DATA DISPATCH

US bank net interest margins set for more expansion in 2026 as tailwinds persist

Wednesday, January 14, 2026 3:55 PM ET

By Alex Graf and Ayesha Shahbaz
Market Intelligence

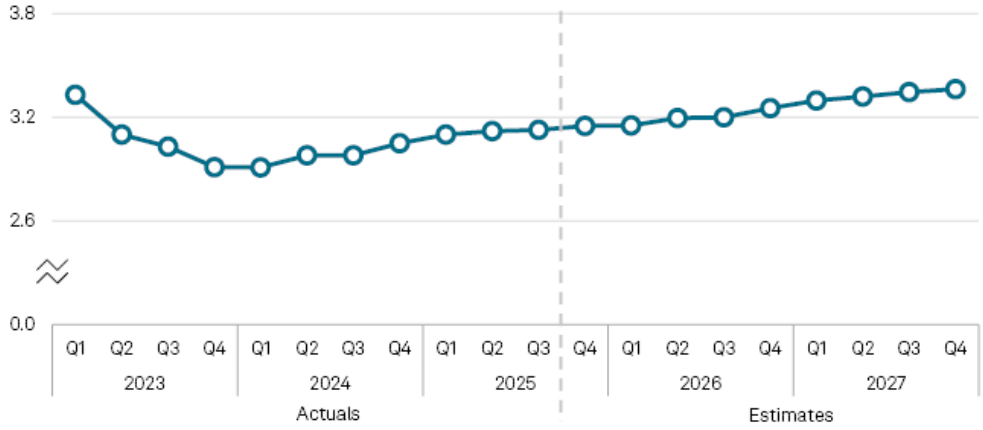
US banks are poised to build on an industry-wide net interest margin expansion streak in 2026, with additional rate cuts expected to drive strong loan demand and lower funding costs.

US bank net interest margins (NIMs) have expanded for seven straight quarters, driven by the Federal Reserve's interest rate cuts in 2024 and 2025. NIM is a key profitability measure that measures a bank's interest income from credit products against the outgoing interest it pays depositors, represented as a percentage of average earning assets.

As deposit costs have fallen, loan demand and production have rebounded, while yields on those loans have improved, said Isaac Wheeler, managing director of balance sheet strategy at the advisory firm Derivative Path, in an interview. As such, NIMs should continue to expand in 2026, assuming loan demand remains strong, the yield curve steepens and the Federal Reserve continues to cut interest rates in 2026 as expected, Wheeler said.

"If you kind of roll things forward a little bit, we get a couple more rate cuts," Wheeler said. "The curve may actually be steep and completely uninverted for the first time in many years. ... I think that will be a nice tailwind for net interest margins."

Median net interest margin at top 25 US banks (%)



Data compiled Jan. 7, 2026.

Analysis limited to the 25 largest US public banks by total assets as of Sept. 30, 2025, based on GAAP filings: JPMorgan Chase & Co., Bank of America Corp., Citigroup Inc., Wells Fargo & Co., U.S. Bancorp, PNC Financial Services Group Inc., Truist Financial Corp., First Citizens BancShares Inc., Citizens Financial Group Inc., Fifth Third Bancorp, M&T Bank Corp., Huntington Bancshares Inc., KeyCorp, Regions Financial Corp., Flagstar Bank NA, Western Alliance Bancorp., Zions Bancorp. NA, Webster Financial Corp., First Horizon Corp., East West Bancorp Inc., Comerica Inc., Popular Inc., UMB Financial Corp., Old National Bancorp and Wintrust Financial Corp.

Estimated and prior-quarter data is collected on a consensus basis from analyst research reports by Visible Alpha and is as of Jan. 6, 2026.

Source: Visible Alpha, a part of S&P Global Market Intelligence.

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Analysts predict further NIM expansion in 2026

Analysts expect NIM expansion for 16 of the 25 largest banks in 2026 compared to 2025, with an increase of 8 basis points in the group median, according to S&P Global Market Intelligence data. As of Jan. 6, 2026, the consensus estimate group medians for the top 25 banks were 3.13% for 2025, 3.21% for 2026 and 3.33% for 2027.

In the first three quarters of 2025, the median net interest margin at the top 25 US banks rose to 3.13% at the end of 2025. Analysts expect banks to report 2 more basis points of expansion to 3.15% for the fourth quarter, for a total increase of 10 basis points in 2025. They are forecasting another 10 basis points of expansion by the end of 2026.

Bankers at some of the country's largest institutions said they expect net interest margin expansion to continue in the coming years. U.S. Bancorp "definitely" sees a path to a 3% NIM in 2027, and changes the company has made to its balance sheet in recent years should benefit its NIM over time, CFO John Stern said during an industry conference in December 2025. During the same conference, Truist Financial Corp. Executive Chairman and CEO William Rogers said he sees the company's momentum continuing in terms of net interest income growth and NIM expansion.

Net interest margin projections for largest US public banks, 2023–2027

Peak net interest margin

Company (ticker)	Sept. 30, 2025, total assets ($B)	Net interest margin (%) Visible Alpha actual 2023	Visible Alpha actual 2024	Visible Alpha consensus estimate 2025	Visible Alpha consensus estimate 2026	Visible Alpha consensus estimate 2027
JPMorgan Chase & Co. (JPM)	4,560.21	2.70	2.63	2.50	2.53	2.56
Bank of America Corp. (BAC)	3,403.72	2.09	1.96	2.00	2.08	2.16
Citigroup Inc. (C)	2,642.48	2.46	2.40	2.44	2.42	2.44
Wells Fargo & Co. (WFC)	2,062.93	3.06	2.73	2.65	2.65	2.68
U.S. Bancorp (USB)	695.36	2.90	2.70	2.72	2.81	2.90
PNC Financial Services Group Inc. (PNC)[1]	568.77	2.76	2.66	2.83	2.96	3.02
Truist Financial Corp. (TFC)	543.85	2.99	3.03	3.03	3.09	3.15
First Citizens BancShares Inc. (FCNC.A)[2]	233.49	3.93	3.54	3.24	3.17	3.19
Citizens Financial Group Inc. (CFG)	222.75	3.10	2.85	2.97	3.19	3.33
Fifth Third Bancorp (FITB)[3]	212.90	3.05	2.90	3.10	3.28	3.35
M&T Bank Corp. (MTB)	211.28	3.83	3.58	3.67	3.72	3.73
Huntington Bancshares Inc. (HBAN)[4]	210.23	3.19	3.00	3.13	3.38	3.43
KeyCorp (KEY)	187.41	2.25	2.23	2.72	2.92	3.09
Regions Financial Corp. (RF)	159.94	3.90	3.54	3.60	3.67	3.72
Flagstar Bank NA (FLG)	91.67	2.79	1.83	1.85	2.42	2.80
Western Alliance Bancorp. (WAL)	90.97	3.63	3.58	3.51	3.49	3.49
Zions Bancorp. NA (ZION)	88.53	3.02	3.00	3.21	3.33	3.37
Webster Financial Corp. (WBS)	83.19	3.57	3.44	3.40	3.37	3.39
First Horizon Corp. (FHN)	83.19	3.42	3.35	3.44	3.39	3.40
East West Bancorp Inc. (EWBC)	79.67	3.61	3.27	3.39	3.36	3.36
Comerica Inc. (CMA)[3]	77.38	3.17	2.98	3.19	3.21	3.22
Popular Inc. (BPOP)	75.07	3.31	3.49	3.64	3.85	3.91
UMB Financial Corp. (UMBF)[5]	71.88	2.52	2.51	3.03	3.02	3.03
Old National Bancorp (ONB)[6]	71.21	3.54	3.31	3.53	3.65	3.68
Wintrust Financial Corp. (WTFC)	69.63	3.68	3.53	3.52	3.49	3.49
Group median		**3.10**	**3.00**	**3.13**	**3.21**	**3.33**

Data compiled Jan. 7, 2026.

Analysis limited to the 25 largest US public banks by total assets as of Sept. 30, 2025, based on GAAP filings.

[1] PNC Financial Services Group Inc. acquired FirstBank Holding Co. on Jan. 5, 2026.

[2] First Citizens BancShares Inc. unit First-Citizens Bank & Trust Co. announced the acquisition of 138 branches from BMO Bank NA on Oct. 16, 2025.

[3] Fifth Third Bancorp unit Fifth Third Financial Corp. announced the acquisition of Comerica Inc. on Oct. 6, 2025.

[4] Huntington Bancshares Inc. acquired Veritex Holdings Inc. on Oct. 20, 2025, and announced the acquisition of Cadence Bank on Oct. 27, 2025.

[5] UMB Financial Corp. acquired Heartland Financial USA Inc. on Jan. 31, 2025.

[6] Old National Bancorp acquired Bremer Financial Corp. on May 1, 2025.

Estimated and prior-year data is collected on a consensus basis from analyst research reports by Visible Alpha. Estimated data is based on the mean calculation and is as of Jan. 6, 2026. Prior-year data represents the actual results reported by each company, standardized to match the analysts' estimate methodology, and may differ from as-reported financials.

Source: Visible Alpha, a part of S&P Global Market Intelligence.

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Potential NIM headwinds

Deposit growth and improving costs of funds were a key factor behind NIM growth in 2025 and the environment is set up for more of that in 2026, said Kris Lazaretti, president of data solutions at the payments and data firm Deluxe.

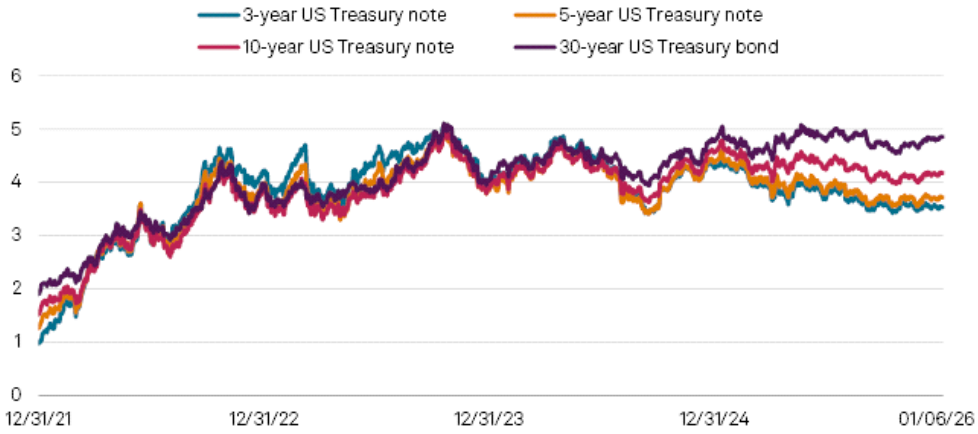
"We think the deposit costs at this point have peaked. We think that deposits will continue to grow next year. And we think broadly, all of that sets up banks for another year of improving NIM," Lazaretti said.

At the same time, robust loan demand is beginning to create a dynamic in which deposit costs are becoming stickier as banks become more reliant on those deposits to originate loans and deposit competition intensifies, said Derivative Path's Wheeler. Therefore, Wheeler said he expects loan demand and loan originations to be the main tailwind for net interest margins this year.

Even if the Fed does make additional rate cuts this year, a flat to inverted yield curve could pose another tailwind to bank NIMs, because yields on longer-term treasury notes and bonds have a greater impact on asset yields, said Matt Pieniazek, president and CEO of Darling Consulting.

"The upward trend in NII [net interest income] is down significantly, and it's still upward, but it's dampened and to a meaningful degree because of the asset yields," Pieniazek said.

Yields on US Treasury notes and bonds (%)



Data compiled Jan. 7, 2026.
Rate information is from Dec. 31, 2021, to Jan. 6, 2026. When unavailable, the yield from the previous day is shown.
Source: S&P Global Market Intelligence.
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