Banking Issues in Focus 2026-01

# Bank Lending to Nondepository Financial Institutions

Kate Fritzdixon, Senior Financial Economist
Joycelyn Lu, Financial Analyst

## Overview

Bank lending to nondepository financial institutions (NDFIs) has been the fastest-growing loan segment since the 2008-2009 Global Financial Crisis. From 2010 to 2024, outstanding balances of bank loans to NDFIs, reported quarterly on bank Consolidated Reports of Condition and Income (Call Reports), rose at a compound annual growth rate of 21.9 percent, almost three times as high as the next-fastest-growing segment. Starting in December 2024, bank regulatory agencies added additional fields to the Call Report to disaggregate bank loans to NDFIs and to collect data on unfunded commitments and performance.[1] This article discusses the growth of bank lending to NDFIs and bank connections to these lenders, explains recent changes to the Call Report and trends in bank lending to NDFIs gleaned from third quarter 2025 Call Report data, and discusses the growth of NDFIs.

## Growth in NDFI Lending at Banks

NDFIs are financial entities that lend to consumers and nonfinancial companies and provide other types of financial services like insurance and transactions services. Unlike banks and credit unions, NDFIs are not chartered insured depository institutions and do not accept deposits. NDFIs include a broad array of companies, such as mortgage lenders, finance companies, insurance companies, private equity funds, private credit funds, broker-dealers, and asset-backed securities issuers.

Bank loans to NDFIs have grown quickly since they were added to the Call Report in first quarter 2010 following an increase in NDFI failures during the Global Financial Crisis (GFC) and Great Recession.[2] Bank lending to NDFIs was the fastest-growing loan segment reported on Call Reports from 2010 to 2024, with a compound annual growth rate of 21.9 percent (Chart 1). This growth rate includes the effects of bank reclassification of NDFI loans that occurred in December 2024 following updates to Call Report instructions (see "Changes to the Call Report

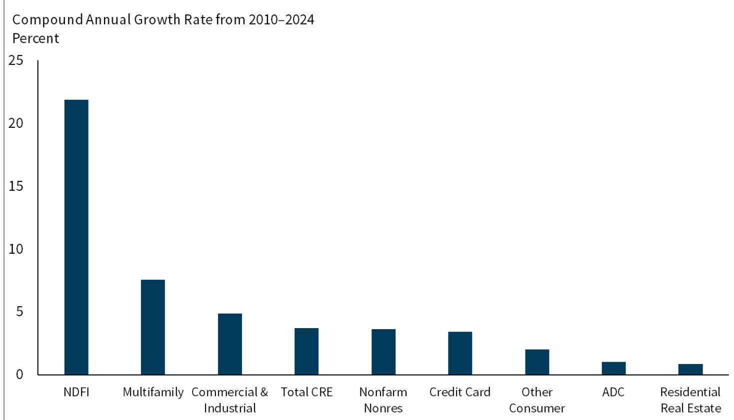
---

[1] Simultaneously, the Board of Governors of the Federal Reserve System revised the FFIEC 002 collection of data from U.S. branches and agencies of foreign banks in an analogous fashion.
[2] For information on Call Report changes in 2010, see Proposed Agency Information Collection Activities; Comment Request, 74 Fed. Reg. 41,973 (August 19, 2010); and Federal Financial Institutions Examination Council, "Bank Reports," FIL-04-2010, January 22, 2010.

for Bank Loans to NDFIs" below). Excluding fourth quarter 2024, the compound annual growth rate from 2010 to third quarter 2024 was 21.0 percent. For comparison, the next-fastest-growing loan segment, multifamily commercial real estate (CRE) loans, had a compound annual growth rate of 7.7 percent during this period. Supervisory observations indicate that the fastest growth has been to NDFIs that intermediate credit and to private equity or venture capital funds.[3] Subcategories of NDFI loans added to the Call Report in fourth quarter 2024, discussed in the next section, provide additional insight into these trends.

Chart 1

**Growth in Bank Loans to NDFIs Outpaced Other Major Loan Categories**




Source: FDIC.
Note: Data are annual through 2024 and include only funded commitments. ADC stands for acquisition, development, and construction loans. NDFI stands for nondepository financial institution.

Growth in bank lending to NDFIs was fairly consistent from 2010 to 2024 and increased throughout 2025. NDFI loans outstanding rose from $56 billion in first quarter 2010 to $1.32 trillion in third quarter 2025 (Chart 2). NDFI lending as a share of bank lending also grew, from less than 1 percent of total loans to 10.0 percent, and now accounts for more than a third of lending to businesses not secured by real estate (commercial and industrial (C&I) lending plus NDFI lending).

Similarly, NDFI lending as a percentage of tier 1 capital and allowance for credit losses rose from 4.1 percent in first quarter 2010 to 52.3 percent in third quarter 2025.[4] For banks with

---

[3] Credit intermediation encompasses a range of business activities related to lending, including origination, servicing, and securitization of loans.
[4] NDFI lending concentration as a percentage of tier 1 capital and allowance is not a supervisory designation but is described in this report for analytical purposes. The largest banks began reporting the allowance for credit losses in accordance with the current expected credit losses (CECL) methodology in first quarter 2020, with smaller firms adhering by first quarter 2023. Before first quarter 2020, provisions for credit losses included only provisions for loan and lease losses. For more information, see FDIC, "[Revised Transition of the Current Expected Credit Losses Methodology for Allowances](#)," FIL-84-2020, August 26, 2020.

assets greater than $100 billion, loans to NDFIs grew from 5.7 percent of tier 1 capital and allowance to 68.1 percent (Chart 3). In contrast, for banks with assets less than $10 billion, the NDFI capital concentration increased from 1 percent to 6.3 percent.

Chart 2

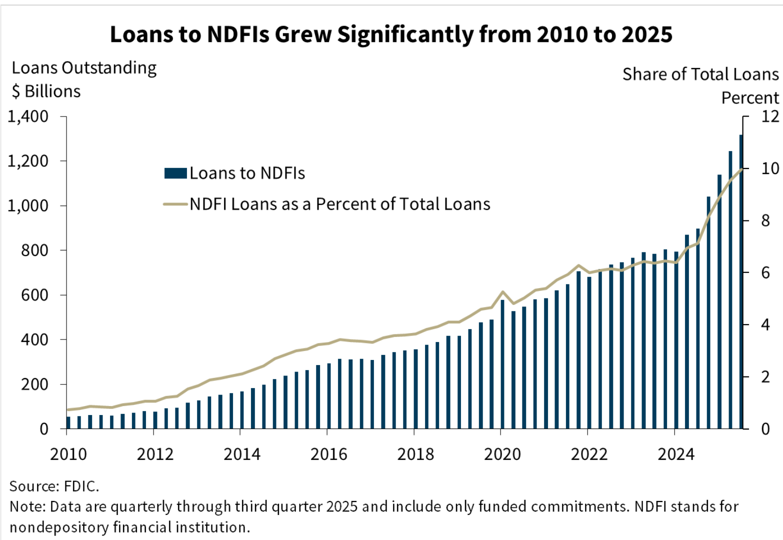
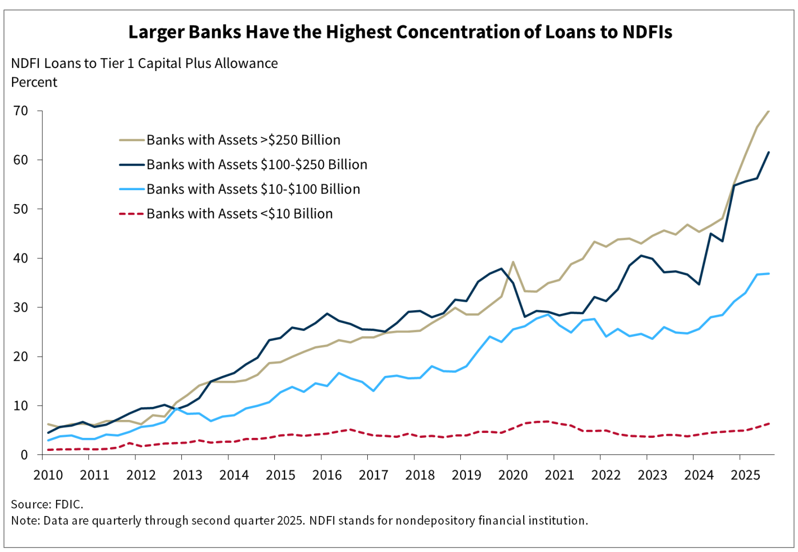



Chart 3




Bank loans to NDFIs are heavily concentrated in the largest banks, a trend that has become more pronounced during the period that the data have been available on Call Reports. Banks with assets greater than $100 billion held about 86 percent of total industry loans to NDFIs as of third quarter 2025, and ten of those institutions held about 71 percent of total loans to NDFIs.[5]

## Changes to the Call Report for NDFI Lending

Starting with December 2024 Call Report filings, in addition to reporting total lending to NDFIs, banks with assets greater than $10 billion are required to report NDFI lending in five subcategories, including reporting of unused commitments in each of those subcategories.[6] The five subcategories are loans to mortgage credit intermediaries, business credit intermediaries, consumer credit intermediaries, private equity funds, and all other loans to NDFIs, such as loans to insurance companies, investment banks, brokers and dealers, and publicly listed investment funds. (Definitions for the five NDFI lending subcategories and information on other updates to the Call Report instructions can be found in the appendix.) All banks also began reporting performance data (e.g., past-due loans and nonaccrual (PDNA)) for loans to NDFIs.

The Call Report instructions also were updated to clarify which loans should be included in NDFI lending. These revisions resulted in some banks reclassifying lending from other categories into NDFI lending. Supervisory observations suggest that banks primarily reclassified loans from C&I and "All other" segments into one of the five NDFI subcategories. Consistent with these observations, total C&I loans declined $128 billion from $2.5 trillion to $2.4 trillion and "All other" loans declined $60 billion from $338 billion to $278 billion between third and fourth quarter 2024; however, these results may include actual lending changes as well as reclassifications. In addition, according to the Federal Reserve's weekly survey of commercial banks, revisions related to the changes in the Call Report resulted in $193.2 billion in C&I loans and $140.6 billion in consumer loans being reclassified into loans to NDFIs and all loans not elsewhere classified at domestically chartered commercial banks through September 2025.[7]

---

[5] For comparison, as of third quarter 2025, 30 banks had assets greater than $100 billion, and those banks held 70 percent of bank assets.

[6] See Proposed Agency Information Collection Activities; Comment Request, 88 Fed. Reg. 89,489 (December 27, 2023), Agency Information Collection Activities; Comment Request, 89 Fed. Reg. 45,046 (May 22, 2024); and FDIC, "Consolidated Reports of Condition and Income for Fourth Quarter 2024," FIL-84-2024, December 23, 2024. Reporting changes were effective December 31, 2024, but institutions that required additional time to implement the changes were to report loans to NDFIs on a best-efforts basis as of the December 31, 2024, and March 31, 2025, report dates, and comprehensively no later than June 30, 2025.

[7] Board of Governors of the Federal Reserve System, Assets and Liabilities of Commercial Banks in the United States – H.8, September 26, 2025. The aggregate industry estimates are based on a survey of 850 domestically chartered commercial banks and foreign-related institutions. The results exclude thrifts such as state savings banks, federal savings banks, and federal savings and loan associations. The data notes do not allow us to identify which loans

In the first half of 2025, reclassifications from the "Other loans to NDFIs" subcategory into the other four NDFI lending subcategories (loans to mortgage/business/consumer credit intermediaries and loans to private equity funds) occurred as some banks originally reported these items on a best-efforts basis; banks finalized reclassifications into other subcategories in their June 2025 Call Report filings.[8]

Finally, the December 2024 updates to the Call Report instructions required banks to combine all loans secured by readily marketable securities into loans for purchasing and carrying securities under the "Other loans" category. This resulted in some loans being moved from NDFI loans to the "Other loans" category. The updated instructions also resulted in a large volume of securities-based loans being reclassified from "Other consumer loans" and C&I loans into "Other loans." The appendix contains more details on these changes.

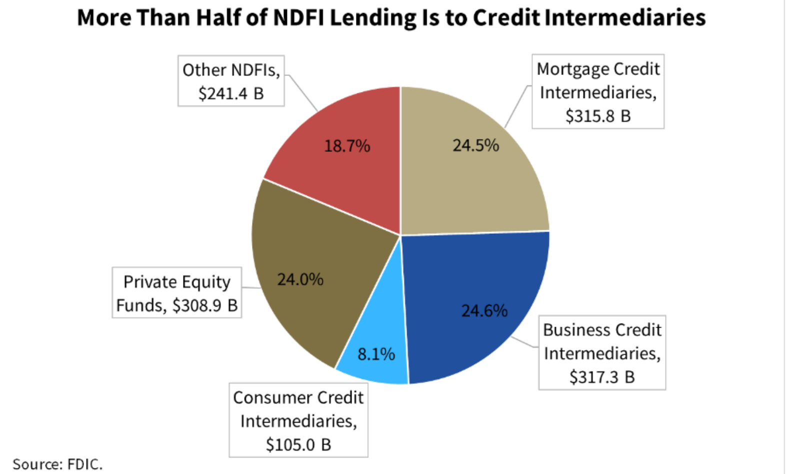
### NDFI Lending in Third Quarter 2025

In third quarter 2025, banks held $1.32 trillion in loans to NDFIs. Growth has been strong since 2010 when banks first began reporting NDFI loan data (Chart 2). Banks with assets greater than $10 billion, which report the five subcategories of NDFI lending, held $1.29 trillion in loans to NDFIs in third quarter. For these banks, about 57 percent of NDFI lending was to credit intermediaries, with mortgage credit and business credit intermediaries each making up about 25 percent of loans and consumer credit intermediaries making up about 8 percent (Chart 4). Loans to private equity funds were 24 percent of total NDFI loans, most of which are loans secured by a fund's capital call commitments, and about one-fifth of total NDFI loans was other loans to NDFIs.

were reclassified to loans to NDFIs and which were reclassified to all loans not elsewhere classified.

[8] While banks finalized reclassifications in June 2025 Call Report filings, these filings have not yet been audited. Future audits may result in residual reclassifications.

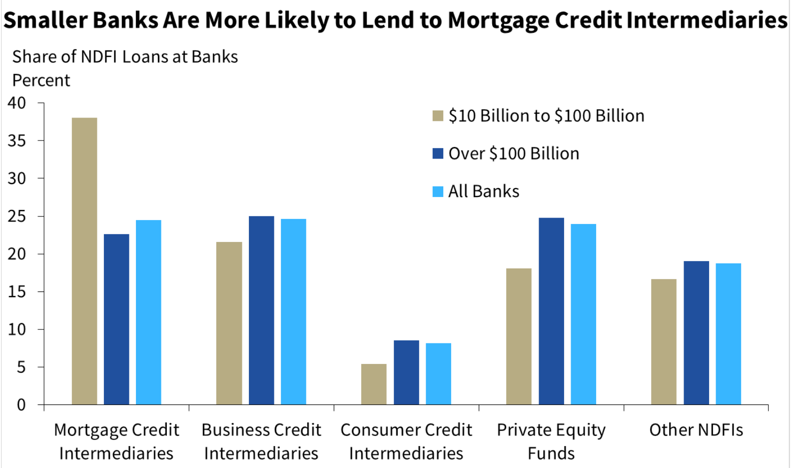
Chart 4



Source: FDIC.
Note: Data are for third quarter 2025 and include only funded commitments. Only banks with more than $10 billion in assets reported. NDFI stands for nondepository financial institution.

NDFI lending composition differs depending on a bank's asset size (Chart 5). Banks with assets between $10 billion and $100 billion have a higher proportion of NDFI lending in mortgage credit intermediation at almost 40 percent, while banks with assets greater than $100 billion have a more even distribution across private equity, business credit, and mortgage credit NDFI subcategories.

Chart 5



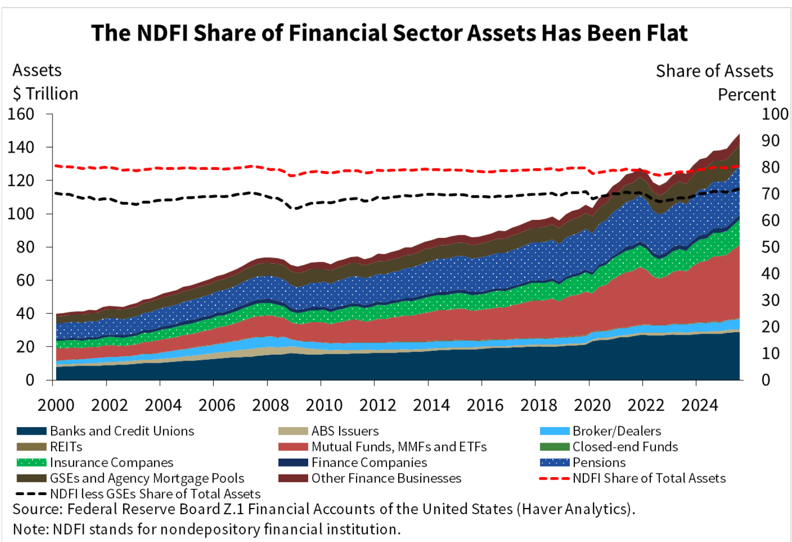
Source: FDIC.
Note: Data are for third quarter 2025 for banks with assets greater than $10 billion and include only funded commitments. NDFI stands for nondepository financial institution.

NDFI loans outstanding on bank balance sheets do not capture total lending exposure because most bank loans to NDFIs are revolving credit lines. In third quarter 2025, unfunded commitments to NDFIs were $987 billion, or 42.9 percent of total commitments to NDFIs.[9] These loans tend to be revolving credit lines that could be drawn down in times of stress and could represent a potential stress on bank liquidity.

### Growth in NDFIs and Bank Lending to NDFIs

From the 1970s through 2000, credit intermediation and financial services shifted from banks to NDFIs, partly because of the growth of government-sponsored entities (GSEs) in the mortgage market and financial innovations such as the development of money market mutual funds and asset-backed securities.[10] Since 2000, however, the overall NDFI share of financial sector assets has been fairly flat at about 80 percent (Chart 6). The financial sector grew during this period, with assets rising from $40 trillion in first quarter 2000 to $148 trillion in third quarter 2025. The financial sector also grew relative to the size of the economy. The ratio of financial sector assets to GDP rose from 400 to 477 percent during this period.[11]

Chart 6




Asset shares among NDFIs have shifted in the past 25 years, however. Mutual funds and exchange-traded funds (ETFs), in particular, have seen significant growth since 2000. ETF assets rose from $40 billion in first quarter 2000 to $12.6 trillion in third quarter 2025, and

---

[9] For comparison, in third quarter 2025, unfunded loans were 44.1 percent of total loan commitments.

[10] For more information on these trends, see Kathyrn Fritzdixon, "Bank and Nonbank Lending Over the Past 70 Years, *FDIC Quarterly* 13, no. 4 (2019); Kayla Shoemaker, "Trends in Mortgage Origination and Servicing: Nonbanks in the Post-Crisis Period," *FDIC Quarterly* 13, no. 4 (2019); and Frank Martin-Buck, "Leveraged Lending and Corporate Borrowing: Increased Reliance on Capital Markets, with Important Bank Links," *FDIC Quarterly* 13, no. 4 (2019).

[11] Some financial sector assets are liabilities of other financial institutions. For example, banks hold about a quarter of federal Agency and GSE-backed securities, and pensions and retirement funds hold about a quarter of the outstanding mutual fund shares.

their share of financial sector assets rose from 0.1 percent to 8.5 percent. Mutual fund assets quadrupled in the same period, to $23.5 trillion, and their share of financial sector assets increased by about two percentage points. Conversely, asset-backed securities issuers lost market share after the GFC, and their assets are less than half what they were in 2007. Information on private equity, private credit, and real estate funds is not available as a category in the Federal Reserve's data, but separate data show significant growth in their assets, from about $500 billion in 2000 to more than $7 trillion in 2023.[12] These types of NDFIs are typically more likely than ETFs and mutual funds to use bank loans as a funding source.

The growth in NDFIs that perform credit intermediation has been driven by a variety of factors. On the supply side, large investors have increased investment in NDFIs, especially during periods of sustained low interest rates when investors reach for yield and are more willing to invest in NDFIs. Low interest rates and the positive business environment also have driven growth in private equity and venture capital firms that provide funding to companies by investing in equity positions rather than by making loans.

NDFI credit expansion also reflects that banks have reduced some types of lending in recent years, such as loans to unprofitable or highly leveraged companies. Companies with negative earnings before interest, taxes, depreciation, and amortization (EBITDA) or that are more highly leveraged are more likely to borrow from a nonbank lender than from a bank. This difference became more pronounced after the release of the 2013 Interagency Guidance on Leveraged Lending, which tightened standards on leveraged lending underwriting.[13] NDFIs, particularly those typically known as "private credit funds," have stepped in to supply this market.

On the demand side, some borrowers may prefer borrowing from nonbank lenders. For example, fintech lenders automated systems and moved applications online, allowing faster mortgage approvals and contributing to their larger post-GFC market share.[14] Some borrowers

---

[12] John D. Levin and Antoine Malfroy-Camine, "Bank Lending to Private Equity and Private Credit Funds: Insights from Regulatory Data," Federal Reserve Bank of Boston, February 5, 2025.

[13] Sergey Chernenko, Isil Erel, and Robert Prilmeier, "Why Do Firms Borrow Directly from Nonbanks? ," *The Review of Financial Studies* 35, no. 11 (2022): 4902–4947. The FDIC and OCC rescinded their guidance on leveraged lending on December 5, 2025. Federal Deposit Insurance Corporation, "Interagency Statement on OCC and FDIC Withdrawal from the Interagency Leveraged Lending Guidance Issuances," news release, December 5, 2025.

[14] Andreas Fuster, Matthew Plosser, Philipp Schnabl, and James Vickery, "The Role of Technology in Mortgage Lending," *The Review of Financial Studies* 32, no. 5 (2019): 1854–1899.

may prefer private debt because of the certainty and speed of lending and higher leverage than banks would provide.[15]

### Loan Performance Remains Favorable, but Bank Lending to NDFIs Can Pose Risks

Bank loans to NDFIs have generally exhibited a lower degree of credit risk than other types of business lending. Although NDFI loans encompass a variety of types of loans with differing levels of risk and mitigation, most bank credit facilities to NDFIs are highly collateralized with conservative advance rates against the collateral pledged. Many types of NDFIs also have long lock-up periods for investor redemptions or other long-dated liabilities, which can lessen liquidity pressures. NDFI borrowers include a variety of types of institutions, including some that have longstanding relationships with banks. As discussed on page 4, the growth in NDFI lending in 2025 includes organic loan growth from new and existing customers and also the continued effects of reclassifications of existing lending.

Potential risks to banks from NDFI lending may emerge from various channels including direct credit risk from loans to NDFIs, potential losses on loans pledged as collateral to a bank, and potential liquidity pressures from credit line drawdowns from a sector of NDFIs in times of stress.[16] Newer NDFIs may not have experienced a full credit cycle, so their ability to repay loans may not have been fully tested. For loans originated by NDFIs, the credit decisions, credit administration, and collateral valuations fall outside the direct control of banks. These factors could result in credit risk in NDFI-originated loans pledged as collateral under a bank facility. Additionally, during times of market stress in an NDFI subsector, some NDFIs may need to sell assets in a fire sale, causing downward pressure on asset values that can affect other NDFIs and banks. A fire sale might decrease bank asset values at the same time that NDFIs may be having trouble repaying bank loans.[17] NDFIs that use less stable funding sources in addition to bank loans could face liquidity stress during a downturn and may draw down their bank credit lines. This stress could increase liquidity demands at banks, as some NDFIs collectively draw on bank-funded credit lines to make up for other funding cuts or investor redemptions.

So far, these risks have not materialized into high delinquency rates or large losses to banks. Loan asset quality metrics for bank NDFI lending have been generally better compared with loan categories with similar yield and risk characteristics. In third quarter 2025, the PDNA rate for bank loans to NDFIs was 0.15 percent. In comparison, the PDNA rate for C&I loans, which are also business loans not secured by real estate, was 1.32 percent. Asset quality of bank loans to NDFIs was stronger at larger banks, but PDNA rates were low for all size categories. The

---

[15] Patrick Drury Byrne, Marina Lukatsky, Matt Carroll, Elizabeth Campbell, Sebnem Caglayan, and Ramki Muthukrishan, "Private Debt: A Lesser-Known Corner of Finance Finds the Spotlight," S&P Global, October 12, 2021.
[16] See the FDIC 2025 *Risk Review* section on nondepository financial institution lending and private credit.
[17] Bank for International Settlements, "Banks' Interconnections with Non-Bank Financial Intermediaries," July 2025.

PDNA rate for loans to NDFIs was 0.49 percent for banks with assets less than $10 billion, 0.31 percent for banks with assets $10 billion to $100 billion, and 0.12 percent for banks with assets greater than $100 billion. The NDFI PDNA rates remain well below C&I PDNA rates across asset size groups, demonstrating that bank NDFI lending currently presents lower credit risk than traditional business loans.

## Conclusion

Bank lending to NDFIs has been the fastest-growing loan segment since the GFC and constitutes a notable share of bank lending. The growth in NDFIs that perform credit intermediation has been driven by a combination of factors, as NDFIs have stepped in to supply credit to companies and other borrowers in areas where banks may have retreated. The new subcategories of NDFI loans on the Call Report provide additional granularity on the drivers of growth in the NDFI segment, including more clarity on bank lending to credit intermediaries and private equity funds. As bank lending to NDFIs grows and evolves, this improved visibility may shed greater light on the connections between banks and NDFIs.

## Appendix: New Call Report Items and Changes to Call Report Instructions for the December 2024 Filing

This appendix provides a description of changes to the Call Report instructions made for the December 2024 Call Report. The Call Report is a quarterly report that banks file with bank regulatory agencies on their financial condition and income. Certain reporting requirements depend on the size of the bank, whether it has any foreign offices, the regulatory capital standards that apply to the bank, and other requirements. Banks that file the FFIEC form 051 do not report the subcategories of loans to NDFIs.[18]

**New Call Report Items**

Banks with assets greater than $10 billion are required to report subcategories of loans to NDFIs. The five NDFI subcategories are loans to mortgage credit intermediaries, loans to business credit intermediaries, loans to consumer credit intermediaries, loans to private equity funds, and other loans to NDFIs.

1. **Mortgage credit intermediaries** are companies that specialize in residential or commercial mortgage origination, servicing, or securitizing activities. This includes direct lenders, special purpose entities (SPEs) that facilitate mortgage-related securitization activities, such as real estate investment trusts (REITs), collateralized debt obligations (CDOs), collateralized loan obligations (CLOs), private debt funds, asset-backed commercial paper (ABCP) conduits, or other intermediaries with more than 50 percent of assets or lending activities being residential or commercial mortgages.

   A CDO is a financial product that pools various types of debt and repackages them into tranches, or tiered portions with specific risk, reward, and maturity characteristics, to be sold to investors. A CLO is similar to a CDO but it pools various types of leveraged loans. REITs are companies that own, operate, or finance income-generating real estate. ABCPs are short-term investment vehicles backed by collateral typically consisting of expected future payments (i.e., trade receivables, auto loans, credit card loans).

   Essentially, intermediaries can engage in mortgage origination and servicing and mortgage securitization by pooling loans and selling them as investment instruments (i.e., CDO, CLO, etc.) or selling mortgages to government-sponsored enterprises (GSEs), such as Fannie Mae or Freddie Mac or private-label mortgage-backed securitizers. The same origination, servicing, and securitization activities can be seen in business credit intermediaries and consumer credit intermediaries.

---

[18] The latest Call Report forms and instructions, as well as previous forms and instructions, are available here.

Residential mortgage credit intermediaries originate most residential mortgages but do not hold them.

2. **Business credit intermediaries** include SPEs, finance companies, direct lenders, CDOs, CLOs, private debt funds, leasing companies, ABCP conduits, Business Development Companies (BDCs), Small Business Investment Companies (SBICs), or other intermediaries with more than 50 percent of assets or lending activities being loans to businesses.

   BDCs are publicly traded investment vehicles that provide funding to small and midsize businesses and financially distressed businesses. SBICs are similar to BDCs except they are privately owned and licensed by the Small Business Administration.

3. **Consumer credit intermediaries** are SPEs, finance companies, direct lenders, private debt funds, leasing companies, ABCP conduits, or other intermediaries with more than 50 percent of assets or lending activities being loans to consumers.

   Loans to consumer credit intermediaries also include loans designed to facilitate asset-backed securitization (ABS) activities for consumer credit products, such as auto ABS, credit card ABS, and student loan ABS.

4. **Private equity funds** are investment vehicles in which investors pool funds to invest in the equity of private firms—those not listed in the stock exchange—to increase the value of a company and then sell it for profit. This differs from private credit or private debt funds, which use investor capital to lend directly to similar firms.

   Loans to private equity funds include capital call commitment and other subscription-based facilities to private equity and venture capital funds or any other general partnership funds that raise capital through limited partnership arrangements in which more than 50 percent of assets are equity investments in private, non-listed assets or companies.

   Capital call commitment facilities provide short-term funding to private equity/venture capital funds to bridge the time between when an investment is made by the fund and when capital contributions are received from investors. Capital call facilities are secured by the fund's capital commitments or contractual obligations for investors to contribute capital when requested.

5. **Other loans to NDFIs** are loans to NDFIs not already defined in the other four NDFI subcategories. This subcategory includes loans to holding companies of other depository institutions, insurance companies, federally sponsored lending agencies, and loans to investment banks and brokers-dealers.

   This subcategory also includes loans to publicly listed investment funds (e.g. money market funds, mutual funds, index funds, and exchange-traded funds), hedge funds, pension funds, endowments, family offices and sovereign wealth funds, securitization vehicles, and loans to other investment firms and financial vehicles.

All banks are required to report unused commitments for total loans to NDFIs, as well as 30-89 days past due, 90+ days past due, and nonaccrual total loans to NDFIs. In addition, banks with assets over $10 billion are required to report unfunded commitments to each subcategory of loans to NDFIs as defined above. These new line items provide greater insight into asset quality and credit utilization metrics for an institution's NDFI lending portfolio.

**Revisions to "Loans to Nondepository Financial Institutions" Instructions**

The instructions on loans to include in "Loans to nondepository financial institutions" (RC-C item 9.a) were expanded to describe a wider range of financial institutions. This change explicitly adds that loans to special purpose entities or other securitization vehicles should be included under "Loans to nondepository financial institutions."

Some types of loans were moved from "Other loans" (RC-C item 9.b) to "Loans to nondepository financial institutions." Loans to brokers and dealers that are not secured by real estate or to brokers and dealers that are depository institutions were previously included in "Loans for purchasing and carrying securities" (RC-C item 9.b.(1)). Under the revised instructions, loans to brokers and dealers should be included in "Loans to nondepository financial institutions" unless they meet the definition of loans for purchasing and carrying securities, described below. Similarly, loans to investment companies and mutual funds were previously included in "Loans for purchasing and carrying securities" (RC-C item 9.b.(1)) and were moved to "Loans to nondepository financial institutions."

**Revisions to "Loans for Purchasing or Carrying Securities, Including Margin Loans" Instructions**

The instructions for "Loans for purchasing or carrying securities" (RC-C item 9.b.(1)) were updated, and the title was changed to "Loans for purchasing or carrying securities, including margin loans." Some loans were moved into this item, and some loans were moved out of this item to "Loans to nondepository institutions," as described above.

This item previously excluded loans to banks in foreign countries that act as brokers and dealers in securities and to other depository institutions for the purpose of purchasing or carrying securities. Loans to these banks are no longer explicitly excluded and should be included in this item if they are for the purpose of purchasing or carrying securities. If they are for other purposes and not secured by real estate, they should be reported in "Loans to depository institutions and acceptance of other banks" (RC-C item 2).

Non-purpose securities-based margin loans were added to this item, regardless of the borrower. Previously, purpose loans, as defined in Federal Reserve Regulation U were included in this item, but non-purpose margin loans would be reported based on the identity of the borrower.[19] In particular, non-purpose margin loans to individuals were previously reported in "Other consumer loans" (RC-C item 6.d). The instructions for "Other consumer loans" were also updated to specifically exclude margin loans. Also, non-purpose securities-based loans to commercial entities were previously reported in C&I loans (RC-C item 4) but now should be reported in the "Loans for purchasing or carrying securities, including margin loans" segment. The inclusion of non-purpose securities-based margin loans with purpose loans was intended to aggregate exposures that have distinct and similar risk characteristics.

A margin loan is a loan from a broker that uses eligible securities as collateral. Traders typically use these funds to buy more securities or conduct short sales, which can magnify profits and losses. Regulation U imposes restrictions on lenders that extend credit for the purpose of purchasing or carrying margin stock if the credit is secured by margin stock. As described above, this item used to include all loans to brokers and dealers in securities, except those secured by real estate or to depositories, and loans to investment companies and mutual funds; these loans are now in "Loans to nondepository financial institutions."

---

[19] 12 C.F.R. Part 221 (2025), Credit by Banks and Persons Other Than Brokers or Dealers for the Purpose of Purchasing or Carrying Margin Stock (Regulation U).