DATA DISPATCH

US bank stocks trail broader market as Iran war weighs on economy

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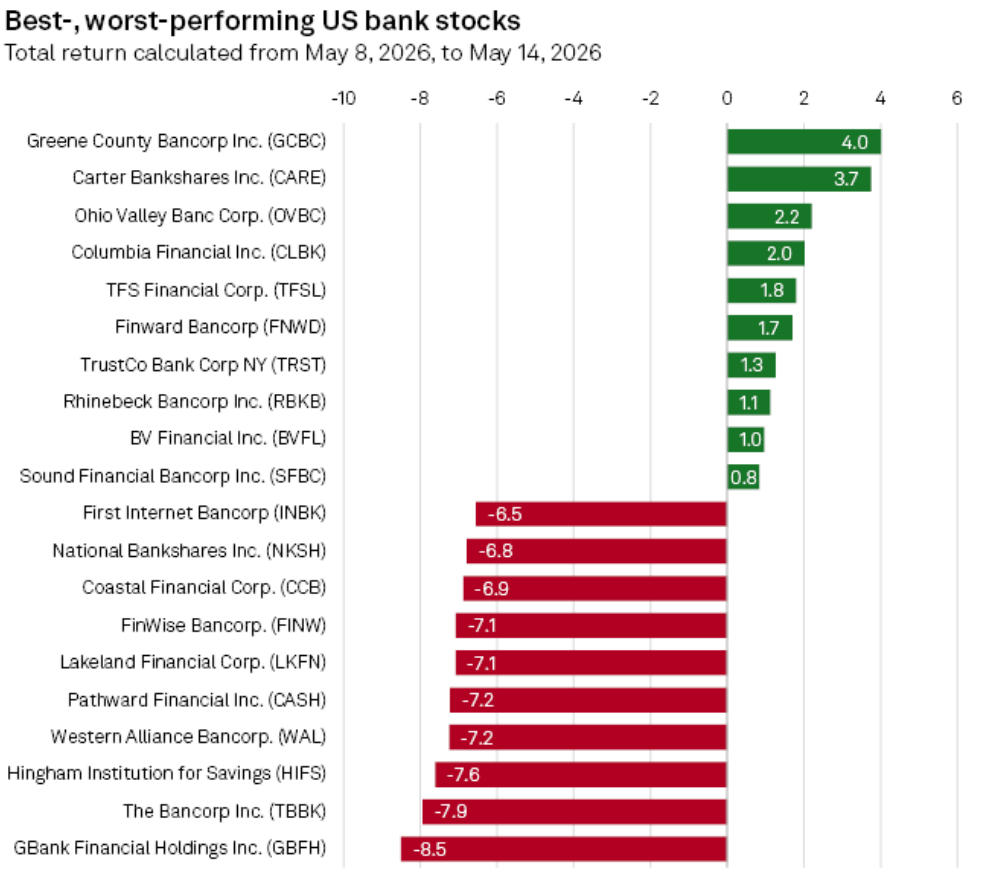
By Sheikh Rishad
Market Intelligence

US bank stocks underperformed the broader market through the week starting May 8 as the war with Iran continues to weigh on the economy.

The KBW Nasdaq Bank Index fell 1.88% between the market close on May 7 and May 14, while the S&P 500 rose 2.24% over the same period.

The banking industry fell after the US Bureau of Labor Statistics reported May 12 that the consumer price index increased nearly 3.8% year over year in April — the largest annual increase since May 2023. The reading, coupled with rising gas and energy prices, makes it highly unlikely that the Federal Reserve will cut its federal funds rate through the year.

Stagnant Fed rates could cause banks' positive deposit cost momentum to stall and loan demand to slow.



Data compiled May 15, 2026.
Includes public banks that have a primary listing on major US exchanges with a market capitalization greater than $100 million as of May 14, 2026.
Source: S&P Global Market Intelligence.
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Worst performers

During the week, 263 banks of the total 279 public banks included in the analysis posted negative returns, according to S&P Global Market Intelligence data.

GBank Financial Holdings Inc. was the worst-performing bank of the week with a total return of negative 8.5%, while The Bancorp Inc. was the second-worst

performer with a total return of negative 7.9%. Hingham Institution for Savings was the third-worst performer with a total negative return of 7.6%.

Western Alliance Bancorp. and Pathward Financial Inc. were the fourth-worst performers of the week, each with a total negative return of 7.2%.

Western Alliance was weighed down by a disclosure in its quarterly report that the company downgraded a $99 million commercial real estate loan to nonperforming status.

The company defended its credit quality and guided to improvements in nonperforming loans over the second half of the year during its investor day conference May 12, but the Street is still in a wait-and-see mode, according to equity analysts.

"Our views around the perception of the company's credit quality remain unchanged at this stage," J.P. Morgan Securities analyst Anthony Elian wrote in a May 13 report, noting that the May 11 disclosure is not the company's only credit quality blip in recent months. "To be fair, barring a mild recession, we do not think that perceptions over the company's credit quality will substantially improve with a downturn likely needed to ultimately have the company prove that its loan portfolio is of better credit quality than peers."

Similarly, Brean Capital analyst Timothy Coffey wrote in a May 13 note that he does not think "this one presentation will change the views of neutral investors. Credit trends remain unchanged."

Best performers

Greene County Bancorp Inc. was the top-performing bank of the week with a total return of 4.0%. Carter Bankshares Inc. followed with a total return of 3.7%. Ohio Valley Banc Corp. rounded out the top three with a total return of 2.2%.

Columbia Financial Inc. was the fourth-best performer of the week. On or about May 21, Columbia Financial, the proposed successor holding company of Columbia Bank, will commence a common stock offering in connection with the second-step conversion of Columbia Bank MHC to a stock corporation from a mutual holding company.

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