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# US banks set profitability records in Q2 2026

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Surging revenue in the second quarter led to record profits across the US banking industry.

Aggregate net income at US commercial banks, savings banks, and savings and loan associations ascended to a 10-year high of $90.18 billion last quarter, up 12.1% sequentially and 28.7% year over year, according to S&P Global Market Intelligence data. Pre-provision net revenue (net interest income plus noninterest income less noninterest expense) of $129.29 billion also represented the highest aggregate mark in the last decade and was up 5.2% quarter over quarter and 10.4% from the year-ago period.

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Overall profitability ratios, however, showed varying degrees of record-breaking results. Return on average assets by median was 1.26%, which represented a 10-year peak. But the 1.37% ROAA by aggregate was the highest level since the first quarter of 2021 and the fifth-highest mark over the last decade. Aggregate return on average equity of 13.76% was the second-highest level over the last 10 years, behind only 14.30% in the first quarter of 2023. Median ROAE was 12.02%, which was third best over the preceding decade, trailing the last two quarters of 2022 when equity values were smashed by fair value marks.

Several of the largest US banks elevated the industry's profitability. The top bank by total assets, JPMorgan Chase Bank NA, reported an ROAA of 1.70% and an ROAE of 20.50%, up from 1.43% and 16.64%, respectively, in the first quarter. Its profit increase was fueled by trading revenue spiking 129% to $12.04 billion.

## About this analysis

*This analysis, which covers US commercial banks, savings banks, and savings and loan associations, examines second-quarter 2026 financial performance based on both aggregates and medians because the sector remains dominated by larger institutions that can skew the results. For instance, the four largest banks held 40% of the industry's assets as of June 30.*

**Components of net income growth**

Net interest income was up 4.1% on a median basis and 2.9% in aggregate. In the first quarter, the median change was zero and the aggregate change was negative. The growth in the second quarter came from both bigger balance sheets and margin expansion, with the aggregate relying more on the former and the median leaning more on the latter.

The aggregate net interest margin on a fully taxable equivalent (FTE) basis ticked up 2 basis points to 3.26%. The median margin was 3.87%, with a median increase of 10 basis points. The trend among the largest banks was mixed. JPMorgan, Citibank NA and Wells Fargo Bank NA reported lower margins. In contrast, margins widened at Bank of America NA, Goldman Sachs Bank USA and U.S. Bank NA.

Noninterest income growth surpassed that of net interest income, with the aggregate increase up to 6.1% from 5.7% in the first quarter and the median change flipping to 4.3% from negative 2.9%. Notably, the aggregate change would have been negative, excluding JPMorgan's jump in trading revenue. Other aggregate revenue categories with an upward trajectory included investment banking, advisory and underwriting fees, as well as fiduciary activities and net gain on sale of loans and leases.

## Aggregate financial highlights for US banks, Q2 2026

| | Industry aggregate | QOQ | YOY |
|---|---|---|---|
| **Balance sheet** | **($ trillion)** | **Change (%)** | |
| Total assets | 26.462 | 1.2 | 5.9 |
| Total loans and leases | 13.936 | 1.8 | 6.8 |
| Total securities | 5.820 | 0.3 | 2.4 |
| Cash and equivalents | 3.478 | -0.4 | 1.4 |
| Total deposits | 20.722 | 0.8 | 5.4 |
| Brokered US deposits | 1.227 | 2.0 | -0.1 |
| Total borrowings | 2.391 | 5.6 | 11.6 |
| Tangible common equity | 2.197 | 0.1 | 3.5 |
| **Balance sheet ratios** | **(%)** | **Change (bps)** | |
| Loans/deposits | 67.25 | 61 | 88 |
| Tangible common equity/tangible assets | 8.44 | -9 | -20 |
| **Income statement** | **($B)** | **Change (%)** | |
| Net income | 90.18 | 12.1 | 28.7 |
| Pre-provision net revenue | 129.29 | 5.2 | 10.4 |
| Net interest income | 197.66 | 2.9 | 8.6 |
| Noninterest income | 96.12 | 6.1 | 13.9 |
| Noninterest expense | 164.49 | 2.9 | 10.1 |
| Provision for credit losses | 19.30 | -10.0 | -35.9 |
| **Profitability ratios** | **(%)** | **Change (bps)** | |
| ROAA | 1.37 | 12 | 24 |
| ROAE | 13.76 | 142 | 256 |
| Net interest margin (FTE) | 3.26 | 2 | 6 |
| Yield on earning assets | 5.23 | 4 | -18 |
| Cost of funds | 2.09 | 2 | -19 |
| **Credit quality ratios** | **(%)** | **Change (bps)** | |
| Modified loans/total loans and leases | 0.37 | 0 | -7 |
| NPAs+loans 90 or more days past due/ total assets* | 0.52 | -2 | 0 |
| NCOs/average loans | 0.57 | -2 | -3 |
| Reserves/gross loans and leases | 1.61 | -3 | -11 |

Data compiled Aug. 10, 2026.

ROAA = return on average assets; ROAE = return on average equity; FTE = fully taxable equivalent; NPA = nonperforming asset; NCO = net charge-off.

Analysis includes US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

* Excludes modified loans and leases.

Data based on regulatory filings as of June 30, 2026.

Source: S&P Global Market Intelligence.

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As revenue increased, so did noninterest expense, which was up 2.9% in aggregate and 1.7% on a median basis. Wells Fargo stood out among its peers, cutting its expense base 5.1% sequentially while simultaneously boosting operating revenue 1.8%. The bank's FTE efficiency ratio improved to 52.73%, the lowest level since 51.00% in the third quarter of 2015.

At the bank level, Wells Fargo reported 174,186 FTE employees as of June 30, which represented the ninth consecutive quarterly decline and the 16th decrease in the last 17 quarters. The bank's head count was 3.1% lower quarter over quarter and has fallen 19.0% over the last four years.

On the parent company's second-quarter earnings call, Wells Fargo & Co. CFO Mike Santomassimo said, "Given the size of our business, the activity levels we've got, we expect that we should be able to run this company with less head count than we've got today. Certainly, technology and AI helps us get at aspects of that in a different way or faster than maybe in the past, but we expect that we'll continue to see more efficiency from here."

The industry's net income also benefited from flat to lower credit loss provisions. The aggregate change was negative 10.0% quarter over quarter, while the median change was zero. JPMorgan and Bank of America disclosed higher provisions, but the next seven largest banks by assets provisioned less sequentially.




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**C&I, NDFIs still driving loan growth**

Lending picked up in the second quarter even as the industry's asset growth slowed. Total assets increased 1.2% by aggregate and 0.5% by median, down from the first-quarter growth of 3.5% and 1.0%, respectively. The rate of growth for total loans and leases moved up to 1.8% from 1.6% by aggregate and to 1.7% from 0.5% by median.

The biggest drivers of loan growth continued to be loans to nondepository financial institutions (NDFIs) and commercial and industrial (C&I).

NDFI loans increased $53.72 billion, or 3.3% quarter over quarter. Within the NDFI categories, private equity funds showed the most growth, up $23.84 billion, or 6.2%. The only NDFI bucket with a negative sequential change was consumer credit intermediaries, which was down $2.27 billion, or 1.4%. JPMorgan remained the leading NDFI lender with an outstanding balance of $248.07 billion, which was 4.1% higher relative to March 31. Among the 10 largest NDFI lenders, Citibank had the top growth rate at 10.0%, while Bank of America was the lone bank in the group to disclose a lower balance.

**Median financial highlights for US banks, Q2 2026**

| | Industry median | QOQ[1] | YOY[1] |
|---|---|---|---|
| **Balance sheet** | **($M)** | **Change (%)** | |
| Total assets | 386.8 | 0.5 | 4.5 |
| Total loans and leases | 255.0 | 1.7 | 5.4 |
| Total securities | 65.6 | -0.3 | 0.6 |
| Cash and equivalents | 27.2 | -7.1 | 4.2 |
| Total deposits | 327.2 | 0.1 | 4.2 |
| Brokered US deposits | 0.0 | 0.0 | -7.8 |
| Total borrowings | 4.0 | 0.0 | -7.4 |
| Tangible common equity | 40.4 | 2.2 | 10.2 |
| **Balance sheet ratios** | **(%)** | **Change (bps)** | |
| Loans/deposits | 81.60 | 113 | 56 |
| Tangible common equity/tangible assets | 10.10 | 16 | 52 |
| **Income statement** | **($000)** | **Change (%)** | |
| Net income | 1,193 | 7.1 | 15.7 |
| Pre-provision net revenue | 1,495 | 7.7 | 15.6 |
| Net interest income | 3,587 | 4.1 | 10.9 |
| Noninterest income | 413 | 4.3 | 5.4 |
| Noninterest expense | 2,534 | 1.7 | 6.2 |
| Provision for credit losses | 49 | 0.0 | -13.5 |
| **Profitability ratios** | **(%)** | **Change (bps)** | |
| ROAA | 1.26 | 8 | 14 |
| ROAE | 12.03 | 69 | 62 |
| Net interest margin (FTE) | 3.87 | 10 | 20 |
| Yield on earning assets | 5.50 | 10 | 5 |
| Cost of funds | 1.81 | 0 | -16 |
| **Credit quality ratios** | **(%)** | **Change (bps)** | |
| Modified loans/total loans and leases | 0.00 | 0 | 0 |
| NPAs+loans 90 or more days past due/ total assets[2] | 0.35 | 0 | 0 |
| NCOs/average loans | 0.00 | 0 | 0 |
| Reserves/gross loans and leases | 1.19 | 0 | -1 |

Data compiled Aug. 10, 2026.

ROAA = return on average assets; ROAE = return on average equity; FTE = fully taxable equivalent; NPA = nonperforming asset; NCO = net charge-off.

Analysis includes US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

[1] Represents the median change, not the change in the median, for each respective period.

[2] Excludes modified loans and leases.

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C&I growth was $46.53 billion, or 1.9%, during the second quarter. In the regional bank space, Merchants Bank of Indiana and Bank OZK reported linked-quarter growth in excess of 20%. Other double-digit percentage gainers included WAFD Bank, Bank of Hawaii and Flagstar Bank NA.

With banks focused on loan growth, other asset types declined or rose modestly. Cash and equivalents were down 7.1% by median and 0.4% by aggregate. Total securities also decreased on a median basis, although the aggregate was up 0.3%. The aggregate fair value of available-for-sale securities rose for the 11th quarter in a row, while the cost basis of held-to-maturity securities fell for the third straight quarter.

Another consequence of the robust lending activity was a greater struggle to fund all that growth. The median deposit change was merely 0.1%. By aggregate, total deposits increased 0.8%, but brokered US deposits went up 2.0%, and total borrowings were up 5.6%.

Banks were able to hold the line on funding costs, with a median quarterly change of zero basis points and an aggregate increase of just 2 basis points. If loan growth continues to ramp up, banks may be forced to offer higher rates to attract deposits, increasingly turn to the borrowing market, or slash nonlending assets.

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