

## **FDIC Quarterly Banking Profile First Quarter 2026**

Today, the FDIC is releasing first quarter 2026 performance results for FDIC-insured institutions.

The banking industry finished the quarter with higher earnings quarter-over-quarter, resulting in a return on assets ratio (ROA) of 1.26 percent. Domestic deposits increased for the seventh consecutive quarter and loan growth was strong. Asset quality metrics remained generally favorable despite continued weakness in certain portfolios, which the FDIC continues to monitor closely. Unrealized losses remained elevated.

The banking industry continued to have strong capital and liquidity levels, which support lending and protect against potential losses.

**Chart 1**

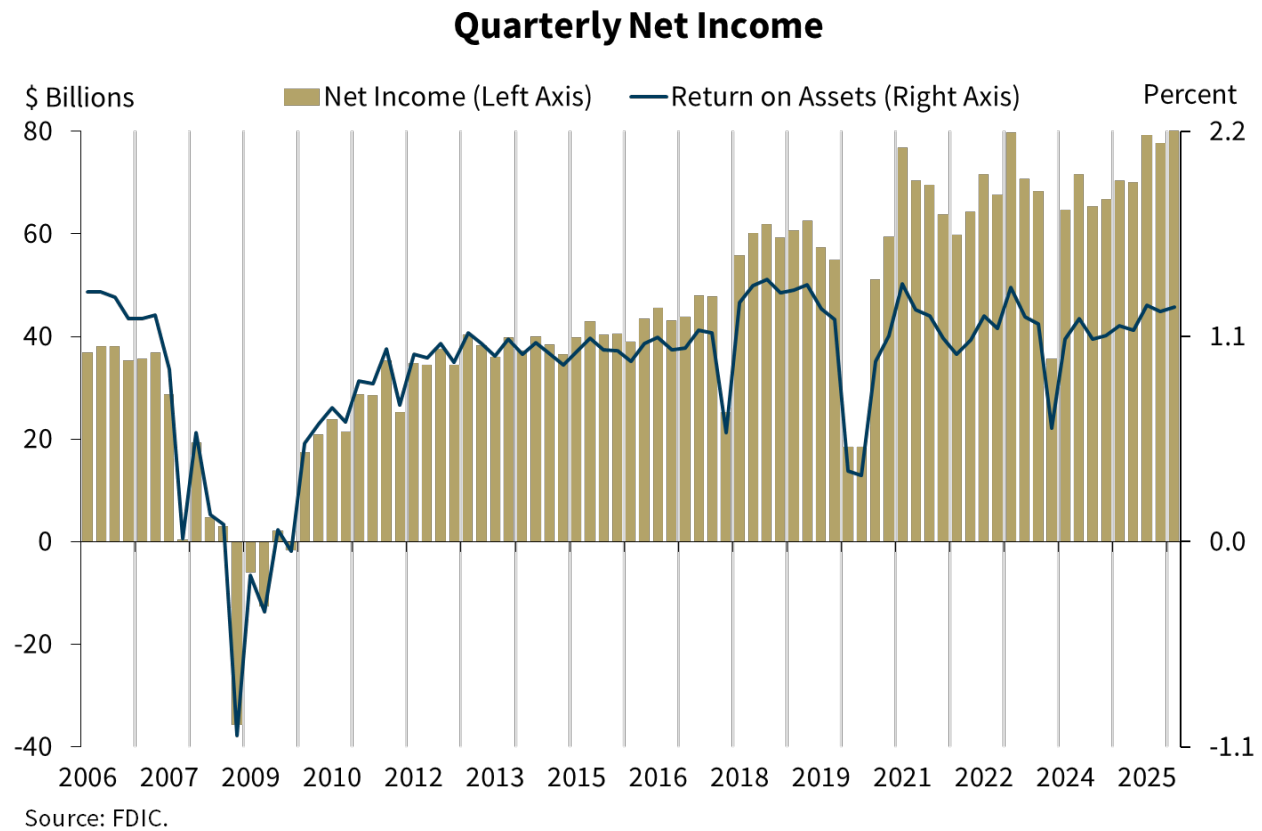
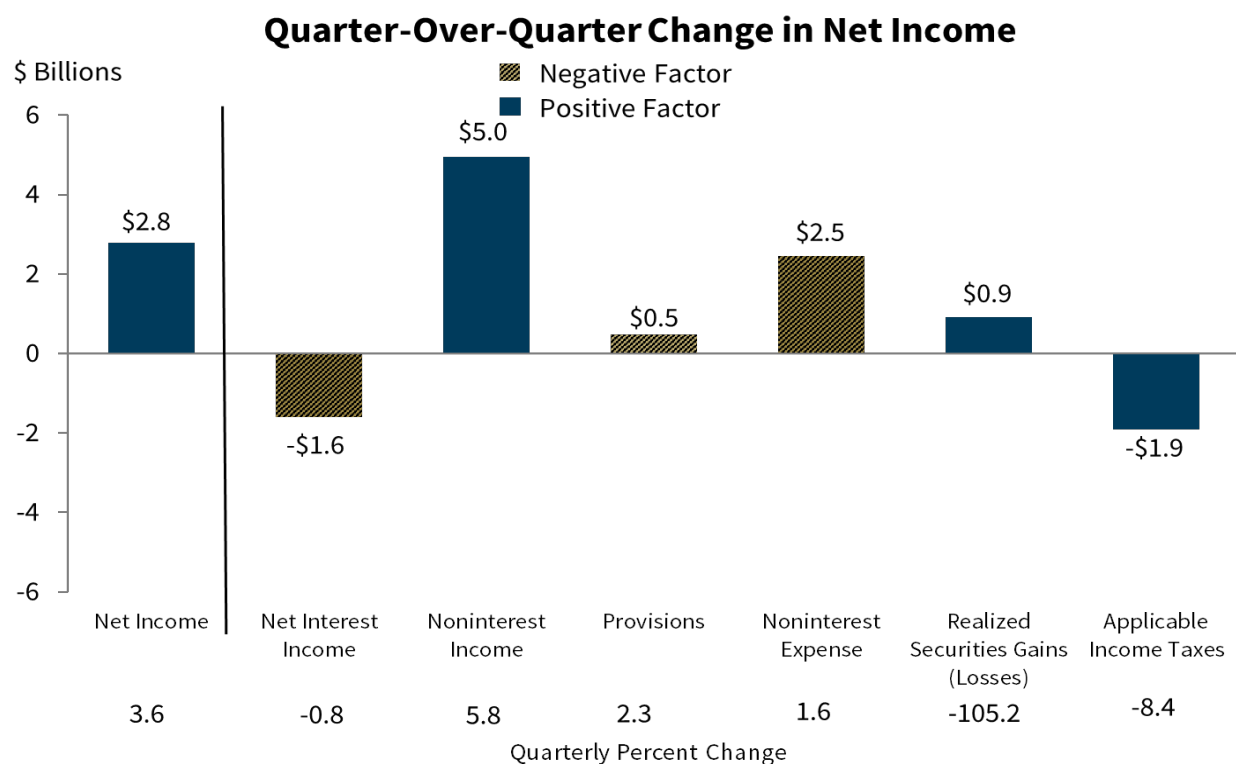


Chart 1 shows that the banking industry reported quarterly net income of \$80.5 billion in the first quarter, an increase of \$2.8 billion, or 3.6 percent, from the prior quarter. The rise in quarterly earnings was driven by robust growth in noninterest income at larger institutions but was partially offset by higher noninterest expense and lower net interest income. The banking industry reported an ROA of 1.26 percent in first quarter 2026, up 2 basis points from the prior quarter and up 10 basis points from the year-ago quarter.

Community bank net income increased 3.9 percent from the prior quarter due to lower provision and noninterest expenses. The quarterly pretax ROA at community banks was 1.42 percent in first quarter 2026, up 7 basis points from the prior quarter and 26 basis points from the year-ago quarter.

**Chart 2**



Source: FDIC.

Note: Striped bars show a negative effect on net income; solid bars show a positive effect on net income.

Chart 2 shows the breakdown of the changes in the industry’s net income quarter over quarter. The primary driver of the industry’s \$2.8 billion increase in net income was higher noninterest income, which rose \$5.0 billion, or 5.8 percent. Gains in noninterest income were attributable to larger institutions. Industry gains were partially offset by higher noninterest expense, which increased \$2.5 billion, or 1.6 percent, and lower net interest income, which declined \$1.6 billion, or 0.8 percent.

**Chart 3**

**Quarterly Net Interest Margin**

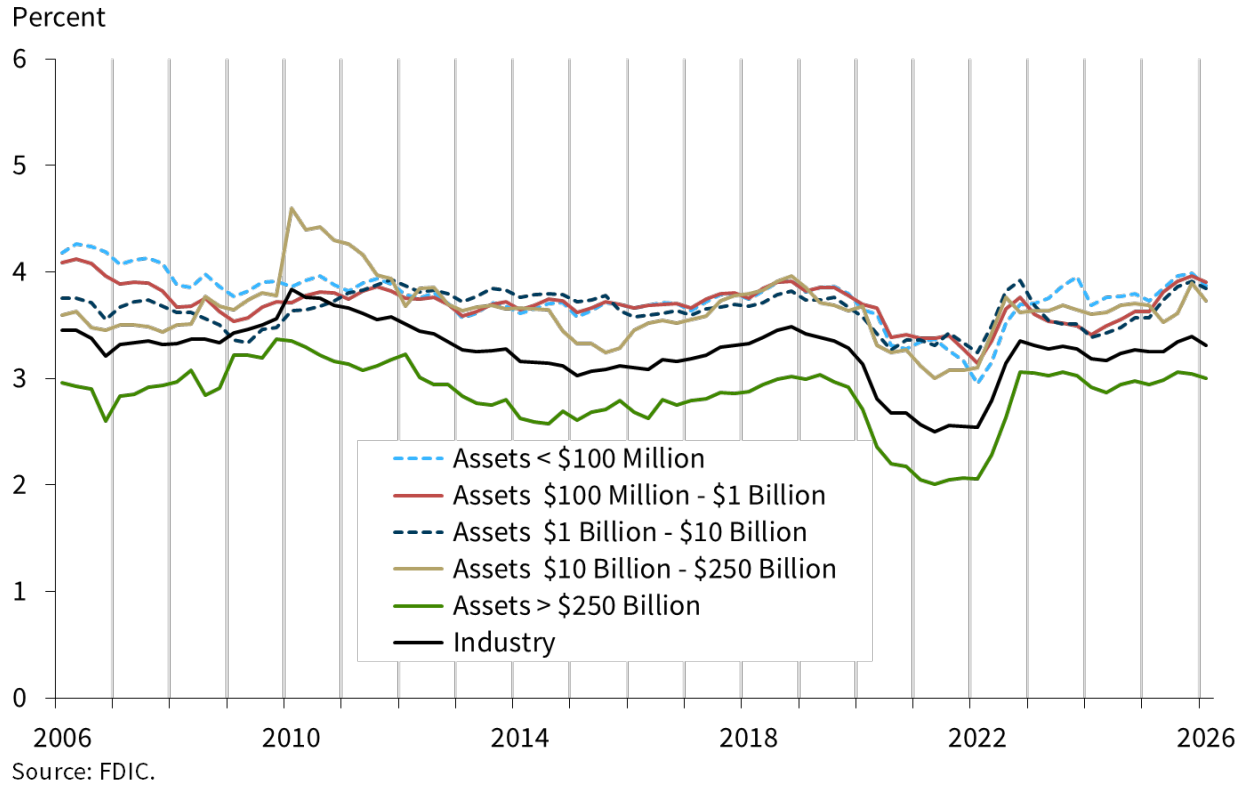
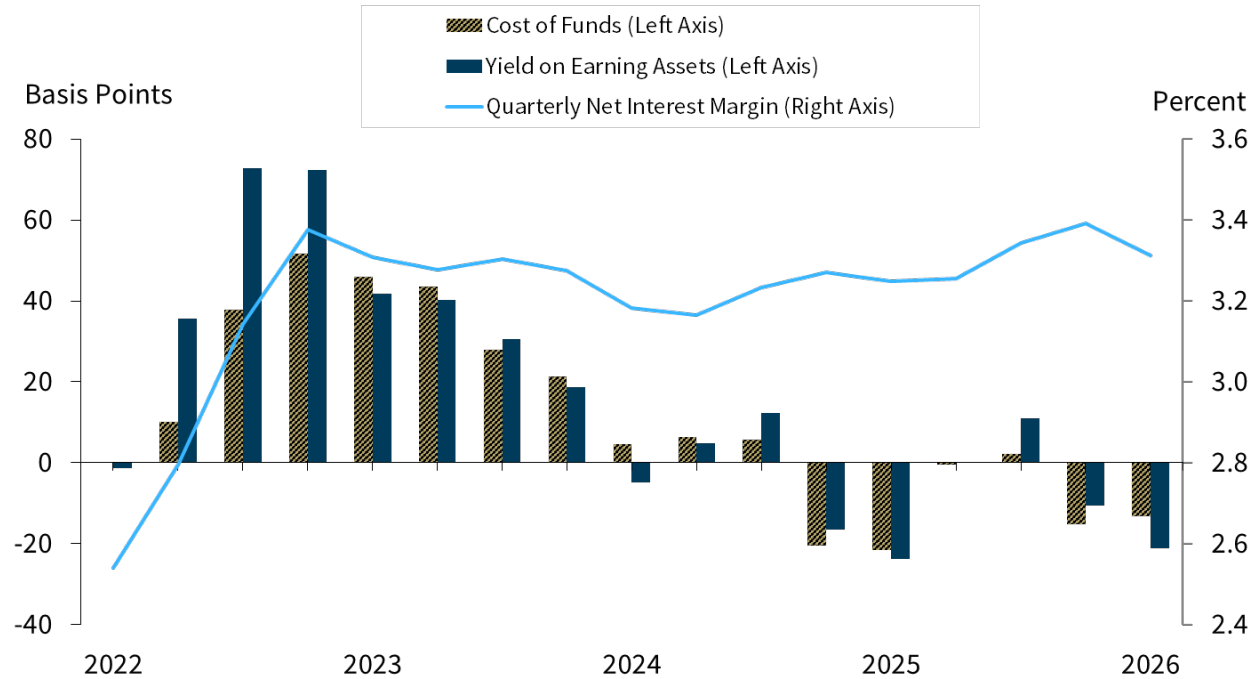


Chart 3 shows the average net interest margin (NIM) for the industry and the five asset-size groups on which the *Quarterly Banking Profile* reports. The industry’s NIM decreased 8 basis points from the prior quarter to 3.31 percent but was up 6 basis points from the year-ago quarter. NIM decreased across all asset-size cohorts.

The community bank NIM decreased to 3.71 percent, down 6 basis points from the prior quarter but up 24 basis points from the year-ago quarter.

**Chart 4**

**Quarterly Change in Yield on Earning Assets and Cost of Funds**

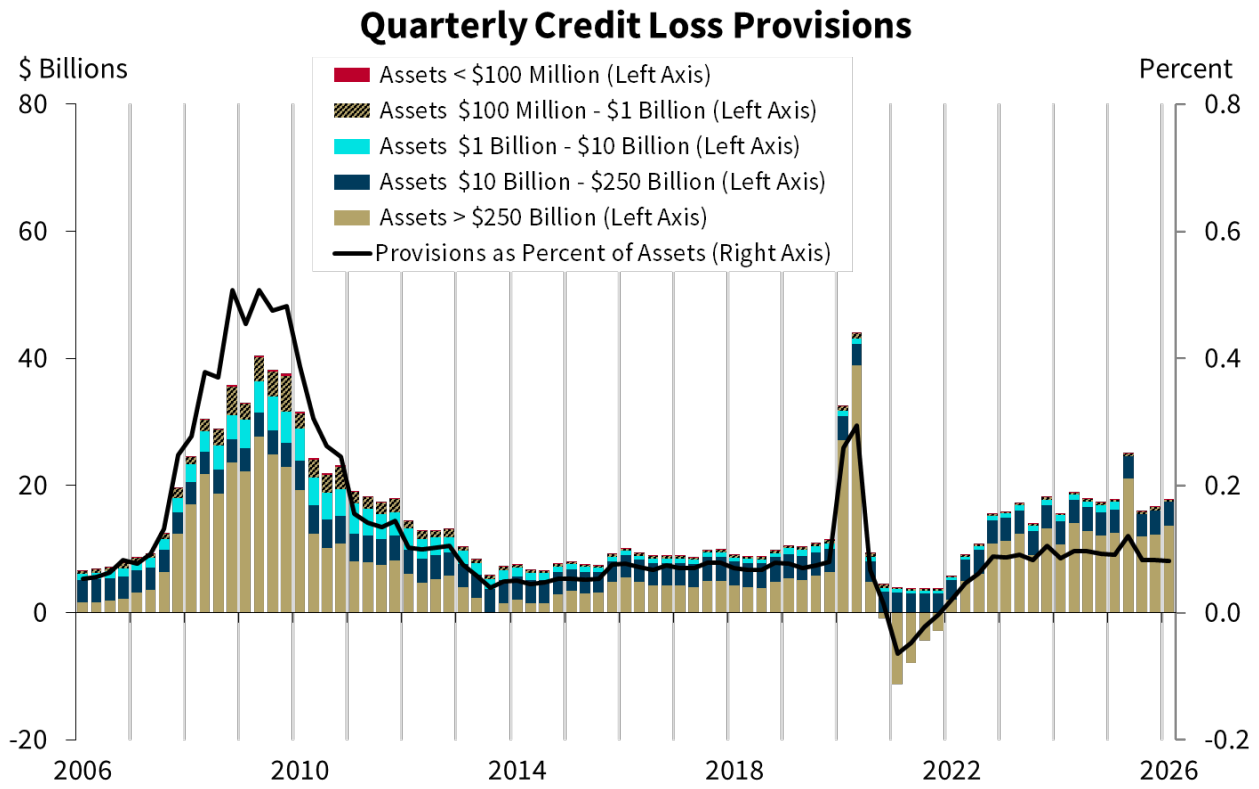


Source: FDIC.  
 Note: Ratios are annualized.

Chart 4 shows the quarter-over-quarter changes in the industry’s average yield on earning assets and average cost of funds. During the quarter, the yield on earning assets decreased more than the cost of funds. This resulted in an 8 basis point decline in the industry’s NIM in first quarter 2026.

For community banks, the yield on earning assets decreased 18 basis points and the cost of funds fell 12 basis points, resulting in a 6 basis point decline in the NIM in first quarter 2026.

**Chart 5**

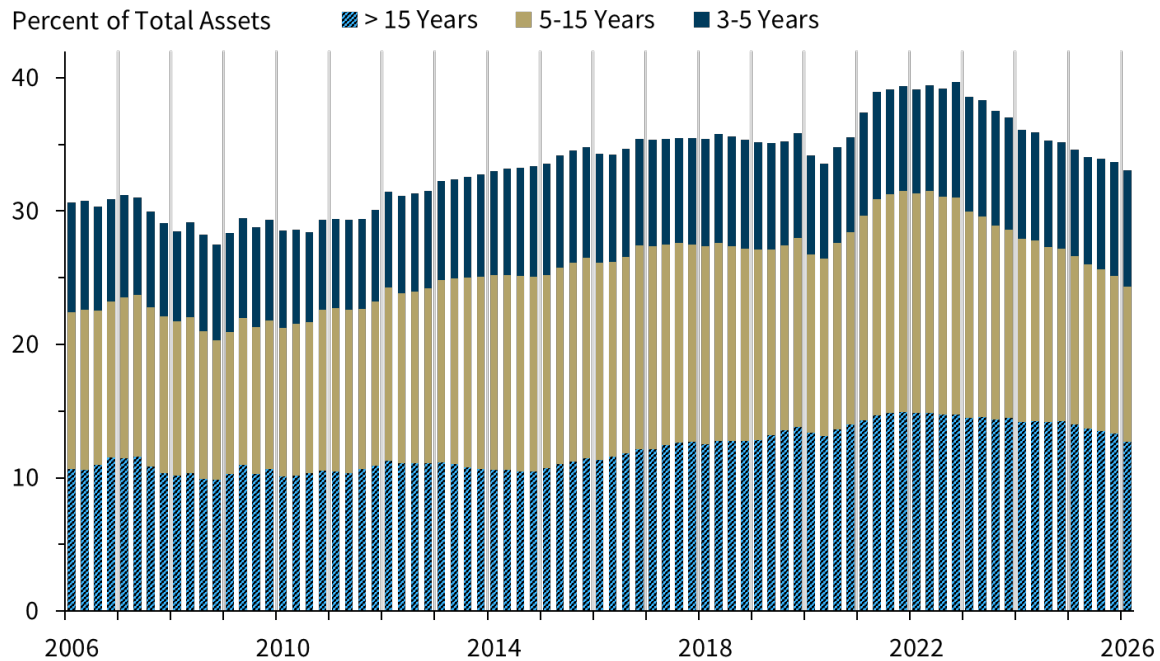


Source: FDIC.

Chart 5 shows that the industry’s provision expense was \$21.4 billion in the first quarter, rising 2.3 percent from the prior quarter but falling 4.6 percent from the year-ago quarter.

**Chart 6**

**Loans and Securities Greater than Three Years  
as a Percent of Total Assets**



Source: FDIC.

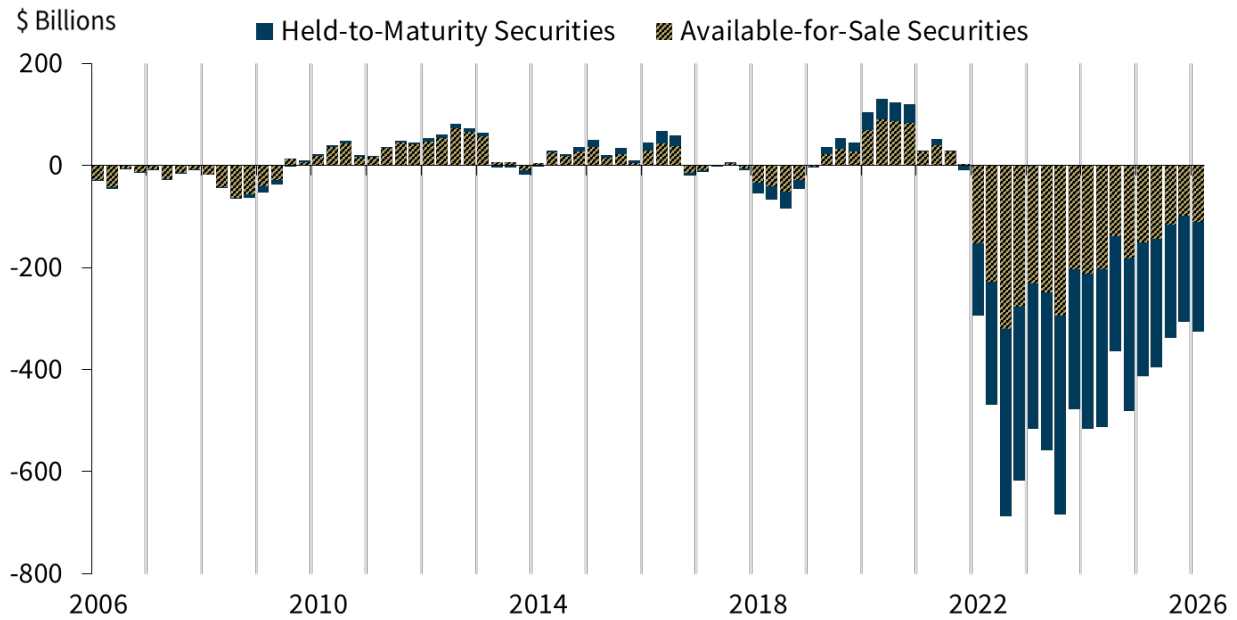
Note: Insured Call Report filers only.

Chart 6 shows that longer-term loans and securities as a share of the banking industry’s total assets fell for the 13<sup>th</sup> consecutive quarter to 33.0 percent after peaking at 39.7 percent in fourth quarter 2022. The industry’s longer-term assets as a share of total assets were the lowest since 2020.

At community banks, longer-term loans and securities as a share of total assets remained unchanged from the prior quarter at 43.0 percent.

**Chart 7**

**Unrealized Gains (Losses) on Investment Securities**



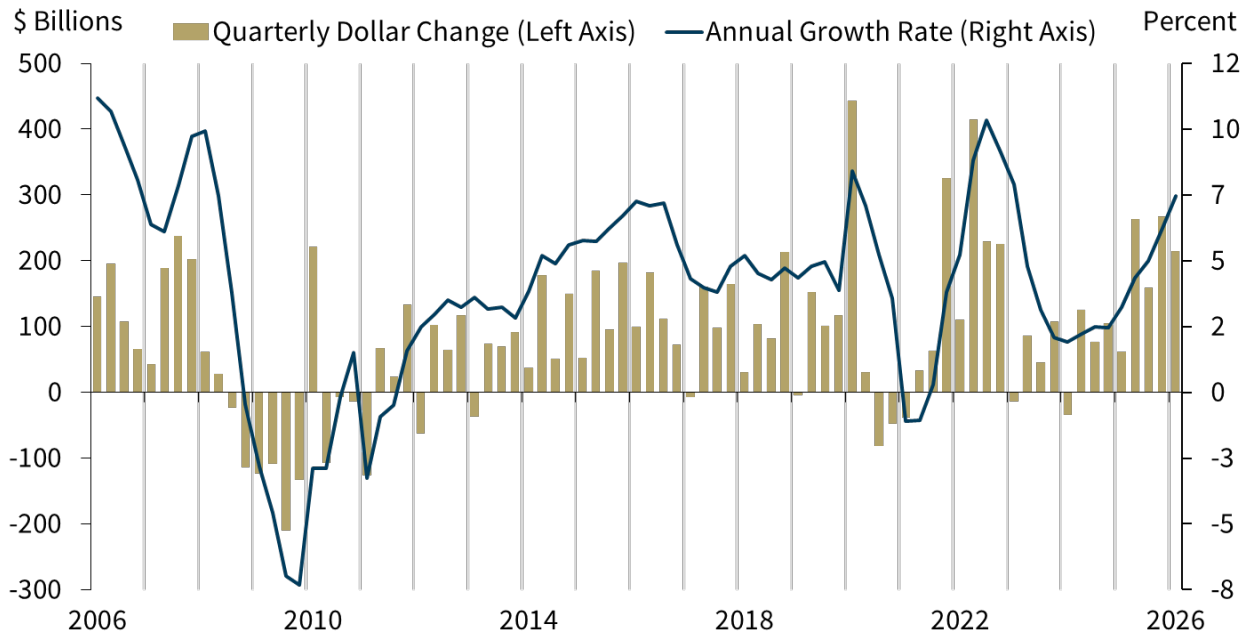
Source: FDIC.

Note: Insured Call Report filers only. Unrealized losses on securities solely reflect the difference between the market value and book value of non-equity securities as of quarter end. This chart does not reflect unrealized

Chart 7 shows the level of unrealized losses on held-to-maturity and available-for-sale securities portfolios. Total unrealized losses increased \$19.0 billion, or 6.2 percent, from the prior quarter to \$325.1 billion. The 30-year mortgage rate remained relatively flat during the first two months of the quarter but rose in the month of March, decreasing the value of mortgage-backed securities reported by banks and increasing unrealized losses.

**Chart 8**

**Quarterly Change in Loan Balances**



Source: FDIC.

Note: ASC Topics 810 and 860 resulted in the consolidation of large amounts of securitized loan balances back onto banks' balance sheets in the first quarter 2010. Although the amount consolidated cannot be precisely quantified, the industry would have reported a decline in loan balances for the quarter absent this change in accounting standards.

Chart 8 shows the change in loan balances on a quarterly and annual basis. The

industry's total loans increased \$215 billion, or 1.6 percent, in the first quarter.

Commercial and industrial (C&I) loans and loans to nondepository financial

institutions had the largest dollar increase among reported categories. Loans to

purchase or carry securities, including margin loans and nonfarm nonresidential

commercial real estate (CRE) loans, also contributed to the industry's quarterly

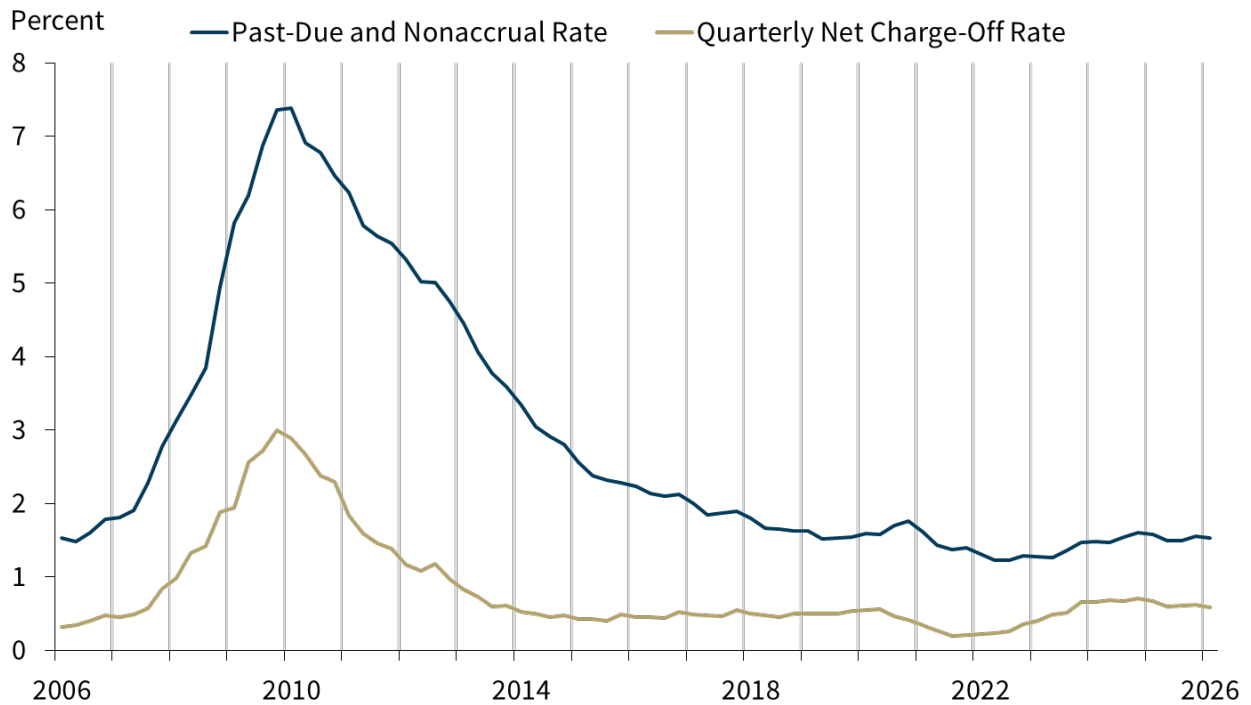
loan growth. The industry's annual rate of loan growth in the first quarter

accelerated to 7.1 percent, the fastest annual growth rate since first quarter 2023.

Total loans at community banks increased 0.8 percent from the prior quarter and 5.4 percent from the prior year, led by increases in nonfarm nonresidential CRE and C&I portfolios.

**Chart 9**

**Past-Due and Nonaccrual Rate and Quarterly Net Charge-Off Rate**



Source: FDIC.

Chart 9 shows that asset quality metrics for the industry remained generally favorable. The overall past-due and nonaccrual (PDNA) rate declined from the prior quarter to 1.53 percent.<sup>1</sup> The PDNA rates for multifamily CRE, non-owner-occupied CRE, credit card portfolios, and auto loans remained elevated.

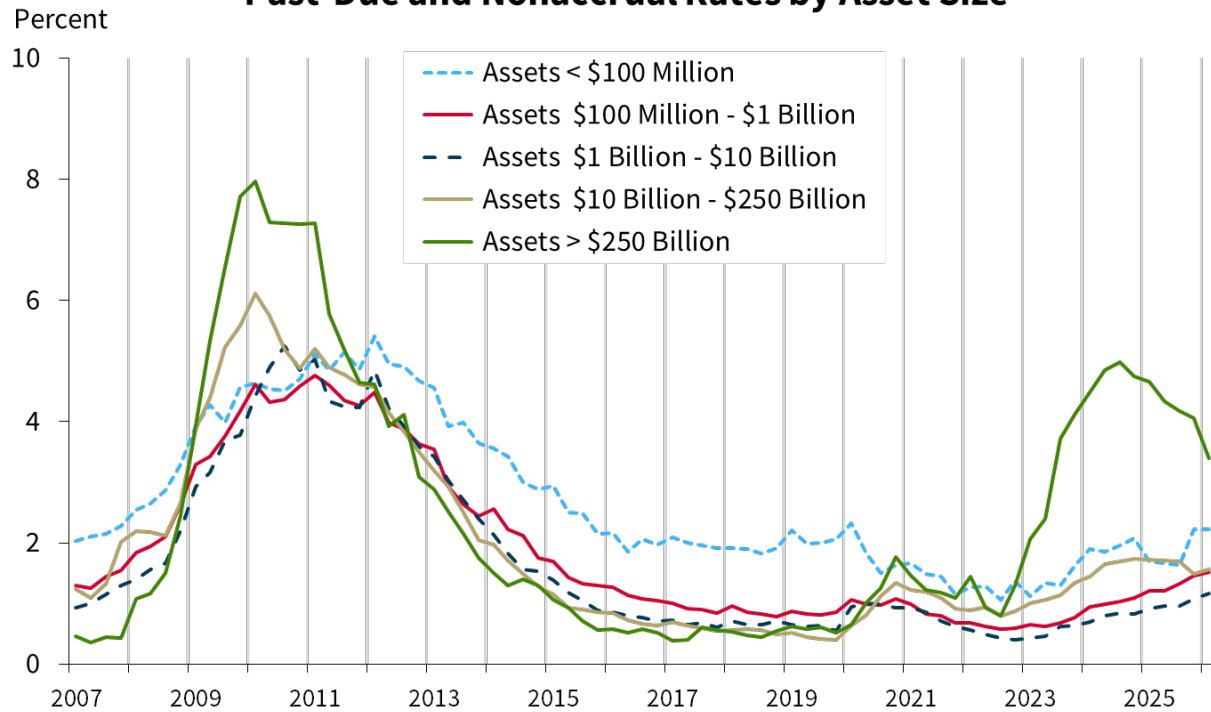
The industry’s quarterly net charge-off rate was 0.59 percent, down 4 basis points from the prior quarter and 8 basis points from the year-ago quarter. Most

<sup>1</sup> In this statement, the terms “past-due and nonaccrual” or “PDNA” are used to describe loans that are 30 or more days past-due or on nonaccrual status.

of the quarterly decline was led by declining nonfarm nonresidential net charge-offs.

**Chart 10**

**Bank Non-Owner Occupied, Nonfarm Nonresidential Loan Past-Due and Nonaccrual Rates by Asset Size**



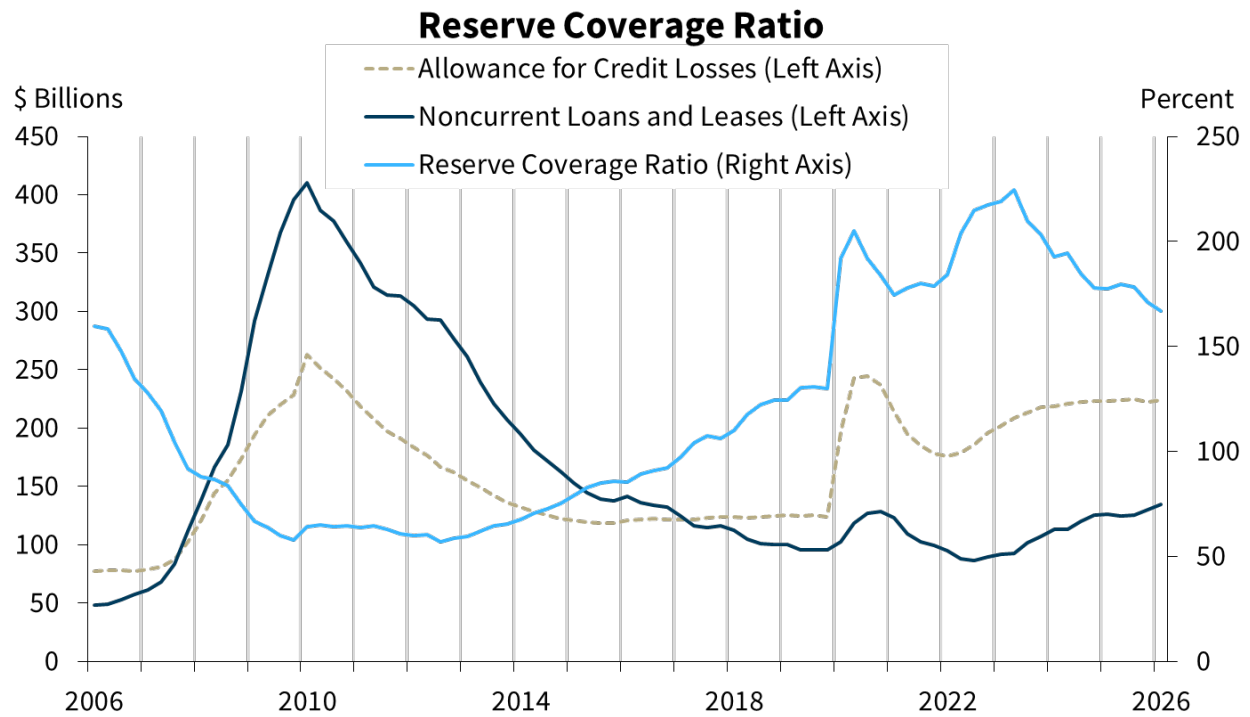
Source: FDIC.

Looking deeper into the CRE portfolio, the elevated PDNA rates of non-owner-occupied property loans eased in the first quarter, particularly among larger institutions. The non-owner-occupied CRE PDNA rate for banks with assets greater than \$250 billion declined for the sixth consecutive quarter to 3.40 percent, below the recent peak of 4.99 percent in third quarter 2024 but well above the pre-pandemic average rate of 0.58 percent.<sup>2</sup> However, these large

<sup>2</sup> The period used to calculate pre-pandemic averages is first quarter 2015 through fourth quarter 2019.

banks have lower concentrations of such loans in relation to total assets and capital than smaller banks, mitigating the overall risk. Overall, the industry's volume of PDNA non-owner-occupied CRE loans declined \$300.7 million, or 1.3 percent, from the prior quarter.

**Chart 11**



Source: FDIC.

Note: The reserve coverage ratio is the allowance for credit losses to noncurrent loans and leases. The term “noncurrent loans” is used to describe loans that are 90 or more days past-due or on nonaccrual status.

Chart 11 shows that the reserve coverage ratio fell to 166.8 percent in the quarter, as noncurrent loans increased by a greater amount than the increase in allowance for credit losses.

The reserve coverage ratio at community banks declined to 146.6 percent, driven by both lower allowance and an increase in noncurrent loans (a contrast to the broader industry).

**Chart 12**

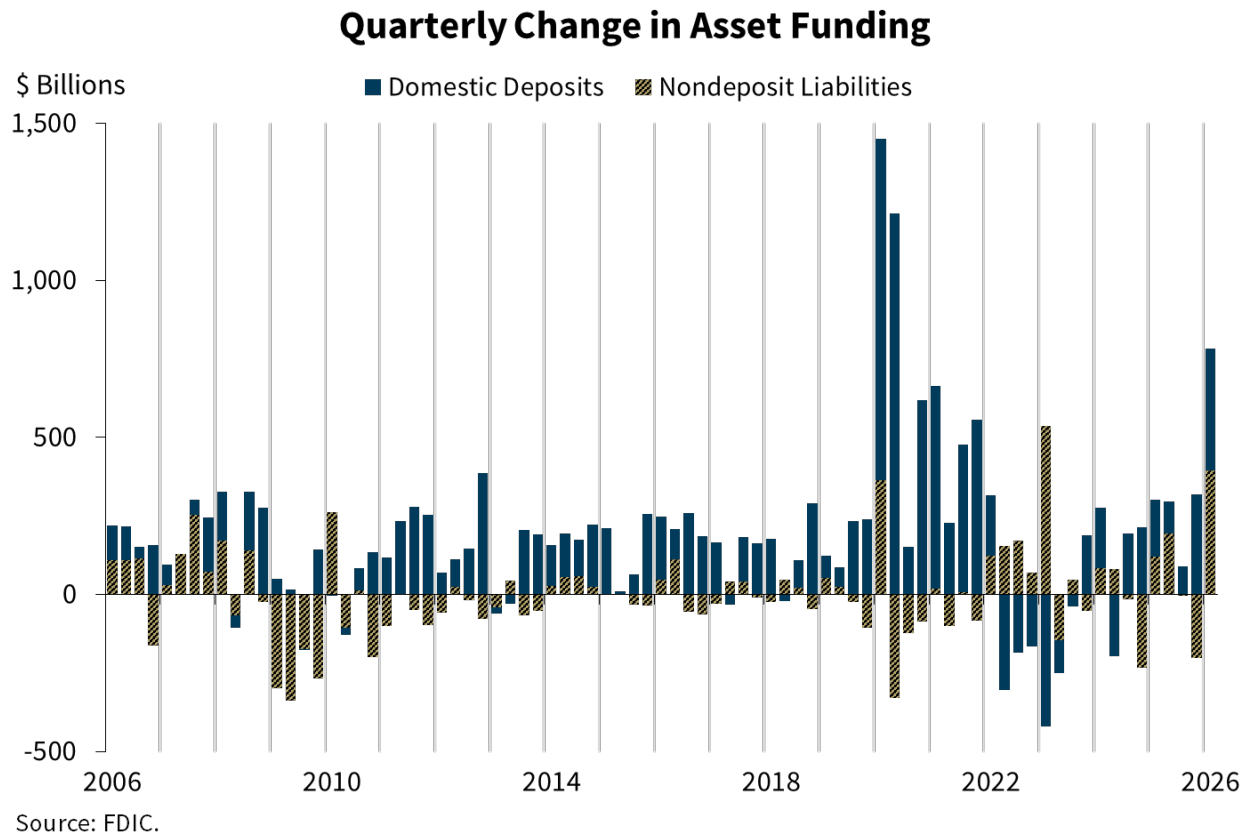
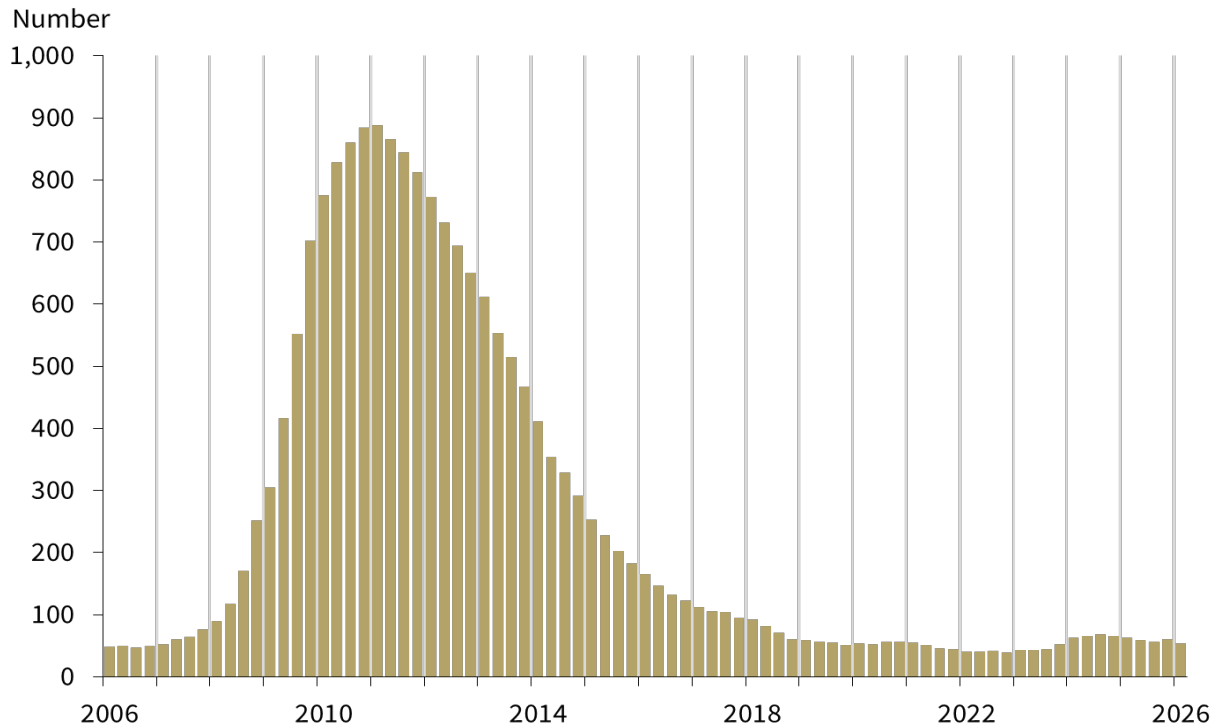


Chart 12 shows that domestic deposits increased for the seventh consecutive quarter, rising \$389.7 billion, or 2.1 percent, during the first quarter. Estimated uninsured domestic deposits, up \$233.5 billion, drove the increase from the prior quarter. The industry’s nondeposit liabilities increased \$393.9 billion during the quarter, driven by an increase in repurchase agreements and trading liabilities.

**Chart 13**

**Number of Banks on the "Problem Bank List"**



Source: FDIC.

Chart 13 shows the number of banks on the FDIC’s “Problem Bank List.” Banks on this list have a CAMELS composite rating of “4” or “5.” The number of banks on the list declined by a net of six in the first quarter to 54 banks. The number of problem banks was 1.3 percent of total banks, which is in the normal range of 1 to 2 percent for non-crisis periods. Three banks opened and one bank failed during the first quarter.

**Chart 14**

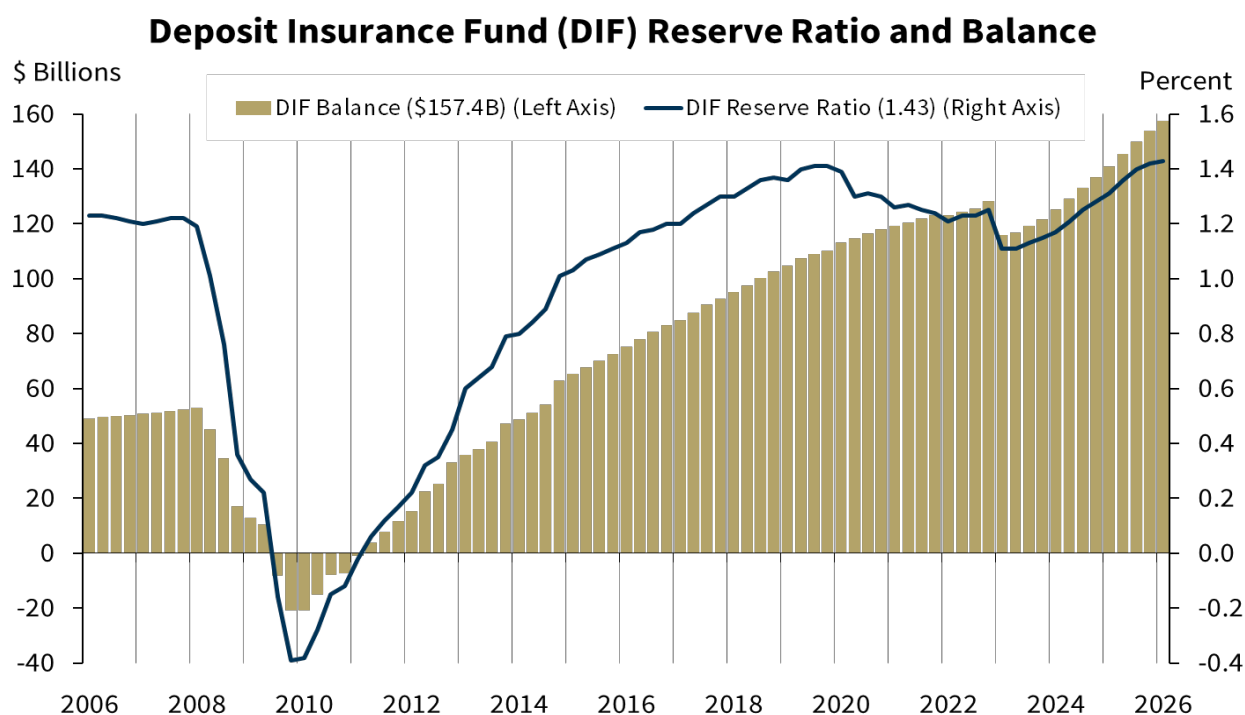


Chart 14 shows that the balance of the Deposit Insurance Fund (DIF) was \$157.4 billion on March 31, 2026, up \$3.6 billion from the fourth quarter. Assessment revenue continued to be the primary driver of the increase, adding \$3.1 billion to the DIF balance, followed by \$1.2 billion in interest earned on investment securities. Growth in the DIF over the quarter was partially offset by unrealized losses on available-for-sale securities of \$280 million and operating expenses of \$526 million.

Estimated insured deposits increased 1.7 percent during the first quarter and 2.0 percent from the year-ago quarter. The reserve ratio, which is calculated as the ratio of the DIF to estimated insured deposits, increased 1 basis point in the first quarter to 1.43 percent and was 12 basis points higher than the year-ago quarter.

In conclusion, the banking industry continued to show resilience in first quarter 2026. The industry saw robust loan and deposit growth during the quarter. Strong capital and liquidity levels continue to support lending and protect against potential losses. However, the industry still faces weakness in certain loan portfolios and elevated unrealized losses. These issues will remain matters of ongoing supervisory attention by the FDIC.