



U.S. Banking: Q2 2026 Quarterly Analysis

Record assets, loans, deposits and quarterly profits — but a wider held-to-maturity shortfall at the largest banks and softening credit at the smallest

by Gavin Magor

with Sean Levine and Al Qureiyeh

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11780 US Highway 1 | Palm Beach Gardens, FL 33408-3080

Contact: Nicole Brown | nbrown@weissinc.com | +1-561-291-9625

Executive Summary

The U.S. banking industry continued to expand in Q2 2026. Our analyzed universe of 4,267 banks held \$26.46T in assets, up 1.7% from Q1. Five findings stand out:

1. Growth was broad-based across all four size segments. Comparable-cohort assets rose at Regional (+2.2%), SIB (+1.5%), Large (+1.4%) and Community (+1.2%) banks. Loans grew faster still, up 2.2% versus 1.5% for assets and 1.1% for deposits.

2. Quarterly profitability strengthened across the board. Q2 net income totaled \$91.0B, 12.5% above Q1 and the strongest single quarter in our dataset — running back through 2019 — by more than \$10 billion. Net income rose in every segment, led by Large banks at +15.4%.

3. Credit quality improved overall, but diverged by size. The industry noncurrent loan rate improved from 0.97% to 0.93%. Yet Community banks posted their highest noncurrent rate in our dataset, and their reserve coverage slipped to its lowest level since 2019.

4. The held-to-maturity shortfall widened. The HTM valuation shortfall rose 1.2%, from \$214.2B in Q1 to \$216.9B in Q2 — the main negative for the quarter. SIBs carry 86.9% of it.

5. Commercial real estate exposure kept building. Nonfarm CRE dollars rose in every size segment, and the industry-wide portfolio reached its highest level in our dataset running back through 2019.

Introduction

By most headline measures, Q2 2026 was a banner quarter. Total assets, gross loans, domestic deposits and quarterly net income all reached their highest levels in our eight-year dataset. The noncurrent loan rate fell to its lowest number in two years.

So is the industry as healthy as those totals suggest? The honest answer is that it depends on which banks you look at.

Banks tend to perform differently by size, and industry-wide averages are dominated by the largest institutions. That is why the industry-wide summaries that follow are paired with a breakdown of each key metric across four size segments: Community, Regional, Large and Systemically Important Banks (or “SIBs”). That is the purpose of this report.

Industry-Wide Results:

Bigger, More Profitable, Cleaner Credit

Summary: Q2 net income hit \$91.0B, up 12.5% from Q1 and the highest in our eight-year dataset. Total assets, gross loans and domestic deposits also set dataset highs, and the noncurrent loan rate fell to 0.93%. The held-to-maturity shortfall was the main negative, widening to \$216.9B.

Q2 Sector Snapshot

Headline industry measures at June 30, 2026, with trend context.

Measure	Q2 2026	Trend
Banks	4,267	Consolidation Continues
Total Assets	\$26.46T	Highest in 8-Yr Dataset
Gross Loans	\$13.92T	Highest in 8-Yr Dataset
Domestic Deposits	\$18.94T	Highest in 8-Yr Dataset
Q2 Net Income	\$91.0B	Highest in 8-Yr Dataset; Up 12.5% vs. Q1
Noncurrent Loans / Gross Loans	0.93%	Lowest Number in 2 Years

Q2 net income covers 4,266 banks. See Earnings for detail.

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Balance Sheet

Industry Balance Sheet

As-reported quarter-end totals for all banks in each quarter.

Measure	Q1 2026	Q2 2026	Change
Total Assets	\$26.02T	\$26.46T	+1.7%
Gross Loans (Including Held for Sale)	\$13.59T	\$13.92T	+2.4%
Domestic Deposits	\$18.71T	\$18.94T	+1.2%
Tier 1 Capital	\$2.31T	\$2.33T	+0.8%

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Tier 1 capital is the primary measure of a bank's financial health and strength — its core equity and retained earnings.

Earnings

Industry Earnings

Standalone-quarter income, Q1 vs. Q2 2026.

Measure	Q1 2026	Q2 2026	Change
Net Interest Income	\$191.3B	\$197.5B	+3.2%
Net Income	\$80.9B	\$91.0B	+12.5%

Standalone Q2 net interest income and net income include 4,266 of 4,267 Q2 banks. Boston Trust Walden National Association had no validated predecessor filing, so its H1 YTD filing could not be converted into a standalone quarter.

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Net Interest Income (NII) is interest earned on loans, securities and other interest-bearing assets minus interest paid on deposits and other funding. It is not limited to core lending. It is comparable to gross profit in an operating company, basically amounting to interest earned minus interest paid out to depositors and others, before applying general business overhead.

Meanwhile, bottom-line net income factors in all business expenses. The \$91 billion result amounts to the strongest single-quarter performance for the industry in our dataset (running back through 2019) by more than \$10 billion.

The \$91 billion Q2 result was the strongest single-quarter performance for the industry in our dataset — by more than \$10 billion.

Key Profit and Credit Margins

Key Profit and Credit Margins

Rates for the 4,252 banks present in both Q1 and Q2.

Measure	Q1 Comparable	Q2 Comparable	Change
Fully Tax Equivalent Net Interest Margin	3.02%	3.07%	+5.7 bp
Return on Average Assets (annualized)	1.27%	1.41%	+14.1 bp
Net Charge-Off Rate (annualized)	0.60%	0.59%	-1.4 bp

The fixed cohort prevents a new, exited or merged bank from creating an apparent change in a quarterly rate.

bp = basis point(s), which are one-one hundredth of one percent

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Net Interest Margin (NIM) is a bank's NII divided by the total value of all loans and investments that generate interest for the bank, or its Average Earning Assets. Being Fully Tax Equivalent (FTE) means we're converting tax-free income (like what is earned through

municipal bonds) into what it would be if taxed, allowing for apples-to-apples comparisons.

Return on Average Assets (ROAA) is like NIM, but is more of a bottom-line measure, instead using a bank's net income against its total assets.

A bank's Annualized Net Charge-Off Rate is the portion of its loan book that is written off as bad debt over a full year. The number is expressed as a percent of average loans outstanding.

Current Risk Indicators

For problem-loan and valuation-shortfall measures, lower is favorable; for reserve coverage, higher is favorable. CRE and NDFI are exposure measures, not credit outcomes. As discussed further in the section on NDFI (or loans to Non-Depository Financial Institutions) below, NDFI does not directly measure private credit exposure or performance, but is used as a rough proxy for private credit exposure.

Current Risk Indicators

Industry-wide credit, valuation and exposure measures.

Measure	Q1 2026	Q2 2026	Change	Interpretation
Noncurrent Loans / Gross Loans	0.97%	0.93%	-3.4 bp	Lower is favorable
Reserves / Noncurrent Loans	169.67%	172.68%	+3.02 pp	Higher is favorable
HTM Net Valuation Shortfall	\$214.2B	\$216.9B	+1.2%	Increase in shortfall is worse
Nonfarm Nonresidential CRE / Assets	7.33%	7.32%	-1.0 bp	Exposure concentration
Domestic NDFI Loans	\$1.47T	\$1.52T	+3.6%	Broad private credit proxy

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

The industry-wide noncurrent-loan rate (the percentage of total loans 90 or more days past due, or that are no longer accruing interest because the bank does not expect to collect) improved by 3 basis points or roughly 4% vs. the prior quarter.¹ Meanwhile, reserve coverage (a bank's capital set aside to absorb nonperforming loans, divided by its noncurrent loan totals — 100% or better is considered healthy if not strong) increased 3.02 percentage points, or a 1.8% move vs. prior.

¹ When discussing the degree of change between two percentages, we often state the difference in both bps and as the percentage change of the second number relative to the first.

That said, the magnitude of HTM losses (see the section on Held-to-Maturity Securities below for additional discussion) worsened 1.2% to roughly \$217 billion. And again, while not directly indicative of risk, NDFI climbed on the quarter, up 3.6% to \$1.52 trillion.

The CRE (Commercial Real Estate) number here is an industry-wide average. The section of this report focusing on CRE below shows a much clearer picture of exposure levels and concentration, which varies dramatically by size segment.

Who Holds What:

The Industry by Size at Q2

Summary: The 18 SIBs held 63.7% of industry assets. Community banks made up 4,109 of the industry's 4,267 banks, yet held just 13.35% of assets.

Size Overview at Q2

Current distribution of banks, assets, domestic deposits and Tier 1 capital.

Size Segment	Banks	Assets	Share	Deposits	Share	Tier 1	Share
U.S. Banking Industry	4,267	\$26.46T	100.00%	\$18.94T	100.00%	\$2.33T	100.00%
Community (Under \$10B)	4,109	\$3.53T	13.35%	\$2.93T	15.47%	\$405.6B	17.42%
Regional (\$10B–<\$50B)	107	\$2.33T	8.82%	\$1.89T	9.96%	\$240.2B	10.32%
Large (\$50B–<\$250B)	33	\$3.74T	14.13%	\$2.93T	15.45%	\$349.9B	15.03%
SIB (\$250B+)	18	\$16.85T	63.70%	\$11.20T	59.12%	\$1.33T	57.23%

SIB is used here strictly as an asset-size label for banks with \$250 billion or more in assets, not as a regulatory designation.

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

The 18 SIBs held 63.7% of assets industry-wide. Community banks were by far the most numerous institutions, comprising 4,109 of the industry's 4,267 banks, yet held just 13.35% of assets. Regional and Large banks bridge the gap, together contributing 22.95% of industry assets from only 140 institutions. Meanwhile, Community and Regional banks held proportionally greater shares of industry-wide deposits and capital relative to their assets, reflecting their more deposit-funded balance sheets.

Balance Sheet by Bank Size: Growth in Every Segment

Summary: Every segment grew assets, loans and deposits on the quarter. Regional banks led asset and deposit growth, Large banks led loan growth and Community banks led Tier 1 capital growth — while SIB Tier 1 capital slipped 0.3%.

Total Assets

Total Assets by Size Segment

Quarter-end dollar sums, classified by Q2 cohorts in both periods (as with all of the following size tables).

Size Segment	Q1 Comparable	Q2 Comparable	Change (\$)	Change (%)	Q2 Cohort Share
Industry Total (Adjusted)²	\$25.95T	\$26.35T	+\$396.5B	+1.5%	100.00%
Community	\$3.49T	\$3.53T	+\$43.1B	+1.2%	13.40%
Regional	\$2.26T	\$2.31T	+\$48.8B	+2.2%	8.77%
Large	\$3.60T	\$3.65T	+\$49.8B	+1.4%	13.86%
SIB	\$16.60T	\$16.85T	+\$254.8B	+1.5%	63.97%

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Total Assets measure the resources on bank balance sheets, including loans, securities, cash and other assets.

As a group, Total Assets rose 1.5% compared to Q1 levels. Industry-wide, assets are at record highs in our dataset running back through 2019, up 46.6% over that stretch. SIB banks sit at record levels as well, up nearly 90% since 2019, while Community and Regional bank assets remain just a touch below their respective 2025 and 2024 peaks. Regional banks saw strong growth on the quarter at +2.2%, while Community banks rose the slowest at +1.2%.

² Industry totals in all size comparison tables differ from those appearing earlier in this report, due to the removal of 41 banks from Q1 totals and 15 banks from Q2 totals. These banks appear in only one quarter or the other's numbers, so were removed in order to generate a true "apples-to-apples" comparison between the two periods.

Gross Loans, Including Held for Sale

Gross Loans by Size Segment

Total customer lending before loan-loss reserves, including loans held for sale.

Size Segment	Q1 Comparable	Q2 Comparable	Change (\$)	Change (%)	Q2 Cohort Share
Industry Total (Adjusted)	\$13.55T	\$13.84T	+\$292.5B	+2.2%	100.00%
Community	\$2.42T	\$2.47T	+\$49.7B	+2.1%	17.81%
Regional	\$1.53T	\$1.56T	+\$29.0B	+1.9%	11.27%
Large	\$2.26T	\$2.32T	+\$57.6B	+2.5%	16.76%
SIB	\$7.34T	\$7.50T	+\$156.2B	+2.1%	54.16%

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Gross loans show total customer lending before taking loan-loss reserves into account, including loans held-for-sale.

Gross loans, like assets, are also at industry-wide record highs, although up a smaller 38% since 2019 compared to assets' near-50% increase. Large banks recorded the fastest increase at +2.5% on the quarter, while Regional bank gross loans grew the slowest at a still-solid 1.9%.

Domestic Deposits

Domestic Deposits by Size Segment

Customer deposits booked in U.S. offices.

Size Segment	Q1 Comparable	Q2 Comparable	Change (\$)	Change (%)	Q2 Cohort Share
Industry Total (Adjusted)	\$18.65T	\$18.86T	+\$203.8B	+1.1%	100.00%
Community	\$2.91T	\$2.93T	+\$21.6B	+0.7%	15.54%
Regional	\$1.83T	\$1.87T	+\$35.5B	+1.9%	9.91%
Large	\$2.82T	\$2.86T	+\$36.7B	+1.3%	15.16%
SIB	\$11.09T	\$11.20T	+\$110.0B	+1.0%	59.39%

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Domestic deposits are customer deposits booked in U.S. offices, and are a core source of bank funding.

Regional banks recorded the fastest quarter increase at +1.9% (presumably providing a lot of Regional bank overarching total asset growth mentioned earlier), while Community banks recorded the lowest change at +0.7%. Community banks disproportionately service rural markets, so the disparity could be a reflection on city-vs.-country saving and liquidity dynamics.

The adjusted industry-wide number was up 1.1%, and like other balance-sheet metrics was at a time series high on the quarter, up nearly 50% from pre-COVID levels.

Tier 1 Capital

Tier 1 Capital by Size Segment

Core regulatory capital available to absorb losses while a bank remains operating.

Size Segment	Q1 Comparable	Q2 Comparable	Change (\$)	Change (%)	Q2 Cohort Share
Industry Total (Adjusted)	\$2.30T	\$2.32T	+\$14.3B	+0.6%	100.00%
Community	\$396.5B	\$405.0B	+\$8.5B	+2.1%	17.48%
Regional	\$234.4B	\$238.3B	+\$3.8B	+1.6%	10.28%
Large	\$335.5B	\$341.5B	+\$6.0B	+1.8%	14.74%
SIB	\$1.34T	\$1.33T	-\$4.0B	-0.3%	57.50%

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Tier 1 Capital is core regulatory capital available to absorb losses while a bank remains operating. It is not a measure of liquidity, but rather represents assets that can be used as collateral when borrowing from the Federal Reserve in a liquidity crisis.

Tier 1 Capital was up 0.6% (adjusted) sequentially, and industry-wide is sitting at cycle highs, up 36% since 2019. Community banks improved their solvency numbers more quickly despite slower deposit growth, recording the fastest quarterly increase at 2.1%, with Large banks close behind at 1.8%. SIBs, meanwhile, declined 0.3%.

Profitability by Bank Size: Every Segment Earned More

Summary: Net income rose 9% or better in every segment, led by Large banks at +15.4%. The median industry FTE NIM climbed 14.0 bp and ROAA rose in all four segments.

Net Income

Net Income by Size Segment

Standalone-quarter profit after all costs, taxes and other expense items.

Size Segment	Q1 Comparable	Q2 Comparable	Change (\$)	Change (%)	Q2 Cohort Share
Industry Total (Adjusted)	\$80.8B	\$91.0B	+\$10.2B	+12.6%	100.00%
Community	\$12.1B	\$13.2B	+\$1.1B	+9.4%	14.49%
Regional	\$7.3B	\$8.1B	+\$0.7B	+10.1%	8.89%
Large	\$11.9B	\$13.8B	+\$1.8B	+15.4%	15.14%
SIB	\$49.5B	\$55.9B	+\$6.5B	+13.1%	61.48%

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Net income is a bank's profit after all costs, taxes, or other expense items. It's the true "bottom-line" number.

Industry profits are at cycle highs, with a large industry-wide increase in Q2. Large banks posted the fastest growth, up 15.4%, but all four segments saw solid growth of 9% or better. SIBs generated 61.5% of adjusted industry-wide net income, showing how concentrated earnings are within that segment despite the outperformance from Large banks last quarter.

FTE Net Interest Margin

FTE Net Interest Margin by Size Segment

Each size row is the median bank; not the group average, which can be skewed by concentration.

Size Segment	Q1 Comparable	Q2 Comparable	Change
Industry Total (Adjusted)	3.60%	3.74%	+14.0 bp
Community	3.62%	3.76%	+14.5 bp
Regional	3.34%	3.46%	+11.4 bp
Large	3.19%	3.20%	+1.1 bp
SIB	2.65%	2.68%	+3.2 bp

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

FTE NIM is the quarter's interest income plus adjustment for tax-exempt income, less interest expense, divided by average earning assets. Higher net interest margin means a bank has a stronger gap between interest earned on loans and interest paid to depositors.

While not at cycle highs, median industry NIM is still at its strongest levels since 2020. The adjusted group median climbed 14.0 bp, or 3.9% compared to Q1. Community and Regional banks led the quarter's improvement, while Large and SIB bank NIM rose only slightly. Community-bank NIM is closing in on its best levels since the end of 2019, while SIB NIM remains solidly below its pre-pandemic norms even after the recent recovery.

ROAA (Annualized)

ROAA by Size Segment (Annualized)

Annualized net income divided by average assets. This is a ratio of group sums, not the median bank.

Size Segment	Q1 Comparable	Q2 Comparable	Change
Industry Total (Adjusted)	1.27%	1.41%	+14.1 bp
Community	1.39%	1.51%	+11.9 bp
Regional	1.31%	1.43%	+11.7 bp
Large	1.34%	1.53%	+19.3 bp
SIB	1.22%	1.36%	+13.9 bp

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Industry-wide Return on Average Assets (ROAA) has been improving since the end of 2024, with growth accelerating over the past several quarters. Q2 saw an adjusted industry ROAA increase of 11% vs. prior, with Large banks recording both the highest ROAA of the four segments at 1.53% and the strongest single-quarter increase of 14.4%. Despite their comparatively lower return levels, SIBs are actually outperforming the field here. SIB ROAA has rebounded to its strongest levels since 2019, while the other size categories are at their best ROAA levels since 2021.

Credit Quality by Bank Size: Stronger at the Top, Softer at the Bottom

Summary: Noncurrent loans fell and reserve coverage rose at Regional, Large and SIB banks. Community banks were the exception: their noncurrent rate edged up to 0.88%, the highest in our dataset, and their reserve coverage slipped to its lowest level since 2019.

Net Charge-Off Rate (Annualized)

Net Charge-Off Rate by Size Segment (Annualized)

Net charge-offs divided by reported quarterly average loans. This is a ratio of group sums, not a median-bank rate.

Size Segment	Q1 Comparable	Q2 Comparable	Change
Industry Total (Adjusted)	0.60%	0.59%	-1.4 bp
Community	0.26%	0.26%	-0.1 bp
Regional	0.42%	0.44%	+1.6 bp
Large	0.77%	0.74%	-3.0 bp
SIB	0.70%	0.68%	-2.0 bp

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

For net charge-offs, lower is better, as it's the percentage of a bank's loan book that's been written off as bad debt.

Once adjusted for apples-to-apples group comparisons, Community banks continued leading the industry by far at 0.26%, essentially unchanged on the quarter, while Large banks saw the strongest improvement, dipping nearly 4% compared to Q1. That said, Large banks still had the highest charge-off rate of the four segments at 0.74%. SIB charge-offs eased to their lowest level since the end of 2023, and industry-wide, the unadjusted rate fell to its lowest reading over that same span. Only Regional banks worsened, slipping nearly 4% (or 1.6 bp worse) vs. prior.

Noncurrent Loans

Noncurrent Loans by Size Segment

Noncurrent-loan dollars divided by total loan dollars.

Size Segment	Q1 Comparable	Q2 Comparable	Change
Industry Total (Adjusted)	0.97%	0.91%	-5.2 bp
Community	0.87%	0.88%	+0.9 bp
Regional	1.23%	1.19%	-3.8 bp
Large	1.01%	0.96%	-4.9 bp
SIB	0.93%	0.85%	-7.6 bp

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Noncurrent loans combine loans 90 days or more past due but still accruing interest because of strong collateral or other factors, with nonaccrual loans (those where the bank recognizes it is unlikely to recover). Lower is favorable because it indicates fewer reported problem loans relative to the loan book.

Declines took place at Regional, Large and SIB banks, led by a drop of 7.6 bp at SIBs (or an 8.6% sequential drop). Community banks were the outlier, edging up 0.9 bp to their highest noncurrent rate in our dataset running back through 2019. While the level remains modest in absolute terms, seeing softer performance at the smaller end of the food chain could be another indication of more strained conditions in America's heartland. SIB noncurrent rates, by contrast, fell to their best level since the third quarter of 2023.

Community banks were the outlier, edging up to their highest noncurrent rate in our dataset running back through 2019.

Reserve Coverage (LLR / Noncurrent Loans)

Reserve Coverage by Size Segment

Ratio of loan-loss reserves available for each dollar of currently reported noncurrent loans.

Size Segment	Q1 Comparable	Q2 Comparable	Change
Industry Total (Adjusted)	169.76%	176.10%	+6.34 pp
Community	149.29%	147.62%	-1.67 pp
Regional	122.55%	125.62%	+3.07 pp
Large	185.94%	190.45%	+4.51 pp
SIB	183.62%	195.36%	+11.74 pp

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Loan-loss reserves (or LLR) are a capital cushion mandated by regulators to protect against expected credit losses. Reserve coverage (those reserves, divided by a bank's noncurrent loan totals) of over 100% is considered healthy, over 150% is strong, while sub-100% is cautionary.

Industry-wide coverage has been sliding since highs back in 2023, but improved from Q1 to Q2 and remains healthy on average. SIBs boosted their reserve coverage the strongest this quarter, leapfrogging Large banks to rise 11.7 percentage points and pushing 200% coverage. Large and Regional banks improved as well. Community banks were the lone segment to decline, slipping 1.67 pp to their lowest coverage level since 2019, though at 147.6% they remain solidly above the 100% healthy threshold.

Risk Exposures:

HTM Losses, Commercial Real Estate and NDFI

Summary: SIBs carry \$188.3B — 86.9% — of the adjusted industry-wide HTM shortfall, and their shortfall-to-Tier 1 ratio rose to 14.13%. Nonfarm CRE loans reached a dataset high, rising in every segment. Domestic NDFI loans, our rough proxy for private credit exposure, rose 3.4% to \$1.52T.

Held-to-Maturity Securities Deficit

HTM Net Valuation Shortfall by Size Segment

Net HTM fair-value shortfall, equal to amortized cost less fair value. Positive amounts in Comparable columns are shortfalls.

Size Segment	Q1 Comparable	Q2 Comparable	Change (\$)	Change (%)	Q2 Cohort Share
Industry Total (Adjusted)	\$214.2B	\$216.7B	+\$2.5B	+1.2%	100.00%
Community	\$7.0B	\$6.9B	-\$0.1B	-2.0%	3.18%
Regional	\$7.2B	\$7.1B	-\$0.1B	-1.1%	3.29%
Large	\$14.0B	\$14.4B	+\$0.4B	+2.7%	6.64%
SIB	\$185.9B	\$188.3B	+\$2.4B	+1.3%	86.89%

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

A “Held-to-Maturity” deficit, or HTM for short, represents the loss a bank would realize if it sold securities — including bonds — owned by the bank at current market rates. That said, since these assets have not been sold, they are unrealized losses that do not affect a bank’s bottom line. Nonetheless, HTM is an indication of the disconnect between assets on a bank’s books and current market realities.

As of Q2, SIBs carried \$188.3B — a whopping 86.9% — of the adjusted industry-wide shortfall. The number worsened slightly on the quarter, but is still much better than deficits in excess of \$200 billion and even \$300 billion seen from 2022 through 2025. This overall stronger positioning holds true for the other size cohorts as well, although Large bank deficits did worsen more than twice those of the SIB segment on a percentage basis in Q2 (+2.7% vs. +1.3%). Meanwhile, Community and Regional banks each trimmed their shortfall slightly.

As of Q2, SIBs carried \$188.3 billion — a whopping 86.9% — of the industry’s held-to-maturity shortfall.

HTM Shortfall as a Share of Tier 1 Capital

The same shortfall as in the previous table, divided by segment Tier 1 capital.

Size Segment	Q1 Comparable	Q2 Comparable	Change
Industry Total (Adjusted)	9.30%	9.35%	+5.2 bp
Community	1.77%	1.70%	-7.1 bp
Regional	3.08%	2.99%	-8.4 bp
Large	4.18%	4.21%	+3.8 bp
SIB	13.91%	14.13%	+22.0 bp

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

The percentages in the table above represent each size segment’s total HTM loss divided by the group’s Tier 1 capital reserves. Larger numbers are unfavorable, because it means the banks in that segment would have less capital available if they were forced to sell those securities — say, in an economic crisis or a run on the bank. There is no strict definition of high risk here, but ideally we want to see that percentage well below 20–30%.

The industry-wide ratio worsened slightly on the quarter but remains in solidly better shape than 2022–2025, when the number ranged as high as 18%. SIBs continue to sit in the weakest position of the four segments and slid to their worst reading since the third quarter of last year. We’d like to see that ratio improve. Large banks also worsened modestly, while Community and Regional banks improved, but all three groups appear to remain outside any possible danger zone.

Note that the numbers in this table do not identify whether security sales, runoff, transfers, market repricing or another factor drove changes in the underlying positions.

Commercial Real Estate

Nonfarm Nonresidential CRE Loans by Size Segment

Quarter-end nonfarm nonresidential CRE sums; acquisition, development and construction loans are excluded.

Size Segment	Q1 Comparable	Q2 Comparable	Change (\$)	Change (%)	Q2 Cohort Share
Industry Total (Adjusted)	\$1.89T	\$1.93T	+\$35.7B	+1.9%	100.00%
Community	\$742.5B	\$756.7B	+\$14.2B	+1.9%	39.28%
Regional	\$389.8B	\$401.9B	+\$12.2B	+3.1%	20.86%
Large	\$338.3B	\$342.4B	+\$4.1B	+1.2%	17.77%
SIB	\$420.3B	\$425.6B	+\$5.3B	+1.3%	22.09%

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

We monitor a bank's exposure to the commercial real estate industry because we believe it to be one of the higher-risk market segments in the economy. COVID dramatically reduced demand for office space, and it never fully recovered in the wake of the proliferation of Zoom meetings and telework. Meanwhile, many banks poured into what looked like a cheap asset class ripe for a rebound that has failed to materialize, and did much of that during a very low interest rate environment. Large banks in particular have ramped their positions over the past several years, boosting their group average exposure as a share of total assets by more than 70% since 2019 to more than 9.3% of total assets.

The industry-wide nonfarm CRE loan portfolio has now reached its highest level in our dataset running back through 2019. Many of these loans are now coming due for refinancing, and when they do, the economics are no longer nearly as attractive under the current higher rate regime, if they work at all.

The table above measures each segment's share of adjusted industry-wide exposure; the concentration table below shows the typical (median) bank's exposure within each tier, dividing the bank's CRE portfolio by its total assets. Neither measure by itself establishes future losses; again, we simply believe the segment as a whole represents heightened risk.

Median-Bank CRE Concentration (CRE / Total Assets)

Each size row displays the data for the median bank within the fixed Q2-tier cohort; it is not a ratio of totals.

Size Segment	Q1 Comparable	Q2 Comparable	Change
Industry Total (Adjusted)	14.83%	15.05%	+22.0 bp
Community	14.84%	15.06%	+21.8 bp
Regional	18.65%	18.64%	-0.2 bp
Large	11.06%	11.16%	+10.2 bp
SIB	2.27%	2.31%	+3.9 bp

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Regional banks had the highest within-tier CRE concentration of any segment at 18.6% of assets, essentially flat on the quarter, while holding 20.9% of industry-wide nonfarm, nonresidential CRE. Community banks, the largest holder of CRE dollars at 39.3% of the adjusted total, also saw within-tier concentration rise to its highest level in our dataset running back through 2019. Large banks increased their exposure again this quarter, continuing a build-up that has pushed their CRE/Asset ratio to its highest level in the dataset as well. SIBs — solidly in the strongest position of the four segments in terms of exposure relative to total assets — also edged their exposure up slightly.

Domestic NDFI Loans

Domestic NDFI Loans by Size Segment

Domestic-office loans to nondepository financial institutions. This is a broad NDFI indicator, not a private-credit-only exposure measure.

Size Segment	Q1 Comparable	Q2 Comparable	Change	Q2 Cohort Share	NDFI / Assets
Industry Total (Adjusted)	\$1.47T	\$1.52T	+3.4%	100.00%	5.77%
Community	\$27.0B	\$28.0B	+4.0%	1.84%	0.79%
Regional	\$97.8B	\$101.5B	+3.8%	6.68%	4.39%
Large	\$210.5B	\$220.2B	+4.6%	14.49%	6.03%
SIB	\$1.13T	\$1.17T	+3.1%	76.99%	6.94%

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

NDFI loans are loans made to “Non-Depository Financial Institutions,” or finance companies like private equity groups, private credit funds, REITs and mortgage companies, business development companies (also known as BDCs), hedge funds and broker-dealers that are not regulated as banks, because they do not take traditional

customer deposits. NDFI lending has been the fastest-growing segment in banking since the Great Financial Crisis, with reported compounded growth of more than 20%/year.

We track NDFI because it includes a bank's exposure to the highly opaque private credit market. While private credit exposure is not necessarily a bad thing, it does represent increased risk relative to regulated lending. Private credit loans include market segments such as commercial real estate, asset-light tech companies now under pressure from the threat of AI, and increasingly, AI-related projects themselves, which face their own unique risks in the face of rising public backlash.

Banks do not break out their exposure to any of this explicitly, so we look at the best information we have... which is NDFI loan numbers. That said, NDFI is not solely private credit — in fact, far from it — so this data should not in any way be considered an apples-to-apples private credit risk assessment.

U.S. banking industry domestic NDFI loans increased 3.4% in the second quarter to \$1.52T. SIBs held 77% of the balance, but Large banks posted the fastest balance growth at +4.6%. SIBs also held the greatest share of NDFI relative to their total asset pools at just shy of 7%, with Large banks close behind at 6%.

Conclusion:

A Record Quarter, With Pressure at Both Ends

Asset growth was broad-based across all four size segments: Regional +2.2%, SIB +1.5%, Large +1.4% and Community +1.2%. Loans grew even faster than assets industry-wide, up 2.2% for the comparable cohort versus 1.5% for assets and 1.1% for deposits — loan growth outpaced deposit growth in every segment except Regional banks, where the two were essentially even.

Quarterly profitability strengthened across the board. Net income rose in every segment, led by Large banks at +15.4%. FTE NIM improved 14.0 bp for the adjusted group median, and ROAA rose 11.1% industry-wide, while the annualized net charge-off rate declined 1.4 bp.

Credit-quality direction was mixed by segment for the first time in several quarters. Noncurrent rates fell at Regional, Large and SIB banks — led by SIBs' 7.6 bp improvement — but rose slightly at Community banks, which posted their highest noncurrent rate in our dataset running back through 2019. Reserve coverage rose at Regional, Large and SIB banks, but slipped at Community banks as well.

The industry-wide HTM shortfall widened 1.2% to \$216.9B. Within the size segments, shortfall-to-Tier 1 improved at Community and Regional banks but worsened at Large banks (+3.8 bp) and SIBs (+22.0 bp), with SIBs crossing back above 14% HTM-to-Tier 1 capital, and rebounding from a 3-3/4 year low 13.5% struck in Q1.

Nonfarm CRE dollars rose in every size segment, and median-bank CRE concentration increased at Community, Large and SIB banks while holding roughly flat at Regional banks. At \$1.94 trillion, the industry-wide nonfarm CRE loan portfolio reached its highest level in our dataset running back through 2019.

The industry has never been bigger or more profitable in our dataset. The pressure points are at the edges — HTM losses at the largest banks, credit at the smallest.

Data & Methodology

Period and Metric Guide

Size tiers. Community under \$10B in assets, Regional \$10B to under \$50B, Large \$50B to under \$250B, and SIB \$250B or more. Every Q1-to-Q2 size trend uses the same 4,252 banks and each bank's Q2 tier in both periods.

Same-bank adjustment. The adjustment applies to every Q1-to-Q2 rate and size trend, including NIM, ROAA and charge-offs. The industry total snapshot tables earlier in the report remain as-reported quarter-end population views.

CRE concentration. Comparable size rows are medians describing the middle bank. The industry-wide indicator earlier in the report is total CRE dollars divided by total assets.

A Note on Size Cohorts

Industry-wide tables show the banking industry as it stood at each quarter-end — all 4,293 Q1 banks and all 4,267 Q2 banks. The size-change tables answer a different question: how the same banks changed. They use the 4,252 banks present in both quarters and keep each bank in its Q2 size group for both periods, meaning the Q1 groups have been adjusted to reflect their respective memberships as of Q2. This removes changes caused only by entry, exit or crossing a size threshold.

Eleven banks crossed a size boundary between Q1 and Q2. Seven banks — Amerant Bank, National Association; Stock Yards Bank & Trust Company; Sunflower Bank, National Association; Burke & Herbert Bank & Trust Company; International Bank of Commerce; WEX Bank; and The Depository Trust Company — moved from Community to Regional. Associated Bank, National Association and SoFi Bank, National Association moved from Regional to Large. And Morgan Stanley Private Bank, National Association and Charles Schwab Bank, SSB moved from Large to SIB. Lastly, we note that Flagstar Bank, National Association is a Q2-only member of this analysis population, so it is included in the current Q2 overview but excluded from the same-bank trend.

Comparable Size Groups

Banks present in both quarters, classified by Q2 assets.

Comparable Size Group	Banks in Q1 and Q2	Classification Rule
Comparable Cohort	4,252	Same Bank IDs in both quarters
Community	4,096	Q2 assets under \$10B
Regional	106	Q2 assets \$10B to under \$50B
Large	32	Q2 assets \$50B to under \$250B
SIB	18	Q2 assets \$250B or more

Membership Bridge: 41 Q1-only and 15 Q2-only banks are excluded from every Q1-to-Q2 size trend. Q2 industry-wide totals at the beginning of the report continue to include all 4,267 Q2 banks.

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Banks That Changed Size Group

The 11 banks that crossed a size boundary between Q1 and Q2 2026.

Bank	Q1 Size Group	Q2 Size Group	Q1 Assets	Q2 Assets
Amerant Bank, N.A.	Community	Regional	\$9.9B	\$10.3B
Stock Yards Bank & Trust Co.	Community	Regional	\$9.5B	\$10.4B
Sunflower Bank, N.A.	Community	Regional	\$8.6B	\$15.7B
Burke & Herbert Bank & Trust Co.	Community	Regional	\$7.9B	\$11.0B
International Bank of Commerce	Community	Regional	\$9.9B	\$10.2B
WEX Bank	Community	Regional	\$9.5B	\$10.7B
The Depository Trust Company	Community	Regional	\$8.0B	\$11.0B
Associated Bank, N.A.	Regional	Large	\$45.5B	\$51.8B
SoFi Bank, N.A.	Regional	Large	\$49.7B	\$56.8B
Morgan Stanley Private Bank, N.A.	Large	SIB	\$241.4B	\$250.4B
Charles Schwab Bank, SSB	Large	SIB	\$242.9B	\$250.8B

Source: Weiss Ratings, U.S. Banking Metric Time Series, data through June 30, 2026.

Sources and Limitations

Banking metrics come from Weiss Ratings' frozen, verified June 30 internal U.S. Banking Metric Time Series workbook. U.S. banking industry membership is defined by every rated bank at each quarter-end. A separate workbook reconstructs standalone-quarter metrics bank by bank and independently reconciles them to as-adjusted size groups.

U.S. banking industry tables use 4,293 banks in Q1 and 4,267 in Q2. Size-change tables use the 4,252 banks present in both quarters and hold each bank in its Q2 size group. They exclude 41 Q1-only and 15 Q2-only banks, so their totals do not exactly match the as-reported industry-wide tables.

All sequential comparisons reflect the change from Q1 to Q2. Group total numbers are based on data averages, except where explicitly noted as being based on group medians.

SIB and other bank category designations are used strictly as an asset-size label for banks with the stated amount of assets, not as regulatory designations.

Domestic NDFI loans are a broad domestic-office exposure indicator, not a private-credit-only or credit-performance measure.

Amounts are rounded from unrounded calculations. Results are descriptive, not causal, predictive or an investment recommendation.