreserve.gov/newsevents/pressreleases/bcreg20251218a.htm</a>
1/12/2026	Agencies issue 2025 Shared National Credit Program report. Joint press release: <a href="https://www.federalreserve.gov/newsevents/pressreleases/bcreg20260112a.htm">https://www.federalreserve.gov/newsevents/pressreleases/bcreg20260112a.htm</a>
2/4/2026	Federal Reserve Board finalizes hypothetical scenarios for its annual stress test and votes to maintain the current stress test-related capital requirements until public feedback can be considered. Press release: <a href="https://www.federalreserve.gov/newsevents/pressreleases/bcreg20260204a.htm">https://www.federalreserve.gov/newsevents/pressreleases/bcreg20260204a.htm</a>
2/23/2026	Following earlier actions to remove reputation risk from its supervision of banks, Federal Reserve Board requests comment on proposal to codify that removal. Press release: <a href="https://www.federalreserve.gov/newsevents/pressreleases/bcreg20260223a.htm">https://www.federalreserve.gov/newsevents/pressreleases/bcreg20260223a.htm</a>
3/5/2026	Agencies clarify the capital treatment of tokenized securities. Joint press release: <a href="https://www.federalreserve.gov/newsevents/pressreleases/bcreg20260305a.htm">https://www.federalreserve.gov/newsevents/pressreleases/bcreg20260305a.htm</a>
3/19/2026	Agencies request comment on proposals to modernize the regulatory capital framework and maintain the strength of the banking system. Joint press release: <a href="https://www.federalreserve.gov/newsevents/pressreleases/bcreg20260319a.htm">https://www.federalreserve.gov/newsevents/pressreleases/bcreg20260319a.htm</a>
4/23/2026	Agencies finalize changes to enhance community bank leverage ratio. Joint press release: <a href="https://www.federalreserve.gov/newsevents/pressreleases/bcreg20260423a.htm">https://www.federalreserve.gov/newsevents/pressreleases/bcreg20260423a.htm</a>
5/19/2026	Agencies request comment on financial institutions rating system. Joint press release: <a href="https://www.ffiec.gov/news/press-releases/2026/pr-05-19">https://www.ffiec.gov/news/press-releases/2026/pr-05-19</a>

<sup>9</sup> The Federal Reserve publishes SR and CA letters to address significant policy and procedural matters related to the Federal Reserve System's safety-and-soundness and consumer compliance supervisory responsibilities, respectively. SR letters are available on the Board's public website at <https://www.federalreserve.gov/supervisionreg/srletters/srletters.htm>, and CA letters are available on the Board's public website at <https://www.federalreserve.gov/supervisionreg/caletters/caletters.htm>.

## **Basel III, U.S. Standardized Approach, and GSIB Surcharge**

On March 19, 2026, the federal banking agencies requested comment on three proposals to modernize the regulatory capital requirements and better align regulatory capital with risk while maintaining the safety and soundness of the banking system. Comments on all three proposals are due June 18, 2026.

The first proposal applies primarily to the largest, most internationally active banks. It enhances risk sensitivity, reduces burden, improves consistency across banks, and finalizes Basel III implementation. These banks would use a single calculation method for risk-based capital requirements, replacing the current dual stack approach.

The second proposal applies to all but the largest banks and better aligns capital requirements with lending risk while preserving simplicity. Specifically, it reduces disincentives for mortgage lending by modifying capital requirements for servicing and originating mortgages. The mortgage servicing modifications also apply to banks using the community bank leverage ratio (CBLR) framework. The proposal also requires certain large banks to reflect unrealized gains and losses on certain securities in their regulatory capital levels after a period of time for transition.

The third proposal, from the Federal Reserve Board, improves how systemic risk is measured in the framework for determining the additional capital requirement for the largest and most complex banks, referred to as the GSIB surcharge.

## **Section 9(13) Statement on Permissible Activities for State Member Banks**

On December 17, 2025, the Federal Reserve Board withdrew a 2023 policy statement and issued a new policy statement regarding the treatment of certain Board-supervised banks. In 2023, the Board issued a policy statement that limited Board-supervised state member banks to the same activities permissible for banks supervised by the other federal bank regulatory agencies. That statement included a discussion of how the policy would apply to certain innovative products and services. Since the policy statement was published, the financial system and the Board's understanding of innovative products and services have evolved. As a result, the 2023 policy statement is no longer appropriate and has been withdrawn. The new policy statement creates an avenue for both insured and uninsured Board-supervised state member banks to engage in certain innovative activities consistent with safety and soundness.

## **Economic Growth and Regulatory Paperwork Reduction Act of 1996**

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 requires the FFIEC and federal banking agencies to review regulations every 10 years to identify outdated or otherwise unnecessary regulatory requirements for their supervised institutions. The federal banking agencies divided their regulations into 12 categories and are soliciting comments.

On March 26, 2026, the Federal Reserve Board held an outreach meeting in Washington, D.C. as part of its regulatory review. This meeting invited stakeholders to present views on the regulatory categories listed in any of the four *Federal Register* notices applicable to Board supervised institutions. These included applications and reporting; power and activities; international operations; consumer protection; directors, officers, and employees; money laundering; rules of procedure; safety and soundness; securities; banking operations; capital; and the Community Reinvestment Act.

## **Removal of Reputation Risk**

On February 23, 2026, the Federal Reserve Board requested comment on a proposal to codify the removal of reputation risk from its supervision of banks. The proposal reiterates the Board's policy against Board personnel requiring or encouraging a Board-regulated institution to de-bank or refuse to provide banking services to a customer based on the customer's constitutionally protected beliefs, speech or conduct or on engaging in a politically unpopular but legal business activity. In June 2025, the Board announced that reputation risk would no longer be a component of examination programs in its supervision of banks. This proposal would build on that announcement to help ensure supervisory decisions are based on material financial risks as well as increase clarity and facilitate greater precision in supervisory decisionmaking. It would also support the Board's focus on core financial risk in its supervision of banks.

## **Recalibration of the Community Bank Leverage Ratio**

On April 23, 2026, the federal banking agencies finalized a rule to modify the CBLR consistent with statutory authority. This change provides community banks with greater flexibility to use a simpler measure of capital adequacy and reduce regulatory burden. The final rule takes into account the unique business models and risk profiles of community banks.

The rule will lower the CBLR from 9 percent to 8 percent, which will provide more flexibility for community banks to opt into the framework. The final rule also extends the grace period from two quarters to four quarters for a community bank that temporarily falls out of compliance. The framework continues to simplify regulatory capital requirements for community banks by allowing

them to adopt a relatively simple leverage ratio to measure capital adequacy, rather than reporting risk-based capital ratios.

Community banks that opt into the framework will be subject to a capital requirement that continues to promote safety and soundness. Under the framework, banks must maintain a leverage ratio that is significantly higher than the leverage ratio standard otherwise applicable to community banks. The change will take effect July 1, 2026.

## **Revisions to the CAMELS Rating Framework**

In May 2026, the FFIEC invited public comment on proposed revisions to the Uniform Financial Institutions Rating System, commonly known as CAMELS, which would focus ratings on material financial risk and improve the transparency and consistency of ratings.

The CAMELS rating framework evaluates the safety and soundness of financial institutions, evaluating an institution's capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk. An institution is assigned a rating for each component and a composite rating.

The proposal better aligns ratings and a financial institution's safety and soundness by focusing ratings on material financial risks. This proposal would retain the basic framework of the existing rating system, with targeted modifications to the composite and component rating definitions and evaluation factors.

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# Supervisory Developments

This section provides an overview of recent supervisory efforts to assess institutions' safety and soundness and compliance with laws and regulations. Supervisory approaches and priorities differ among financial institutions based on the size, complexity, business model, and risk profile. The subsections below discuss developments within specific portfolios, including community banking organizations, regional and foreign banking organizations with assets of less than \$100 billion, and large financial institutions with assets of \$100 billion or more.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Board is also responsible for overseeing compliance with certain consumer financial protection laws and regulations. More information about the Federal Reserve's consumer-focused supervisory program can be found in the Federal Reserve's *111th Annual Report 2024*.<sup>10</sup>

## Federal Reserve Supervision

The Federal Reserve conducts examinations to evaluate a banking organization's activities, risk management, and financial condition.<sup>11</sup> Examinations cover several key banking risk areas to support the assignment of supervisory ratings. The Federal Reserve may also decide to conduct targeted examinations for a bank's known and potential risks.

Supervisory ratings are confidential and provide an assessment of bank risk management and financial condition based on examination results, matters requiring (immediate) attention (MR(I)As), and other information gathered between examinations. These ratings reflect overall supervisory judgment of safety and soundness and compliance with laws, regulations, and final agency orders. Supervisory ratings are generally issued once every 12 to 18 months for banks that remain in satisfactory condition.<sup>12</sup>

If supervisors identify a deficiency that would threaten a firm's safety and soundness, U.S. financial stability, or that is, has been, or about to be a violation of a law, regulation, or final agency

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<sup>10</sup> See Board of Governors of the Federal Reserve System, *111th Annual Report of the Board of Governors of the Federal Reserve System* (Board of Governors, November 2025), 77, <https://www.federalreserve.gov/publications/files/2024annual-report.pdf>.

<sup>11</sup> See "Understanding Federal Reserve Supervision," <https://www.federalreserve.gov/supervisionreg/how-federal-reserve-supervisors-do-their-jobs.htm>.

<sup>12</sup> See Board of Governors of the Federal Reserve System, "Supervisory Ratings for State Member Banks, Bank Holding Companies and Foreign Banking Organizations, and Related Requirements for the National Examination Data System," SR letter 99-17 (June 24, 1999), <https://www.federalreserve.gov/boarddocs/srletters/1999/SR9917.htm>.

order, they provide direction and require the bank to eliminate or mitigate that deficiency.<sup>13</sup> Typically this direction is first communicated in the form of an MRA and, for more significant deficiencies that must be corrected on a priority basis, an MRIA. These are confidentially communicated to bank management and board of directors in a written report that clearly describes the deficiency requiring remediation and what a non-deficient state would be. If the deficiencies are sufficiently significant, supervisors may take further action, including lowering the bank's supervisory rating or pursuing an enforcement action. For shortcomings that do not meet the standard for an MR(I)A, examiners should note a supervisory observation.

## Supervised Institutions

The Federal Reserve supervises bank holding companies (BHCs), savings and loan holding companies (SLHCs), state member banks (SMBs), and foreign banking organizations (FBOs) operating in the United States and their covered affiliates. The Federal Reserve follows a risk-focused and tailored approach that considers factors including the asset size and institution complexity:

- The Community Banking Organization (CBO) program supervises U.S. firms with less than \$10 billion in total assets.
- The Regional and Foreign Banking Organization (RFBO) program supervises (1) domestic banking organizations with total consolidated assets between \$10 billion and \$100 billion and (2) foreign banking organizations with total combined U.S. assets less than \$100 billion.
- The Large and Foreign Banking Organization (LFBO) program supervises (1) U.S. banking organizations with total consolidated assets of \$100 billion or more but are not global systemically important banking organizations and (2) foreign banking organizations with total combined U.S. assets of \$100 billion or more.
- The Global Systemically Important Banking Organization (GSIB) program supervises the largest and most complex banking organizations headquartered in the United States. Because these organizations pose the greatest risk to the domestic economic and financial system, they are subject to the highest requirements set forth in the Federal Reserve Board's regulations, such as Regulations YY and QQ, covering capital, liquidity, resolution planning, risk management and internal controls, and stress testing requirements.<sup>14</sup>

Table 2 provides an overview of Federal Reserve supervised organizations by portfolio, including the number of institutions and total assets in each portfolio.

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<sup>13</sup> More information about standard for issuing matters requiring attention can be found in the Federal Reserve's Updated Statement of Supervisory Operating Principles, available at <https://www.federalreserve.gov/supervisionreg/files/statement-of-supervisory-operating-principles-20260430.pdf>. Supervisors include both commissioned examiners (Federal Reserve staff who have been commissioned as an examiner) and subject matter experts that provide support during examinations and off-site monitoring.

<sup>14</sup> The eight U.S. GSIBs are Bank of America, Bank of New York Mellon, Citigroup, Goldman Sachs, JP Morgan Chase, Morgan Stanley, State Street, and Wells Fargo.

**Table 2. Summary of organizations supervised by the Federal Reserve (as of 12/31/2025)**

Portfolio	Definition	Number of institutions	Total assets (\$ trillions)
<b>Community banking organizations (CBOs)</b>	Total assets less than \$10 billion	3,316*	3.1
State member banks (SMBs)	SMBs within CBO organizations	647	0.7
<b>Regional and foreign banking organizations (RFBOs)</b>	U.S. firms with total assets between \$10 billion and \$100 billion and FBOs with less than \$100 billion combined U.S. assets	238	4.4
Regional banking organizations (RBOs)	U.S. firms with total assets between \$10 billion and \$100 billion	98**	3.1
Small FBOs (excluding rep offices)	FBOs with combined U.S. assets less than \$100 billion	105	1.3
Small FBOs (rep offices)	FBO U.S. representative offices	35	0.0
SMBs	SMBs within RFBO organizations	43	1.3
<b>Large and foreign banking organizations (LFBOs)</b>	Non-GSIB U.S. firms with total assets \$100 billion and greater and FBOs with combined U.S. assets \$100 billion and greater	33	9.7
Large banking organizations (LBOs)	Non-GSIB U.S. firms with total assets \$100 billion and greater	16	5.2
Large FBOs (with IHC)	FBOs with combined U.S. assets \$100 billion and greater	11	3.4
Large FBOs (without IHC)	FBOs with combined U.S. assets \$100 billion and greater	6	1.1
SMBs	SMBs within LFBO organizations	10	1.1
<b>Global Systemically Important Banks (GSIBs)</b>	Eight U.S. global systemically important banks (GSIBs)	8	16.7
SMBs	SMBs within GSIB organizations	4	1.4
<b>Insurance and commercial savings and loan holding companies (SLHCs)</b>	SLHCs primarily engaged in insurance or commercial activities	3 insurance 2 commercial	0.5
* Includes 3,270 holding companies and 46 state member banks that do not have holding companies.			
** Includes 96 holding companies and 2 state member banks that do not have holding companies.			

## Supervisory Priorities

Since issuing the SSOP in October 2025, the Federal Reserve has enhanced its supervisory programs. These enhancements enable early identification of threats to bank safety and soundness and U.S. financial stability and require timely, proportionate action to eliminate or mitigate deficiencies. In May 2026, the Federal Reserve published an updated SSOP to provide greater clarity, including on the standards for issuing MR(I)As and enforcement actions. To ensure consistency with the updated SSOP, the Federal Reserve began reviewing existing MR(I)As in February 2026 (box 1). This review analyzes whether MR(I)As are appropriately based on threats to safety and soundness. MR(I)As that are not consistent with the SSOP will be downgraded to an observation or closed.

### Box 1. MR(I)A Review

In February 2026, the Federal Reserve initiated a comprehensive review of all outstanding safety-and-soundness-related MR(I)As to identify misalignment with the SSOP—including issues that have already been remediated or pose no significant probability of significant harm to a banking organization’s financial condition. This comprehensive review ensures consistent treatment across banking organizations regardless of asset size, complexity, business model, or risk profile. The review framework provides supervisory teams with clear guidelines for evaluating outstanding MR(I)As in a timely and transparent manner. The Federal Reserve is coordinating this effort with state banking agencies.

This is a two-phase review with completion targeted by mid-2026. The first phase was completed in March, with results communicated to supervised firms by March 31. Supervisors closed a number of outstanding supervisory matters that had been fully remediated. Some MR(I)As were closed or downgraded to observations if they did not align with the SSOP. In phase two, supervisory staff are working with other regulatory agencies and supervised firms to evaluate remaining outstanding issues. The Federal Reserve will conclude its review after ensuring SSOP alignment of the remaining MR(I)As.

This review strengthens the Federal Reserve’s overall supervisory process by

- helping banks and examiners prioritize their focus on the Federal Reserve’s efforts and attention on material financial risks that can threaten the safety and soundness or viability of supervised firms or U.S. financial stability;
- improving the clarity of supervisory communications, including on identified deficiencies; and
- increasing supervisory process effectiveness and efficiency by leveraging work performed by the firm’s primary state or federal banking supervisor to the fullest extent possible, and the firm’s internal audit function where this function is determined to be effective and has validated the remediation of a deficiency.

## Community Banking Organizations and Regional and Foreign Banking Organizations

This section of the report discusses supervisory conditions and approaches for banking organizations with assets of less than \$100 billion. This includes CBOs, which have less than \$10 billion in total assets, and RBOs, which have total assets of \$10 billion or more but less than \$100 billion. This group also includes FBOs that have less than \$100 billion in combined U.S. assets.

### Trends in Supervisory Ratings and Findings

Federal Reserve supervisors use the RFI rating system to summarize their assessments of U.S. holding companies with consolidated assets of less than \$100 billion.<sup>15</sup> Additionally, the Federal Reserve and the other federal and state bank regulatory agencies use the Uniform Financial Institution Rating system, also known as the CAMELS rating system, to summarize bank supervisory assessments.<sup>16</sup> Branches and agencies of FBOs are assessed using the ROCA rating

<sup>15</sup> See Board of Governors of the Federal Reserve System, “Supervisory Rating System for Holding Companies with Total Consolidated Assets Less Than \$100 Billion,” SR letter 19-4/CA letter 19-3 (February 26, 2019), <https://www.federalreserve.gov/supervisionreg/srletters/sr1904.htm>.

<sup>16</sup> See the online appendix for additional information on the RFI and CAMELS rating systems. See above for information about proposed changes to the CAMELS ratings.

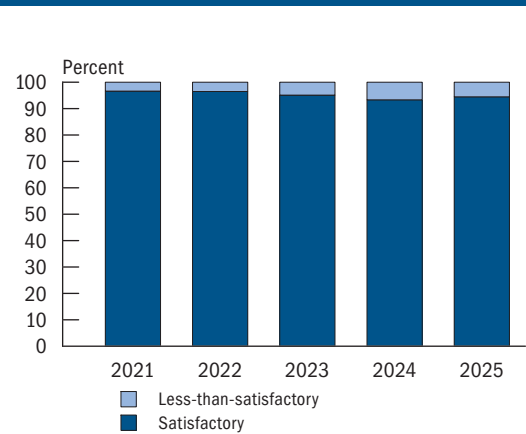
system, which evaluates the components of risk management, operational controls, compliance, and asset quality.<sup>17</sup>

Most CBOs and RBOs under \$100 billion remain in satisfactory condition with effective risk-management practices and adequate financial performance (figure 13). Composite ratings upgrades exceeded downgrades in the second half of 2025, and the proportion of less-than-satisfactory firms continues to decline. Most FBOs with U.S. assets under \$100 billion are assessed to be in satisfactory condition.

In 2025, the number of outstanding MR(I)As at CBOs and RBOs fell notably to levels roughly in line with levels prior to the 2023 bank failures (figure 14). This trend has continued in 2026, including due to the review of MR(I)As discussed above. Examiners have also begun utilizing supervisory observations to identify shortcomings that do not rise to the level of MR(I)As based on the SSOP.

As of year-end 2025, IT and operational risk MR(I)As, which include cyber risk, represented the largest category of outstanding MR(I)As for CBOs and RBOs, followed by risk management and internal controls (figures 15 and 16). For FBOs with U.S. assets under \$100 billion, the largest share of outstanding MR(I)As relate to Bank Secrecy Act (BSA)/anti-money laundering (AML) and Office of Foreign Assets Control compliance.

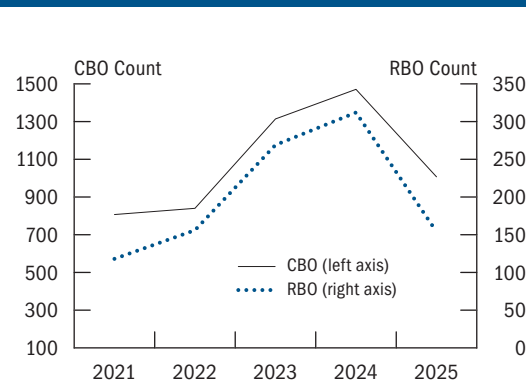
**Figure 13. Top-tier ratings for CBO and RBO firms**



Note: Includes composite ratings for consolidated top-tier holding companies and SMBs without holding companies for CBO and RBO firms. Values are as of year-end. Key identifies bars in order from top to bottom.

Source: Internal Federal Reserve supervisory databases.

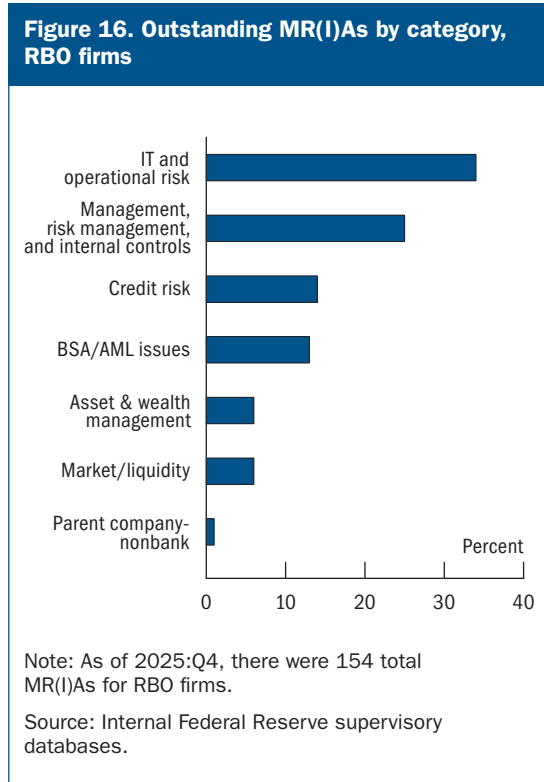
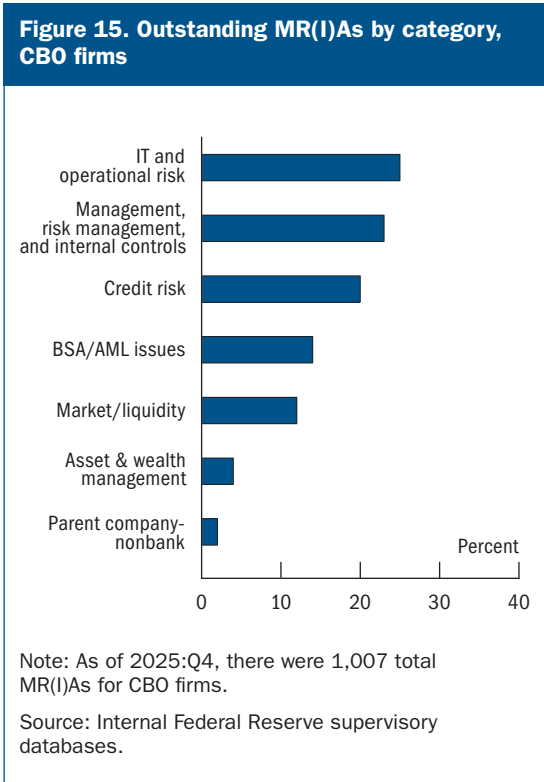
**Figure 14. Outstanding number of MR(I)As, CBO and RBO firms**



Note: Values are as of year-end. The MR(I)As count data are subject to revisions as MR(I)As are reviewed, updated, and finalized; this could result in minor historical count fluctuations.

Source: Internal Federal Reserve supervisory databases.

<sup>17</sup> See Board of Governors of the Federal Reserve System, "Enhancements to the Interagency Program for Supervising the U.S. Operations of Foreign Banking Organizations," SR letter 00-14 (October 23, 2000), <https://www.federalreserve.gov/supervisionreg/srletters/SR0014.htm>.



### Supervisory Focus

Federal Reserve supervisors continue to focus on monitoring and assessing the financial condition of CBOs and RBOs and any material risks to safety and soundness. In addition, supervisors continue to ensure that supervision is appropriately tailored to bank size, risk, and business model.

Financial conditions are broadly stable at CBOs and RBOs, though some banks have observed increased delinquencies from very low levels relative to their historical averages in certain loan categories and have recalibrated or increased their allowances for credit losses. As of 2025 Q4, most CBO and RBO banks have lower levels of past due and classified loans than their average over the previous 10 years. However, delinquencies on CRE loans and consumer loans remain above the averages from the past decade, indicating, in part, that demand for office space has so far not returned to pre-pandemic levels.

Supervisors continue to monitor CBOs and RBOs that are concentrated in CRE lending, particularly the office and multifamily sectors. Elevated interest rates, lower commercial property values, and other factors may affect CRE borrowers' ability to refinance or pay off loans. Supervisors are monitoring CRE loan trends and delinquencies, including modification trends. They are also reviewing CBO and RBO underwriting practices, classifications, and credit loss reserve methodologies and levels.

Federal Reserve supervisors remain focused on agriculture concentrations at CBOs. In line with production expenses, agricultural lending volume and loan sizes have increased. As a result, profit margins in agriculture-related businesses continue to be tight.

CBO and RBO portfolio supervisors prioritized oversight of the following activities in 2025.

## **CBO and RBO Supervisory Priorities**

### ***Credit Risk***

- high-risk credit concentrations and credit risk management
- adequacy of allowances for credit losses
- loan underwriting and collateral management practices

### ***Liquidity Risk***

- firms with higher reliance on noncore or volatile funding sources
- liquidity funding planning

### ***Other Risks***

- IT and cyber risk

## **Large Financial Institutions**

This section of the report discusses the supervisory approach and outcomes for large financial institutions—U.S. firms with total assets of \$100 billion or more, including GSIBs, and FBOs with combined U.S. assets of or in excess of \$100 billion. These firms are in the GSIB portfolio or LFBO portfolios. LFIs are subject to regulatory requirements that are tiered to the risk profiles of these firms.

Supervisory efforts for large financial institutions focus on four components:

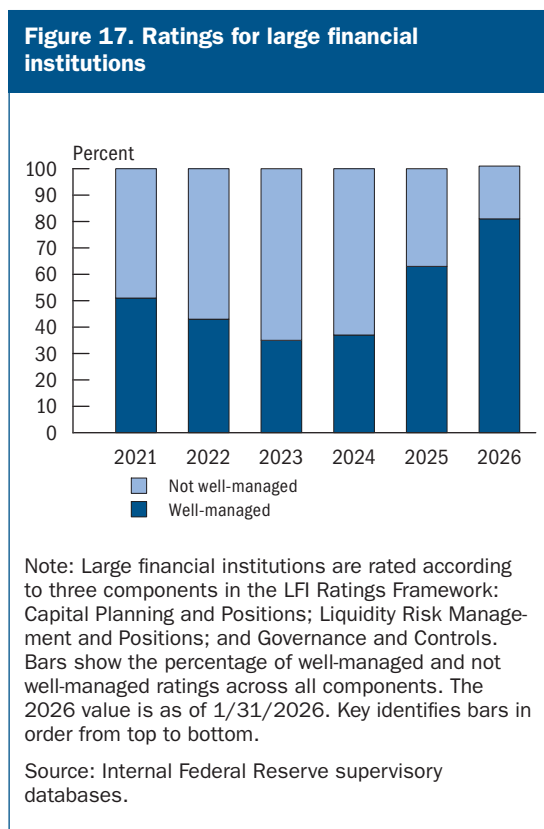
1. Capital planning and positions,
2. Liquidity risk management and positions,
3. Governance and controls, and
4. Recovery and resolution planning.<sup>18</sup>

<sup>18</sup> For more information regarding the framework for supervision of large financial institutions, see Board of Governors of the Federal Reserve System, "Consolidated Supervision Framework for Large Financial Institutions," SR letter 12-17/CA letter 12-14 (December 17, 2012), <https://www.federalreserve.gov/supervisionreg/srletters/sr1217.htm>; and box 4 in the Board of Governors of the Federal Reserve System, *Supervision and Regulation Report 2018* (Board of Governors, November 2018), <https://www.federalreserve.gov/publications/files/201811-supervision-and-regulation-report.pdf>.

## Trends in Supervisory Ratings and Findings

Federal Reserve supervisors summarize their assessments of large financial institutions using the LFI rating system. The LFI rating system evaluates whether a firm possesses sufficient financial and operational strength and resilience to maintain safe and sound operations and comply with laws and regulations, including those related to consumer protection, through a range of economic conditions. It includes three components: (1) capital planning and positions; (2) liquidity risk management and positions; and (3) governance and controls.<sup>19</sup>

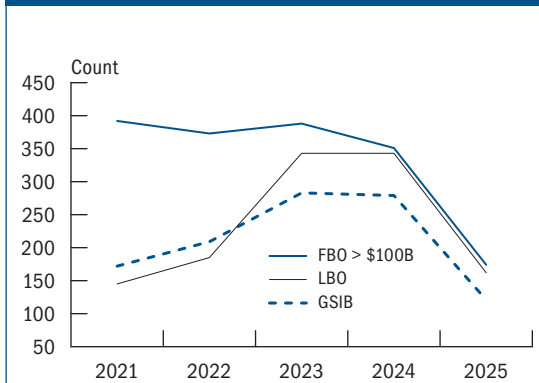
As of December 31, 2025, most large financial institutions were deemed to be satisfactory across all three LFI rating components (figure 17) and were considered “well-managed.” The remaining large financial institutions were rated less-than-satisfactory in at least one component and were



not considered “well-managed.” Following the implementation of the revised LFI rating system, which became effective on January 16, 2026, the proportion of large financial institutions considered “well-managed” increased based on the revised definition of “well-managed.” This impact is reflected in figure 17, which includes LFI ratings data as of January 31, 2026. Supervisors identified weaknesses in financial risk-management practices including capital planning and liquidity, operational resilience, and BSA/AML compliance.

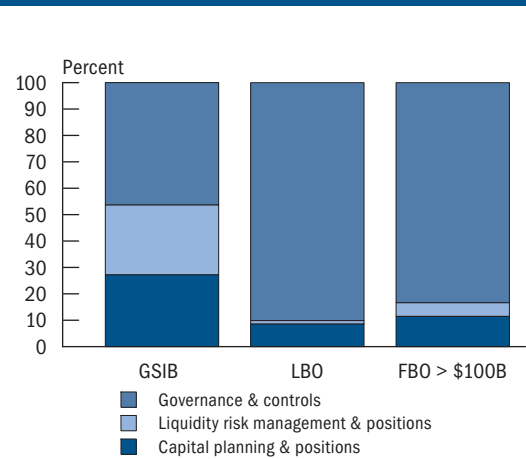
In the second half of 2025, the total number and average number per firm of outstanding MR(I)As at large financial institutions decreased (figure 18). The distribution of MR(I)As by category also remained largely unchanged over the second half of 2025, although the proportion of MR(I)As related to capital planning and positions increased slightly (figure 19).

<sup>19</sup> In addition, the Federal Reserve and the other federal and state bank regulatory agencies use the Uniform Financial Institution Rating system, also known as the CAMELS rating system, to summarize supervisors’ assessments of the capital, assets, management, earnings, liquidity, and sensitivity to interest-rate risk of banks. For more details, see the Data Sources and Terms page on the Board’s public website.

**Figure 18. Outstanding number of MR(I)As, large financial institutions**

Note: Values are as of year-end. The MR(I)As count data are subject to revisions as MR(I)As are reviewed, updated, and finalized; this could result in minor historical count fluctuations.

Source: Internal Federal Reserve supervisory databases.

**Figure 19. Outstanding MR(I)As by category, large financial institutions**

Note: As of 2025:Q4, total MR(I)As by portfolio were: GSIB–121; LBO–162; and FBO > \$100B–174. Key identifies bars in order from top to bottom.

Source: Internal Federal Reserve supervisory databases.

## Supervisory Focus

Supervisors examine and monitor large financial institutions on a continuous basis, focusing on material financial risks. These risks are constantly evolving with firms' business practices, financial and market environments, legal requirements, and their own risk-management capacities. Large financial institutions typically undergo multiple exams each year. These are a primary input into supervisory ratings in accordance with the LFI ratings framework.

From mid-2025 through 2026, the Federal Reserve has prioritized reviews of liquidity, capital, and operational and cyber resilience. To eliminate duplicative examinations, Federal Reserve examiners have increased reliance on supervisory work by the FDIC or OCC for the depository institution subsidiaries of large financial institutions. In addition, supervisors have avoided duplicating validation work when a firm's internal audit function has been assessed to be effective and has validated remediation efforts. The Federal Reserve has also revised its horizontal review approach for large financial institutions, transitioning from large annual horizontal examinations to smaller, more targeted reviews with scope tailored to the complexity and risk of the smaller group of firms (box 2). Consistent with the SSOP, Federal Reserve examination assessments are based on safety and soundness expectations and regulations, not based largely on best practices.

Liquidity risk-management examinations in the second half of 2025 focused on reviewing firm internal liquidity stress testing deposit assumptions and derivatives methodologies, risk-management practices, including limits, compliance with applicable regulations, and monitoring of

## Box 2. LFBO Horizontal Reviews

Horizontal reviews are examinations on the same operational area or issue across multiple firms. Previously, the Federal Reserve included all, or nearly all, LFBOs in horizontal reviews with uniform scope, covering capital, liquidity, and other risk areas. Beginning in 2026, the Federal Reserve has enhanced its approach to conducting LFBO horizontal reviews:

1. **Targeted, tailored reviews.** Reviews will be smaller and better tailored to targeted firms, grouping firms by size, complexity, business model, and risk profile.
2. **Risk-based supervisory intensity.** Larger, more complex and higher-risk firms will receive greater supervisory attention. Not all LFBOs will automatically be included in a horizontal review, and review scope may differ by firm.
3. **Appropriate assessment criteria.** Firms will be evaluated relative to supervisory expectations and safety and soundness. While horizontal reviews may identify best practices, firms will not be criticized if they do not adopt best practices.
4. **Elimination of duplicative work.** Reviews will not duplicate other regulators' examinations. When overlap exists, the Federal Reserve will rely on the other regulator's supervisory work to the maximum extent possible. This may result in certain LFBOs no longer being included in some or all LFBO horizontal reviews, or the Federal Reserve will integrate the other regulator's supervisory work into the horizontal review process.
5. **Confidential disclosure of results.** Results of horizontal reviews, including comparisons across in-scope firms, will be confidentially disclosed to participating firms.

These changes will enhance supervision effectiveness by better targeting firm-specific risks and focusing on the most material financial risks. The changes will also reduce the time required to communicate results to supervised firms and address identified deficiencies, creating significant efficiencies for both the Federal Reserve and supervised firms.

The Federal Reserve will conduct horizontal reviews only when the benefits to firm safety and soundness or U.S. financial system stability outweigh the associated costs. This determination will be made annually during supervisory planning.

firm's liquidity positions. Capital planning examinations and monitoring focused on risks associated with retail and wholesale credit (including lending to NDFIs), counterparty credit, markets (including international trading risks), and interest rates. Exams also reviewed firm compliance with capital rules. Governance and controls examinations focused on operational resilience issues that have the potential to impact financial positions, including cybersecurity and change management reviews.

In the second half of 2025 and in early 2026, supervisors continued reviewing 2025 Title I targeted resolution plans. The review focused on firm strategies to maintain funding for material entities and critical operations in a variety of circumstances, including through a range of resolution scenarios, actions of foreign authorities that may be necessary for the firm to carry out their preferred resolution strategies, firm frameworks to provide assurance that their resolution capabilities will function if and when needed, and firm efforts to remediate shortcomings identified in 2023 resolution plans.

## **Large Financial Institution Supervisory Priorities**

The Federal Reserve also conducts supervisory work on emerging risks across all portfolios, and for LFIs, as discussed below. Consistent with the SSOP, Federal Reserve LFI supervisory priorities are focused on firm financial positions, compliance with laws, and risks that could result in material financial risks. Federal Reserve LFI supervisory priorities are executed principally through firm-specific exams based on individual firm risk and activities, and in limited instances, through smaller, more tailored, and targeted coordinated reviews, as described in box 2.

### ***Capital Planning and Positions***

- consumer and commercial credit, including lending to nonbank financial institutions
- interest-rate risk
- market and counterparty credit risk
- monitoring of financial positions

### ***Liquidity Risk Management and Positions***

- internal liquidity stress testing, including prime services and intraday reserve methodologies
- inter-affiliate funding flows
- monitoring of liquidity positions

### ***Governance and Controls***

- operational resilience, including cybersecurity
- technology change risk management and controls

### ***Recovery and Resolution Planning***

- recovery planning for U.S. GSIBs, continued 2025 Title I targeted resolution plan review, and resolution planning for large financial institutions



# Bank Applications and M&A

The Federal Reserve reviews applications submitted by BHCs, SMBs, SLHCs, FBOs, and other entities and individuals for approval to undertake various transactions, including mergers and acquisitions (M&A), and to engage in new activities.<sup>20</sup>

## Overview of Activity

In 2025, the Federal Reserve reviewed 942 applications, an increase from the 807 applications reviewed in 2024, and 752 in 2023 (table 3). Despite the increased volume, the average and median number of days to act on an application was slightly lower during 2025 compared to 2024.<sup>21</sup>

## Mergers and Acquisitions

All applications	2023	2024	2025
<b>Dispositions</b>			
Approved	664	751	886
Withdrawn	68	45	38
Denied	1	0	1
Mooted	12	4	9
Returned	7	7	8
<b>Total</b>	<b>752</b>	<b>807</b>	<b>942</b>
<b>Processing time (days)</b>			
Average	48	50	48
Median	34	41	35

There were 145 total approved M&A applications in 2025, compared with the 99 in 2024 (table 4).<sup>22</sup> M&A applications accounted for 16.4 percent of total approved applications in 2025, higher than both 2023 and 2024.

<sup>20</sup> Information on applications and M&A activity was previously published in the *Semiannual Report on Banking Applications Activity*, which is no longer being separately published. See <https://www.federalreserve.gov/publications/semiannual-report-on-banking-applications-activity.htm>.

<sup>21</sup> The processing times reflected are the times from receipt of the final application until the application is dispositioned (e.g., approved or withdrawn). The processing times include any time between the receipt of application filing and when it is deemed complete, including time for the applicant to complete the record by responding to additional information requests.

<sup>22</sup> M&A applications include applications filed by BHCs, SLHCs, or SMBs that seek approval to acquire an ownership interest in or to merge with another banking organization, as well as BHC and SLHC formations.

<b>Table 4. M&amp;A applications, dispositions, and processing times of all applications, 2023–25</b>			
Mergers and acquisitions	2023	2024	2025
<b>Dispositions</b>			
Approved	96	99	145
Withdrawn	20	13	9
Percent M&A of total approved applications	14.5	13.2	16.4
<b>Processing time (days)</b>			
Average	80	101	85
Median	49	58	56

Average processing time for M&A applications decreased to 85 days in 2025 from 101 days in 2024. M&A applications are generally more complex than other applications because they often require review of more than one banking organization. As a result, M&A applications often take more time to process.

A significant number of application types are subject to public notice and comment (table 5).<sup>23</sup> In instances where the Federal Reserve receives adverse public comments, additional time is often

<b>Table 5. M&amp;A approved applications, volume and processing times by whether they received adverse public comments, 2023–25</b>			
Mergers and acquisitions	2023	2024	2025
<b>Applications not receiving adverse public comments</b>			
Approved	94	94	134
<b>Processing time (days)</b>			
Average	76	101	80
Median	49	58	48
<b>Applications receiving adverse public comments</b>			
Approved	2	5	11
Percent M&A receiving adverse public comments of total M&A applications	2.1	5.1	7.6
<b>Processing time (days)</b>			
Average	263	233	142
Median	263	165	108

<sup>23</sup> Applicants are generally required to publish notice of applications that are subject to public comment in newspapers serving certain communities in which the applicant and target have operations. In addition, the Federal Reserve publishes notices in the *Federal Register* for certain types of applications and also posts the weekly H.2A report on the Board's website, which lists all applications that have been filed with the Federal Reserve that are subject to public comment. See <https://www.federalreserve.gov/apps/h2a/h2aindex.aspx>. These notices inform the public of the opportunity to submit written comments on the proposal.

needed to provide the applicant with the opportunity to respond to the comments and for the Federal Reserve to evaluate the comments and the applicant's response. In most cases, applications subject to a timely and substantive adverse public comment are acted upon by the Board, which also can result in delayed processing time.<sup>24</sup>

## Applications Requiring Board Action

Of applications dispositioned by the Federal Reserve in 2025, 22 required action by members of the Board (table 6). Twenty-one of those were approvals and one was a denial.<sup>25</sup>

By their nature, applications that require action by members of the Board typically require additional review, which may result in materially longer processing time. The average and median processing times for all application types acted on by the Board in 2025 was 140 days and 112 days, respectively, much shorter than the 215 days and 153 days, respectively, for 2024. Similarly, the average and median processing times for M&A applications acted on by the Board was 162 days and 128 days, respectively, for 2025 versus 259 days and 165 days, respectively, for 2024.

	2023	2024	2025
<b>All applications acted on by the Board</b>	<b>8</b>	<b>11</b>	<b>22</b>
Average processing days	180	215	140
Median processing days	184	153	112
<b>M&amp;A applications acted on by the Board</b>	<b>4</b>	<b>7</b>	<b>16</b>
Average processing days	233	259	162
Median processing days	204	165	128
<b>M&amp;A applications acted on by the Board for firms greater than \$100 billion</b>	<b>1</b>	<b>1</b>	<b>5</b>
Average processing days	364	98	217
Median processing days	364	98	92

## Community Banking Organizations

Table 7 provides the volume and processing times of the application types most commonly submitted by small and large CBOs.

<sup>24</sup> Provided the applications meet the statutory factors for approval, the Federal Reserve Banks can approve under delegated authority applications that do not receive any substantive adverse public comment; do not raise significant legal, policy, or supervisory issues; or otherwise are not required to be acted upon by the Board. See 12 CFR § 265.20.

<sup>25</sup> Applications can require action by members of the Board for a variety of reasons, including receipt of an adverse public comment; the application exceeding certain competitive or financial stability thresholds; the presence of significant legal, policy, or supervisory issues; or the application containing other characteristics that would not permit action under authority delegated to the Reserve Banks by the Board. See 12 CFR § 265.20(c), (e).

**Table 7. Applications from CBOs, volume and processing times (days) of approved applications, 2023–25**

Applications by type	2023			2024			2025		
	Approved (number)	Average (days)	Median (days)	Approved (number)	Average (days)	Median (days)	Approved (number)	Average (days)	Median (days)
Change in control	111	186	118	156	146	116	135	162	115
Federal Reserve membership	13	27	28	9	96	29	11	35	43
Financial Institutions Reform, Recovery, and Enforcement Act	22	6	2	72	15	8	62	15	10
Mergers and acquisitions	90	160	108	89	178	116	112	162	107
Branch establishment	111	54	53	78	57	49	82	58	48
<b>Total</b>	<b>347</b>			<b>404</b>			<b>402</b>		

## Pending Applications

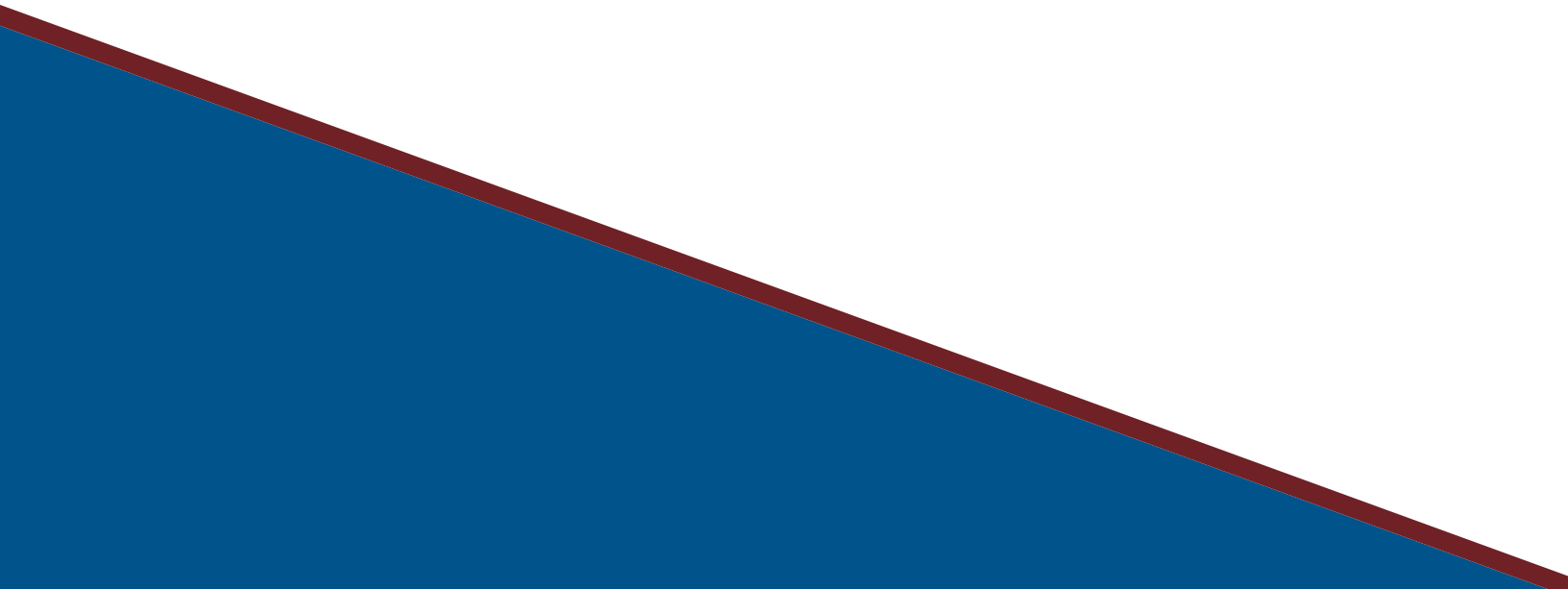
There were 118 applications under review as of year-end 2025 (table 8).<sup>26</sup> The lower number of pending cases at year-end 2025 compared to 2024, despite an overall higher volume of cases, is in part due to efforts to process cases more quickly, leaving less currently pending.

**Table 8. Applications under review (pending), as of year-end 2023–25**

Pending Applications (as of noted date)	Processing time (days) as of noted date	2023	2024	2025
<b>All Pending Applications</b>		<b>118</b>	<b>138</b>	<b>118</b>
	Average	167	214	245
	Median	50	61	39
<b>Pending M&amp;A Applications</b>		<b>34</b>	<b>40</b>	<b>32</b>
	Average	103	114	86
	Median	53	89	62
<b>Pending Community Banking Organization Applications (CBO)</b>				
<b>All Pending CBO Applications</b>		<b>73</b>	<b>90</b>	<b>74</b>
	Average	92	116	107
	Median	46	55	33
<b>Pending CBO M&amp;A Applications</b>		<b>27</b>	<b>32</b>	<b>25</b>
	Average	89	110	93
	Median	48	79	61

<sup>26</sup> Multiple long pending asset manager and commodities cases which remained outstanding at each of the year-ends reflected in the table materially impact both the volume of outstanding applications on those dates as well as the processing time durations.





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