



# 1Q26

## Quarterly Bank Report

May 6, 2026

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CPG monitors the quarterly financial performance trends of publicly traded banks and provides opinions on the implications for the industry and the strategies required to deliver top-tier performance going forward.

If you have any feedback or would like to discuss this report, please contact Claude Hanley at 703-861-8623 or [chanley@capitalperform.com](mailto:chanley@capitalperform.com).

## CPG's Takeaways:

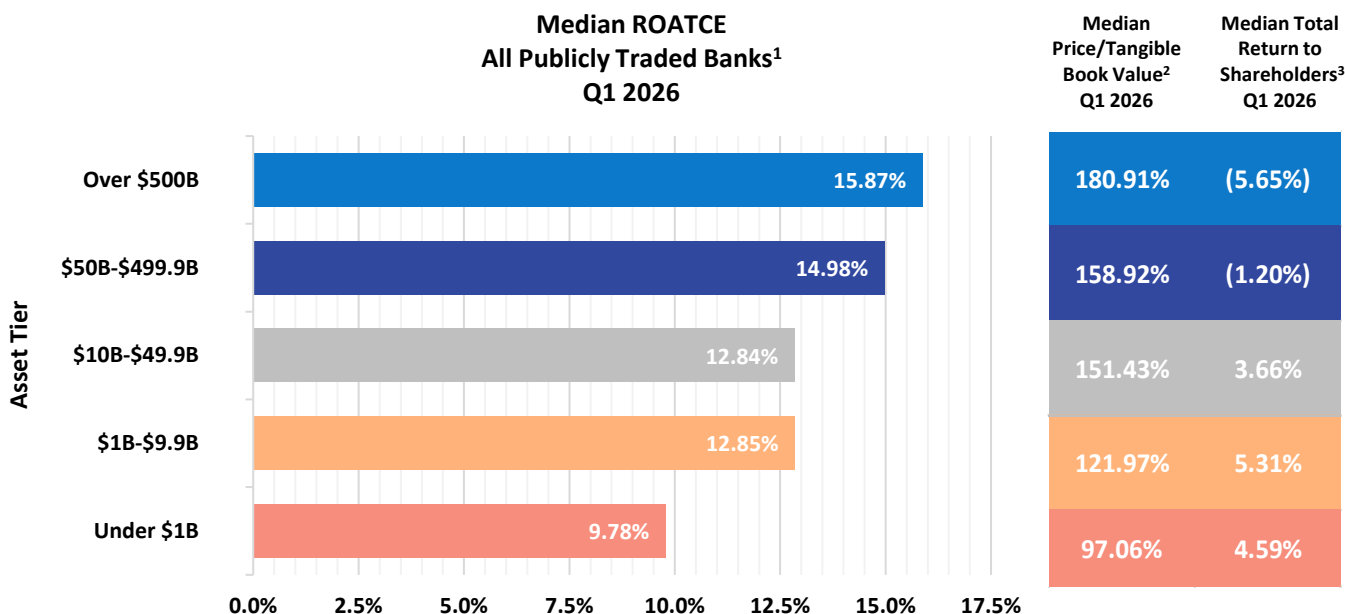
The industry's financial performance remained solid in 1Q26; however, there are signs that the recent string of quarterly improvements may have plateaued.

- ✓ Despite a decline in the median cost of funds across all asset tiers, the median net interest margin remained largely unchanged, except in the largest asset tier. Banks continued to realize the benefit of lower rates following the Fed's late-2025 rate cuts, but additional cuts in 2026, the outlook is now uncertain amid persistent inflation concerns and a resilient labor market.
- ✓ While median ROATCEs across the four largest asset tiers remained in double digits, they declined from 4Q25 for all asset tiers below \$500B, reflecting normalization from NIM expansion in 1Q26. In the largest asset tier, ROATCE grew as fee revenue rebounded in the first quarter.
- ✓ Net loan growth was positive across all asset tiers in 1Q26, but larger banks led the increase. Growth was strongest among large regional and megabanks, driven by a rebound in corporate and commercial borrowing.
- ✓ Median deposit growth increased across all asset tiers in 1Q26, led by the largest banks. Growth was supported by stabilizing funding conditions, reduced deposit runoff, and stronger customer balance growth.
- ✓ For the first time in four quarters, bank stock indices underperformed the broader market indices. The Median Return to Shareholders was negative in the two largest asset tiers as investor sentiment toward the sector turned bearish during the quarter amid heightened geopolitical uncertainty, economic growth concerns, and worries about exposure to private credit issues.
- ✓ The median ratio of nonaccrual loans to total assets remained relatively stable across asset tiers in 1Q26, indicating that credit quality has not materially deteriorated. However, the ABA Credit Conditions Index held at 37.5, marking the fifth consecutive quarter below the neutral threshold of 50 and signaling that bank economists still expect credit conditions to weaken over the next six months.

### Economic Outlook

According to a March survey by the Wall Street Journal, economists put the probability of a recession in the next 12 months at 32%, up modestly from 27% in January.

## Median ROATCE



Median ROATCEs across the four largest asset tiers remained in double digits. However, the Median Return to Shareholders was negative in the two largest asset tiers as concerns about exposure to private credit spooked investors. The median total return to shareholders was positive across the three smallest asset tiers.

Source: CPG analysis of data provided by S&P Global Market Intelligence, 2026.

1. 458 publicly traded U.S. banks and thrifts that had reported Q1 2026 results as of 5/1/26.

2. Share price as of 3/31/25.

3. Total Return to Shareholders Q1 as of 3/31/25.

## Stock Performance



For the first time in four quarters, bank stock indices underperformed the broader market indices. Investor sentiment toward the sector turned bearish during the quarter amid heightened geopolitical uncertainty, economic growth concerns, and worries about exposure to private credit and its credit quality.

Source: S&P Global Market Intelligence, 2026. Price Change (%) collected from December 31, 2025, through March 31, 2026.

## Top Valued Banks as of March 31, 2026 (Price/Tangible Book Value)

Asset Tier (Institution)	Headquarters (City, State)	Price/Tangible Book Value (X)	
		As of 3/31/26	Change [12/31/25 - 3/31/26]
<b>Over \$500B Median</b>		<b>1.8</b>	<b>-0.3</b>
The Bank of New York Mellon Corporation	New York, NY	4.1	0.1
Morgan Stanley	New York, NY	3.2	-0.4
JPMorgan Chase & Co.	New York, NY	2.7	-0.3
<b>\$50B-\$49.9B Median</b>		<b>1.6</b>	<b>0.0</b>
The Charles Schwab Corporation	Westlake, TX	7.1	-0.4
Cullen/Frost Bankers, Inc.	San Antonio, TX	2.3	0.2
State Street Corporation	Boston, MA	2.3	-0.1
Northern Trust Corporation	Chicago, IL	2.3	0.0
Fifth Third Bancorp	Cincinnati, OH	2.0	0.0
<b>\$10B-\$49.9B Median</b>		<b>1.5</b>	<b>0.1</b>
Community Financial System, Inc.	Syracuse, NY	2.9	0.0
Nicolet Bankshares, Inc.	Green Bay, WI	2.6	0.5
Glacier Bancorp, Inc.	Kalispell, MT	2.1	0.0
ServisFirst Bancshares, Inc.	Birmingham, AL	2.1	0.0
TFS Financial Corporation	Cleveland, OH	2.1	0.1
<b>\$1B-\$9.9B Median</b>		<b>1.2</b>	<b>0.0</b>
Pathward Financial, Inc.	Sioux Falls, SD	3.5	0.6
The Bancorp, Inc.	Wilmington, DE	3.2	-0.9
Esquire Financial Holdings, Inc.	Jericho, NY	3.1	0.1
Thomasville Bancshares, Inc.	Thomasville, GA	3.0	-0.2
Bank First Corporation	Manitowoc, WI	2.9	0.2
<b>Under \$1B Median</b>		<b>1.0</b>	<b>0.0</b>
GBank Financial Holdings Inc.	Las Vegas, NV	2.3	-0.6
Truxton Corporation	Nashville, TN	2.1	-0.1
Community Bancorp	Derby, VT	1.7	-0.1
Muncy Columbia Financial Corporation	Bloomsburg, PA	1.5	0.2
Union Bankshares, Inc.	Morrisville, VT	1.4	0.0

The median price-to-tangible book value multiples were unchanged across all asset tiers except the largest (-0.3x) and banks (\$10B-\$49.9B, +0.1x).

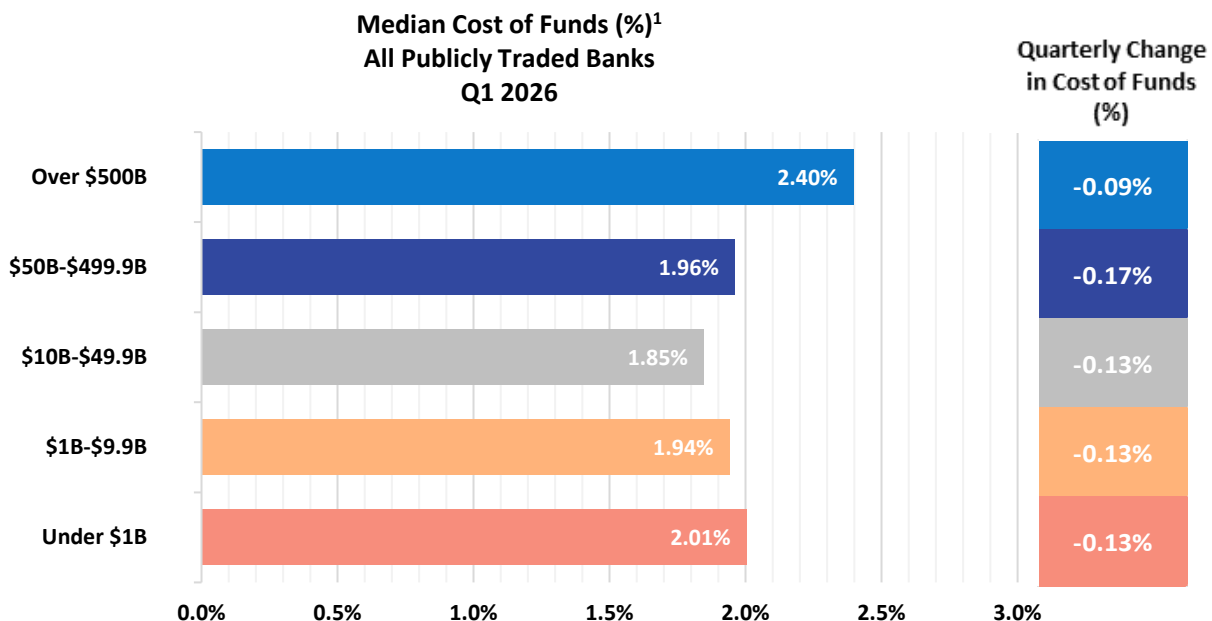
Top valuations among larger asset tiers remained concentrated among fee-oriented banks with custody, wealth management, brokerage, payments, and capital markets businesses.

Among smaller high-multiple banks, valuation declines were more idiosyncratic, with Gbank and The Bancorp seeing pressure tied to credit card fraud concerns and investor reaction to compressed revenue and NIM, respectively.

Source: CPG analysis of data provided by S&P Global Market Intelligence, 2026.

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## Cost of Funds



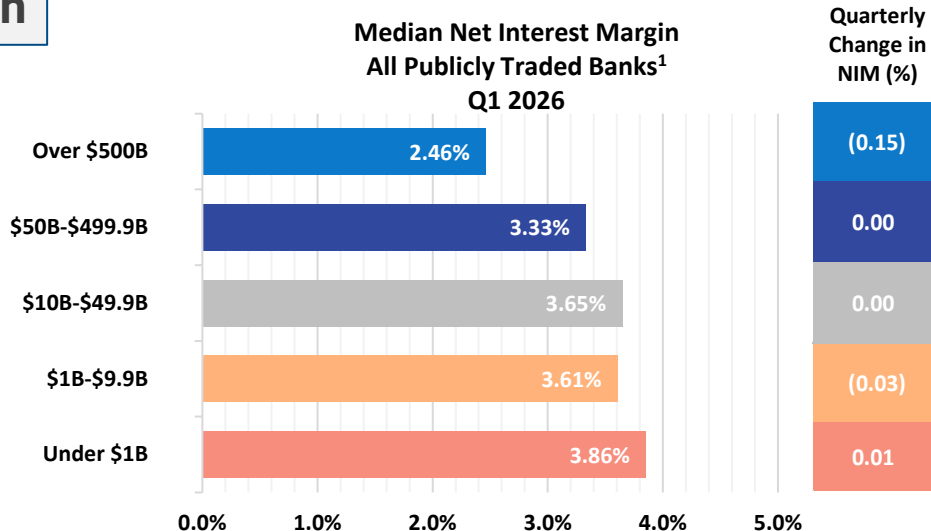
Median cost of funds declined in 1Q26 as banks continued to realize the benefit of lower rates following the Fed’s late-2025 cuts, with interest-bearing deposits and higher-cost wholesale funding repricing downward. Additional Fed cuts in 2026 are now uncertain amid persistent inflation concerns and a resilient labor market.

Source: CPG analysis of data provided by S&P Global Market Intelligence, 2026.

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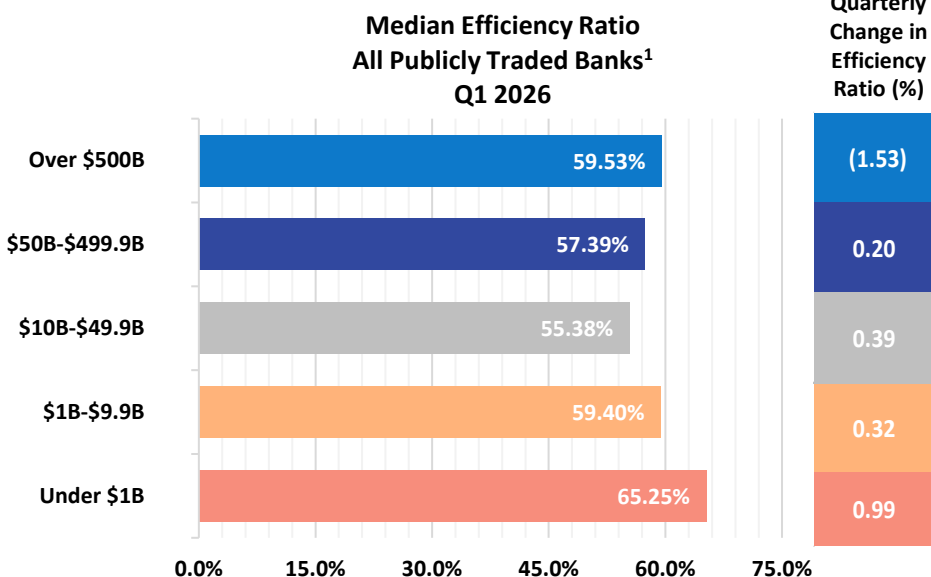
## Net Interest Margin

The median net interest margin remained mostly unchanged except for the largest asset tier. Large banks indicated that lower funding costs were partly offset by lower short-term rates and lower earning-asset yields.



## Efficiency Ratio

Median efficiency ratios improved for the largest asset tier only. High fee-based income among the largest banks contributed to this, offsetting increases in noninterest expense over the quarter.



Source: CPG analysis of data provided by S&P Global Market Intelligence, 2026.

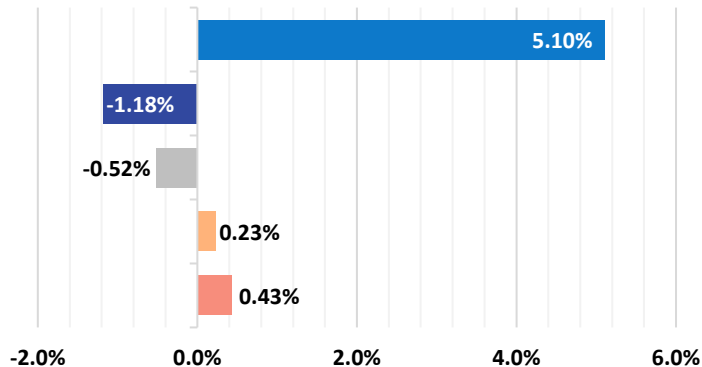
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## Revenue Growth

Median revenue growth was strong among banks with assets over \$500B, from robust capital markets activity, investment banking fees, and trading revenue. Smaller asset tiers experienced declines or marginal growth.

Over \$500B  
\$50B-\$499.9B  
\$10B-\$49.9B  
\$1B-\$9.9B  
Under \$1B

Median Revenue Growth  
All Publicly Traded Banks<sup>1</sup>  
Q4 2025 to Q1 2026

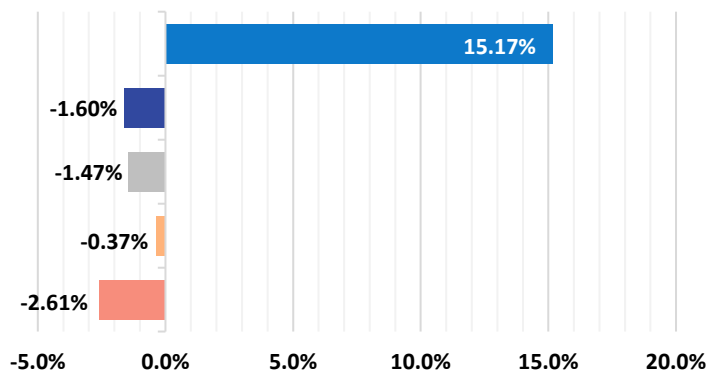


## Noninterest Income

Noninterest income growth was concentrated in the largest asset tier. Other asset tiers saw seasonal first-quarter softness and normalization from elevated 4Q25 fee activity.

Over \$500B  
\$50B-\$499.9B  
\$10B-\$49.9B  
\$1B-\$9.9B  
Under \$1B

Median Noninterest Income Growth  
All Publicly Traded Banks<sup>1</sup>  
Q4 2025 to Q1 2026

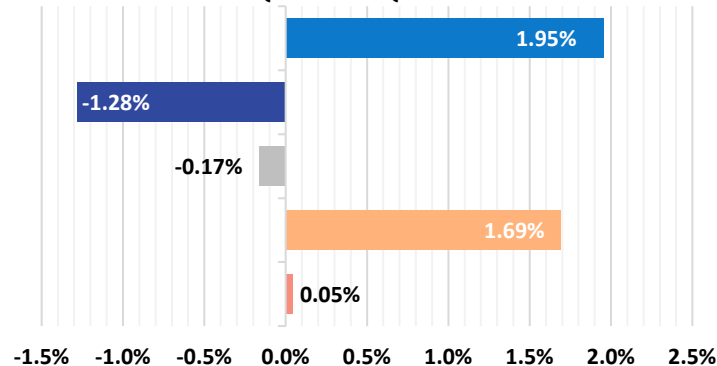


## Noninterest Expense

Noninterest expense trends held relatively flat in 1Q26 for all asset tiers but the largest. Those over \$500B experienced growth tied to compensation expenses and continued tech investment.

Over \$500B  
\$50B-\$499.9B  
\$10B-\$49.9B  
\$1B-\$9.9B  
Under \$1B

Median Noninterest Expense Growth  
All Publicly Traded Banks<sup>1</sup>  
Q4 2025 to Q1 2026

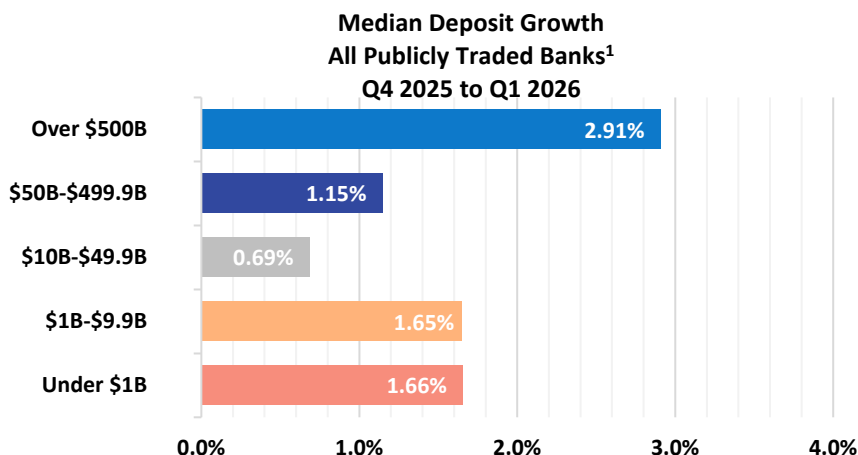


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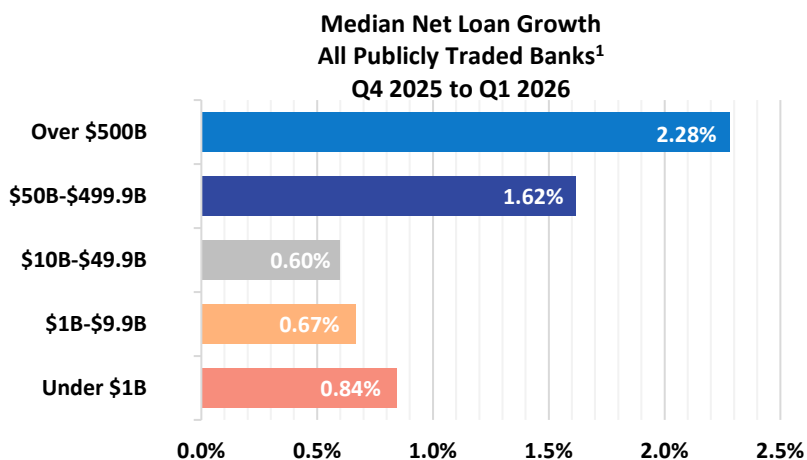
## Deposit Growth

Median deposit growth increased across all asset tiers in 1Q26, led by the largest banks. Growth was supported by stabilizing funding conditions, reduced deposit runoff, and stronger customer balance growth.



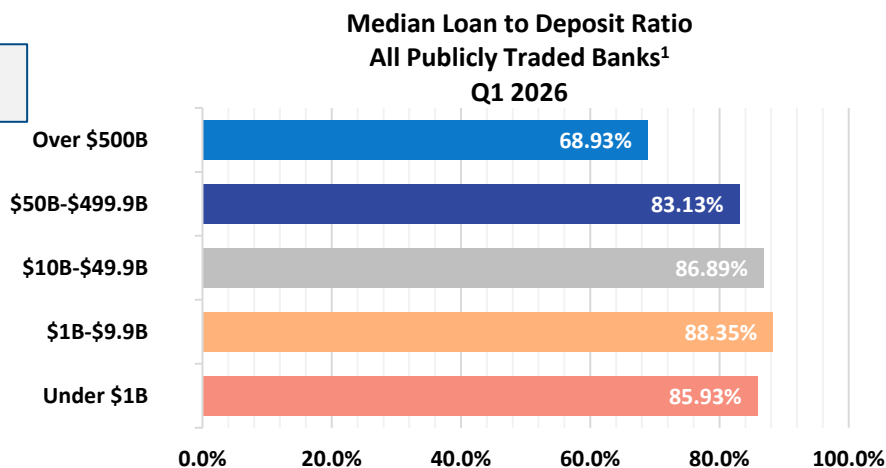
## Net Loan Growth

Net loan growth was positive across all asset tiers in 1Q26, but larger banks led the increase. Growth was strongest among large regional and megabanks due to a rebound in corporate and commercial borrowing.



## Loan to Deposit Ratio

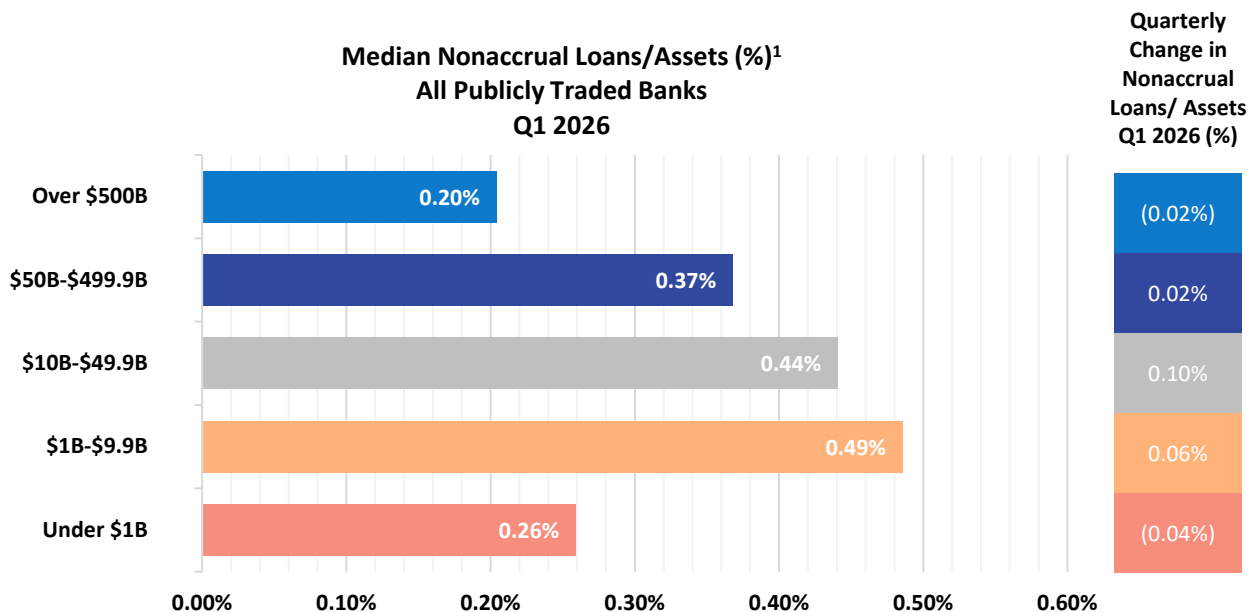
The median loan-to-deposit ratios remained steady in 1Q26, with only marginal changes from the prior quarter. All four asset tiers below \$500B maintained loan-to-deposit ratios over 80.0%.



Source: CPG analysis of data provided by S&P Global Market Intelligence, 2026.

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## Nonaccrual Loans/Assets



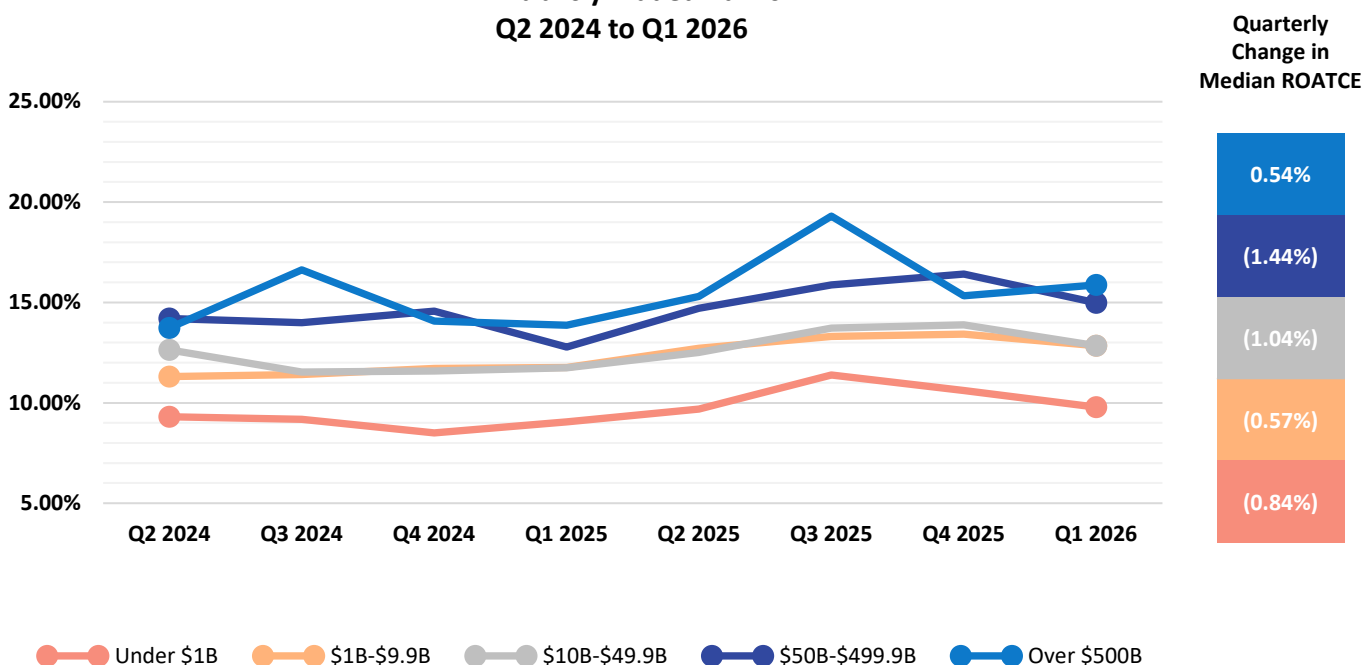
The median ratio of nonaccrual loans to total assets remained relatively stable across asset tiers in 1Q26, indicating that credit quality has not materially deteriorated. However, the ABA Credit Conditions Index held at 37.5, marking the fifth consecutive quarter below the neutral threshold of 50 and signaling that bank economists still expect credit conditions to weaken over the next six months.

Source: CPG analysis of data provided by S&P Global Market Intelligence, 2026.

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## ROATCE Trends by Asset Tier

Median ROATCE<sup>1</sup> (%)  
All Publicly Traded Banks  
Q2 2024 to Q1 2026



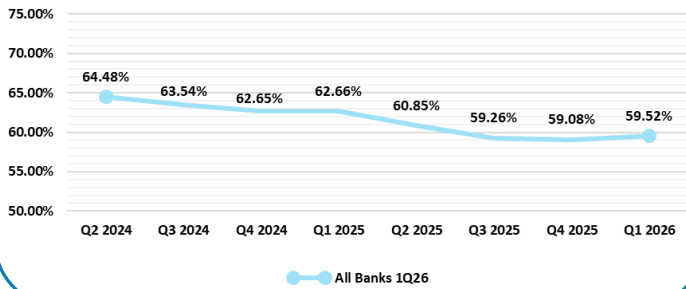
Median ROATCE trends by asset tier were negative for all asset tiers below \$500B, reflecting normalization from NIM expansion in 1Q26. In the largest asset tier, ROATCE grew as fee revenue rebounded in the first quarter.

Source: CPG analysis of data provided by S&P Global Market Intelligence, 2026.

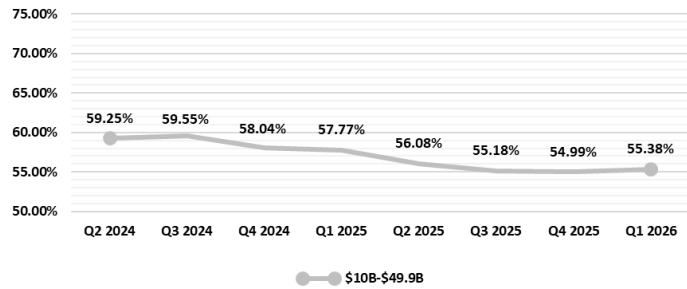
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## Efficiency Trends by Asset Tier

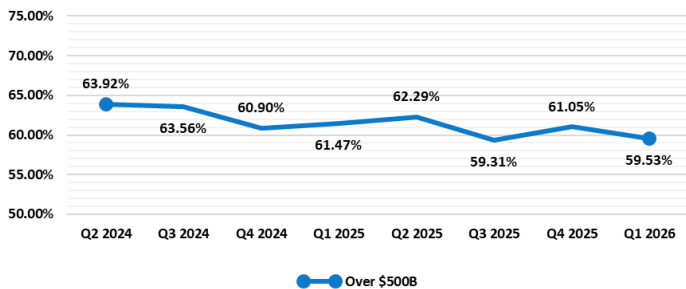
Median Efficiency Ratio<sup>1</sup> (%)  
All Publicly Traded Banks  
Q2 2024 to Q1 2026



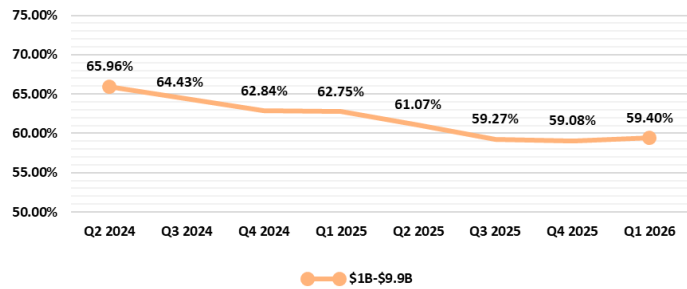
Median Efficiency Ratio<sup>1</sup> (%)  
Publicly Traded Banks \$10B - \$49.9B  
Q2 2024 to Q1 2026



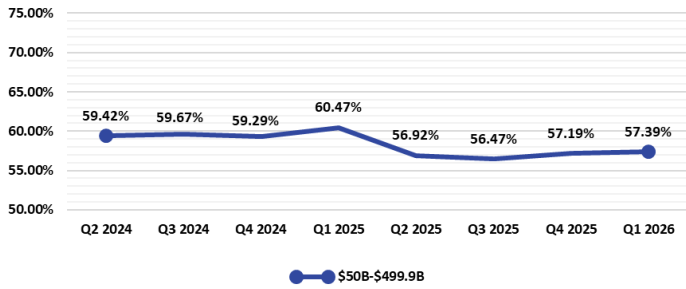
Median Efficiency Ratio<sup>1</sup> (%)  
Publicly Traded Banks Over \$500B  
Q2 2024 to Q1 2026



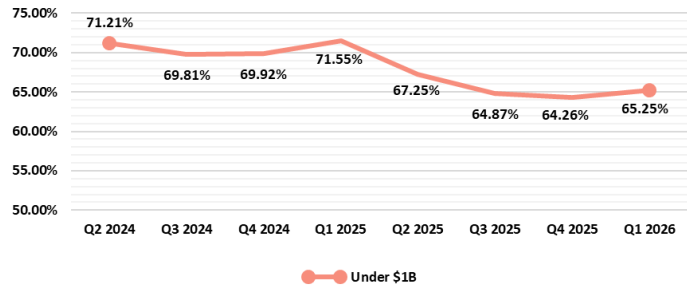
Median Efficiency Ratio<sup>1</sup> (%)  
Publicly Traded Banks \$1B - \$9.9B  
Q2 2024 to Q1 2026



Median Efficiency Ratio<sup>1</sup> (%)  
Publicly Traded Banks \$50B - \$499.9B  
Q2 2024 to Q1 2026



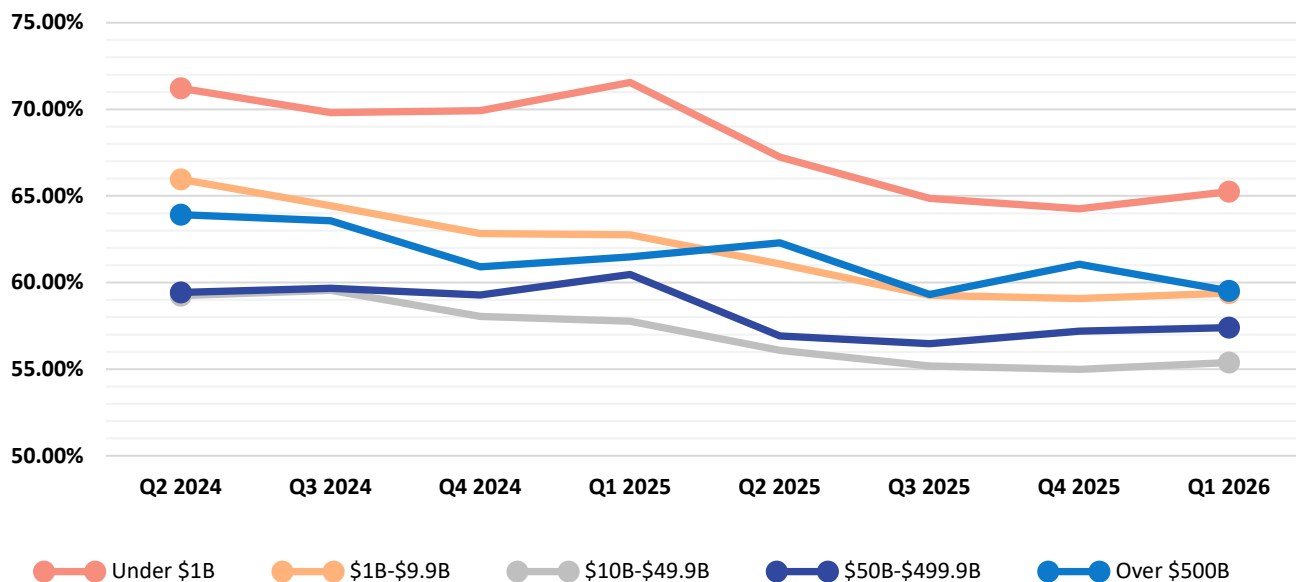
Median Efficiency Ratio<sup>1</sup> (%)  
Publicly Traded Banks Under \$1B  
Q2 2024 to Q1 2026



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## Efficiency Trends by Asset Tier

Median Efficiency Ratio<sup>1</sup> (%)  
All Publicly Traded Banks  
Q2 2024 to Q1 2026



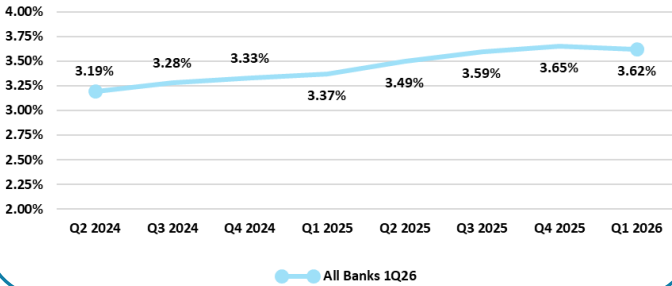
Efficiency ratios rose modestly for asset tiers under \$500B, driven by a mix of revenue normalizing, rising noninterest expenses, and flat noninterest income growth during the quarter. Still, median efficiency ratios have improved over the past two years for all asset tiers.

Source: CPG analysis of data provided by S&P Global Market Intelligence, 2026.

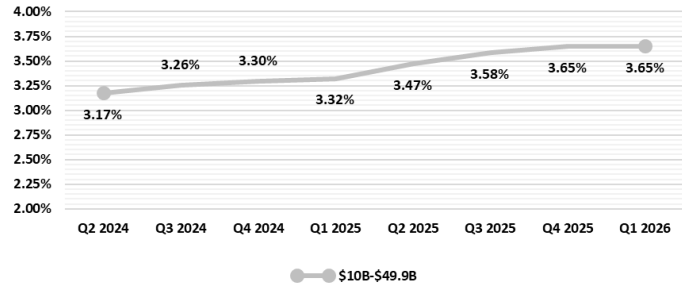
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## Net Interest Margin Trends by Asset Tier

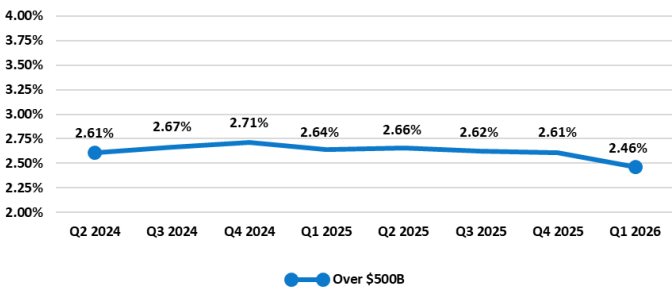
Median NIM<sup>1</sup> (%)  
All Publicly Traded Banks  
Q2 2024 to Q1 2026



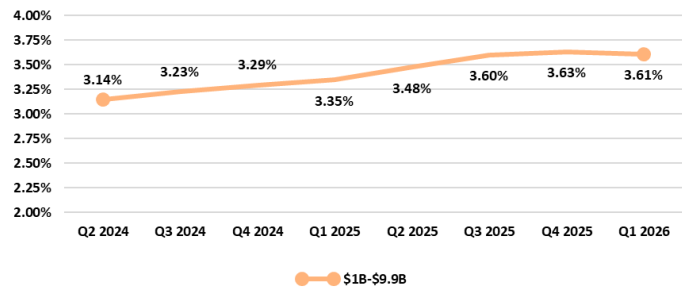
Median NIM<sup>1</sup> (%)  
Publicly Traded Banks \$10B - \$49.9B  
Q2 2024 to Q1 2026



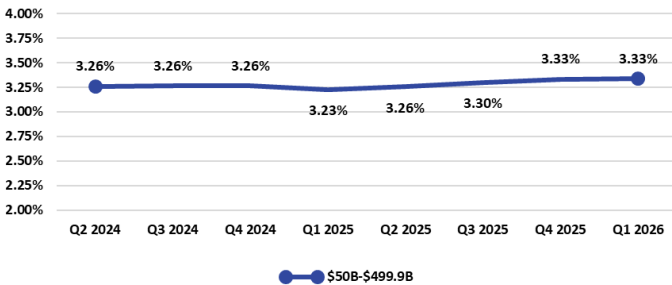
Median NIM<sup>1</sup> (%)  
Publicly Traded Banks Over \$500B  
Q2 2024 to Q1 2026



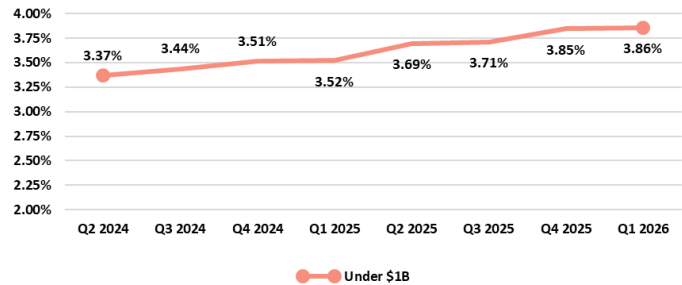
Median NIM<sup>1</sup> (%)  
Publicly Traded Banks \$1B - \$9.9B  
Q2 2024 to Q1 2026



Median NIM<sup>1</sup> (%)  
Publicly Traded Banks \$50B - \$499.9B  
Q2 2024 to Q1 2026



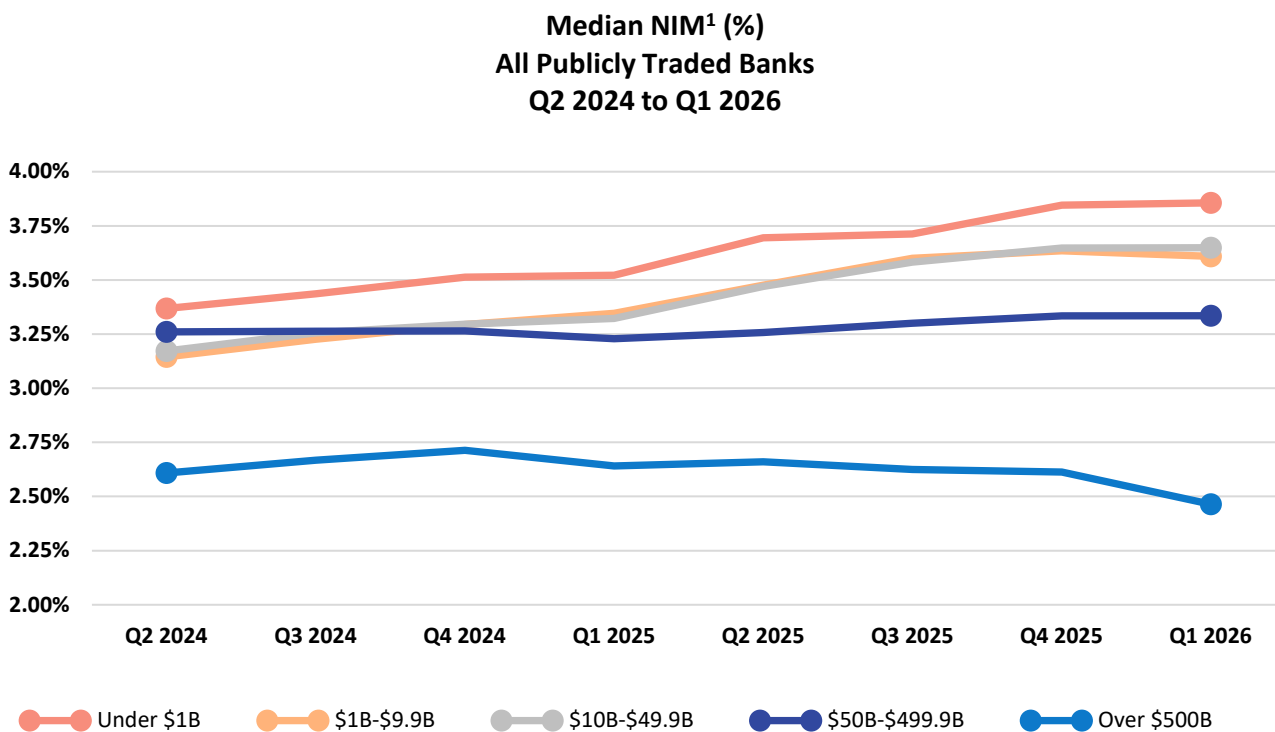
Median NIM<sup>1</sup> (%)  
Publicly Traded Banks Under \$1B  
Q2 2024 to Q1 2026



Source: CPG analysis of data provided by S&P Global Market Intelligence, 2026.

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## Net Interest Margin Trends by Asset Tier



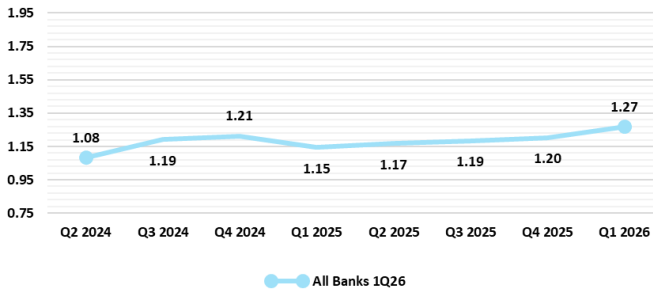
Median net interest margins essentially stood flat across all asset tiers under \$500B. Decreases in the largest asset tier were driven by lower short-term rates, lower earning-asset yields, and shifting balance sheet mixes.

Source: CPG analysis of data provided by S&P Global Market Intelligence, 2026.

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## Valuation Trends by Asset Tier

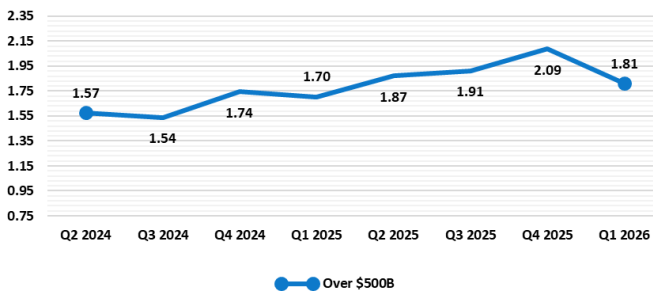
Median Price/Tangible Book Value<sup>1</sup> (x)  
All Publicly Traded Banks  
Q2 2024 to Q1 2026



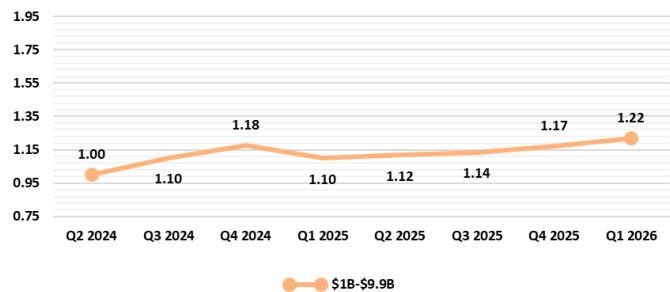
Median Price/Tangible Book Value<sup>1</sup> (x)  
Publicly Traded Banks \$10B - \$49.9B  
Q2 2024 to Q1 2026



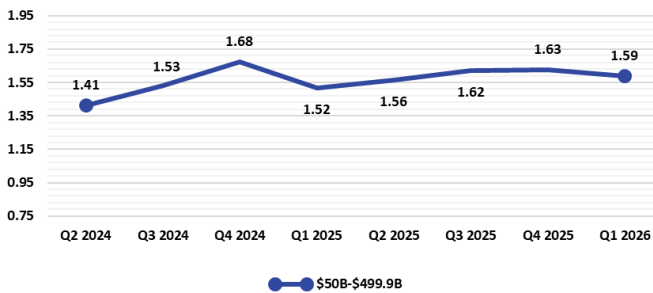
Median Price/Tangible Book Value<sup>1</sup> (x)  
Publicly Traded Banks Over \$500B  
Q2 2024 to Q1 2026



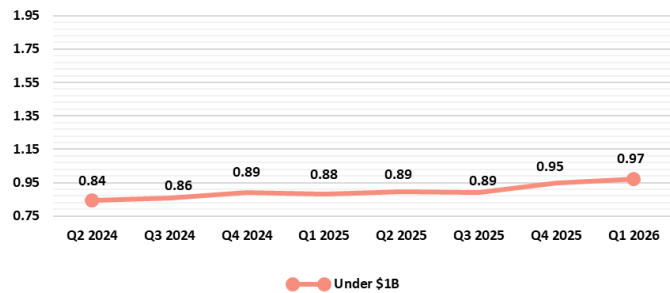
Median Price/Tangible Book Value<sup>1</sup> (x)  
Publicly Traded Banks \$1B - \$9.9B  
Q2 2024 to Q1 2026



Median Price/Tangible Book Value<sup>1</sup> (x)  
Publicly Traded Banks \$50B- \$499.9B  
Q2 2024 to Q1 2026



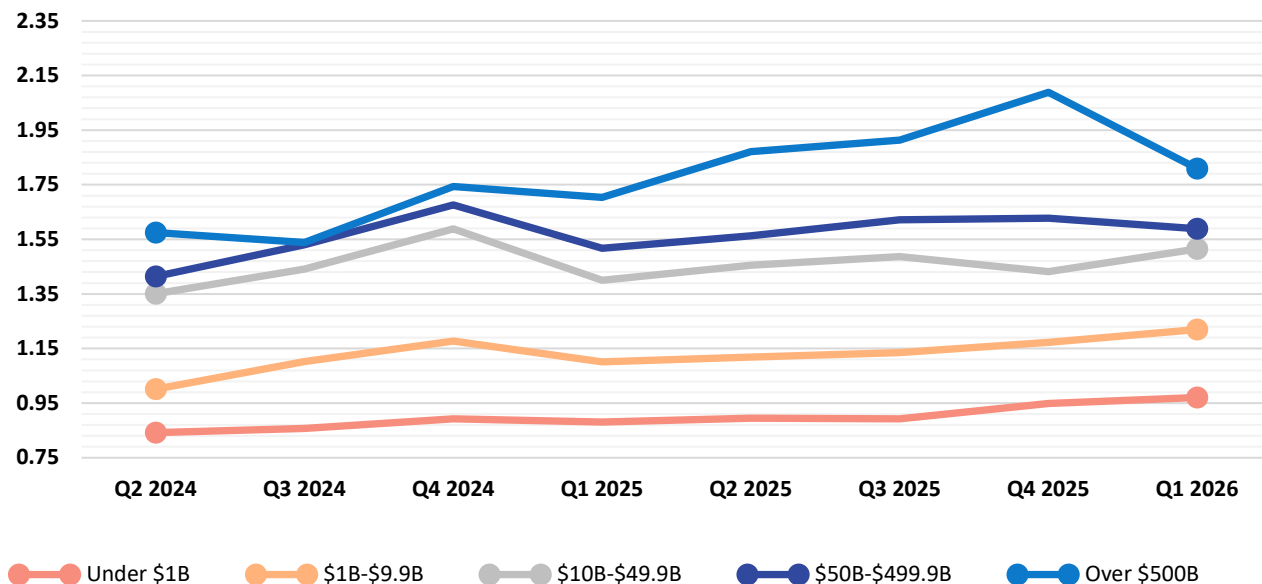
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## Valuation Trends by Asset Tier

Median Price/Tangible Book Value<sup>1</sup> (x)  
All Publicly Traded Banks  
Q2 2024 to Q1 2026



Bank stock valuations decreased for the two largest asset tiers as equity prices fell during the quarter, but grew modestly for the three smallest asset tiers.

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## Who We Are

CPG is a management consulting firm founded in 2001. We focus exclusively on the financial services industry. We provide value to our clients by delivering proven solutions to critical business issues, empowering decision-makers with relevant, concise, well-organized information, and engineering work practices to drive efficiencies and productivity.

For more than 20 years, Capital Performance Group has worked with the [ABA Banking Journal](#) and the [American Banker](#) to evaluate the nation's top performing banks.

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