Deutsche Bank
Research

North America
Banks - SMID Cap

Industry
US SMID Cap Banks

Date
11 August 2026

What Banks Are Saying: Operating Backdrop Continues To Be Resilient, Remain + On Banks

Bernard Von-Gizycki
Research Analyst
+1-212-250-5881

Matt O-Connor, CFA
Research Analyst
+1-212-250-8489

What's in this report?

We review key commentary from 2Q26 earnings across the top 30 banks by asset size, segmented into money centers (C, BAC, JPM, WFC), large regionals (CFG, FCNCA, FITB, HBAN, KEY, MTB, PNC, RF, TFC, USB) and SMID cap banks (ASB, BOKF, CFR, COLB, EWBC, FHN, FLG, FNB, ONB, OZK, PNFP, SSB, UMBF, VLY, WAL, ZION). We focus on commentary around updates on FY26 guidance, loan growth/pricing, deposit competition, client sentiment, macro, interest rates, M&A, credit, CRE and expenses. We provide a concise executive summary on each topic by bank segment as well as more detailed trend summaries by bank segment later in the report.

Bank outperformance has been robust…

The bank group (BKX) has outperformed the broader market (S&P 500) by 300bps YTD but this outperformance has accelerated over the past three months with the BKX up 15% vs. +5% for the S&P 500. This significant outperformance can likely be attributed to a rotation out of the technology sector and into bank stocks, reflecting a combination of strong fundamental earnings, attractive valuations and a favorable macro backdrop.

Favorable backdrop to continue?

- As we combed through mgmt. commentary across the top 30 banks by assets, many themes were mostly consistent (with some variations) across bank segments with regards to loan growth/demand, client sentiment, macro, interest rates, M&A, credit, CRE and expenses.
- However, we saw the most variation across pricing trends for both loans and deposits among the various bank segments.
    - Some banks have mentioned normal competitive loan pricing dynamics while others have noted some irrational pricing. Pressure on loan spreads has started to appear in some product areas/regions but many mgmt. teams are walking away from irrationally priced deals. This shows mgmt. teams remaining disciplined in underwriting standards.
    - Deposit competition is leading to modest deposit cost increases. Many feared substantial rises in deposit costs coming into earnings, but mgmt. teams have pointed to mostly modest pressure, alleviating some concerns.

Deutsche Bank Securities Inc.
IMPORTANT RESEARCH DISCLOSURES AND ANALYST CERTIFICATIONS LOCATED IN APPENDIX 1. Deutsche Bank does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

- While these are areas to monitor going forward, pressure thus far seems manageable. Midway through the year, nearly half of bank mgmt. teams raised their full-year guidance on better loan growth and higher revenue expectations (across net interest income and fee income). About a third of bank mgmt. teams kept their guidance unchanged.
- Additionally, both client sentiment and credit are trending favorably.
    - Client sentiment is characterized by strong consumer and business resilience coupled with positive primary relationship momentum, which aligns with a supportive macro backdrop.
    - Credit quality remains solid across portfolios (with mostly stabilized to better trends in CRE), marked by declining net charge-offs and little to no mention/concern over NDFI exposure (which was a concern a few qtrs ago but has appeared better than expected).

How to be positioned within the bank group?

- **Money Centers (covered by Matt O'Connor).** Our top pick is WFC as we continue to view the removal of the asset cap as a catalyst to accelerate growth over time, revenue should benefit from continued investments and operating leverage is expected to remain strong.
    - We also upgraded JPM post 2Q earnings. Our upgrade reflects an improved valuation given the shares have lagged ytd despite strong results and increases to our earnings estimates. JPM is also arguably a cheaper way to capitalize on the AI and IPO theme than the brokers (GS/MS).
    - We also have Buy ratings on BAC and view shares favorably due to NIM normalization, good operating leverage and an attractive valuation.
- **Large Regionals (covered by Matt O'Connor).** Our top pick is HBAN. The shares have lagged this year driven by several key issues/frustrations that are either fully priced in at this point or seem to be resolving, in our view. 2Q NIM/NII was weaker than expected but 2H NIM should improve and fees are trending stronger, with mgmt. pointing to the higher end of the FY guide.
    - We also have Buy ratings on CFG (shares should benefit over an improved earnings profile over time, and we are favorable on CFG's ability to achieve its 16-18% ROTCE target by 4Q27), RF (low bar on EPS growth and believe organic growth should accelerate) and USB (improving credibility in meeting/beating guidance, more transparency around financial reporting, strong capital levels and low M&A risk).
- **SMIDs (covered by Bernard Von Gizycki).** Our top two picks are EWBC and PNFP.
    - On EWBC, we are favorable on shares given the ability to continue to grow loans above most peers leading to strong net interest income growth. While NIM is expected to be flat in 2H26,



we view the ability to continue to grow non-interest bearing deposits better than the industry as a sign of strong franchise value.

- On PNFP, we remain favorable on shares as growth metrics have been robust (loan growth and revenue producer hires have both been better than expected), EPS accretion for FY27 is above peer growth and valuation remains attractive with the shares trading at about a 5% discount to consensus.
- We also have Buy ratings on FHN (loan-growth re-acceleration, strong expense control, and profitability improvement) and WAL (recently implemented focus on returning capital to shareholders vs. incremental loan growth, which should be beneficial given shares trade at a significant discount to peers).

Executive Summary on Bank Trends

- **FY26 Guidance.** Nearly half the banks raised a number of metrics in their guidance including areas such as loan growth, net interest income and fee income. Roughly a third kept overall guidance unchanged. A small number of banks reduced guidance.
  - **Money Centers.** Demonstrated stable-to-increasing outlooks, heavily supported by robust client activity and strong balance sheet growth.
  - **Large Regionals.** Showed the strongest concentration of upward guidance revisions, though a couple of banks trimmed projections due to funding and spread pressures.
  - **SMIDs.** Half maintained their FY outlook (on steady operating conditions and resilient pipeline conversion), about a third increased guidance (primarily on stronger loan growth and higher net interest income) and some lowered their guide (due to some combination of elevated loan payoffs and deposit pressure).
- **Loan growth/pricing.** Remains strong across all segments driven by C&I but signs of pricing pressure are starting to appear.
  - **Money Centers.** Are reporting a highly competitive marketplace but are using their scale and relationship networks to resist yield deterioration.
  - **Large Regionals.** Are feeling more visible spread compression, though many attribute it to portfolio mix shifts toward lower-risk, higher-quality borrowers.
  - **SMIDs.** Are experiencing the highest volatility in competitive loan pricing. Some banks have mentioned normal competitive pricing dynamics while others have noted some irrational



pricing. However, many are maintaining pricing discipline despite the intense pressure.

- **Deposit Competition.** The majority of banks project that deposit costs will rise modestly through the remainder of 2026. Most markets are behaving rationally. Rather than engaging in aggressive rate-chasing, banks are prioritizing client relationships, holistic treasury management platforms, and data analytics to defend and grow balances.
    - **Money Centers.** Generally, are exhibiting strong, relationship-driven franchises that insulate them from aggressive pricing pressures.
    - **Large Regionals.** Are showing a wider variance in deposit cost pressures, with several banks noting headwinds from deposit mix shift (into interest bearing deposits from non-interest bearing deposits).
    - **SMIDs.** Are heavily leaning on relationship models, though several banks face localized geographical pricing pressures or seasonal outflows. Many expect deposit cost to rise but only modestly.
- **Macro.** Across all banking segments, the macroeconomic backdrop is seen as positive/constructive and supportive of a strong operating environment to grow the balance sheet.
    - **Money Centers.** Are highlighting a highly robust domestic consumer and optimistic commercial clients. Geopolitics are creating some uncertainty, but businesses continue to plan for growth.
    - **Large Regionals.** Are reporting generally constructive business conditions and localized geographic strengths.
    - **SMIDs.** The macroeconomic outlook is characterized by a resilient underlying economy tempered by specific regional dynamics, interest rate volatility, and geopolitical concerns.
- **Client Sentiment.** Is characterized by strong consumer and business resilience across all banking categories. Consumer spending continues to accelerate, backed by solid employment and robust balance sheets, while businesses continue to invest despite economic and geopolitical volatility. Positive sentiment supports multi-year or record commercial pipelines, driven by broad-based expansion, particularly within C&I.
    - **Money Centers.** Reports on a constructive environment with a resilient consumer base and healthy commercial momentum.
    - **Large Regionals.** Reports constructive business conditions, steady client acquisition, and high engagement levels.
    - **SMIDs.** Aggregate client sentiment is highly constructive and resilient across both consumer and commercial customer bases. While clients are showing resilience, the deposit environment remains highly competitive, requiring targeted campaigns to



manage seasonal tax-related outflows and to maintain core deposit growth.

- **Interest rates.** Majority of banks anticipate one to two rate hikes by year-end, with September highlighted as the most common timeframe.
    - **Money Centers.** Are generally prepared for a higher-for-longer rate environment with neutral-to-asset-sensitive positioning.
    - **Large Regionals**. Demonstrate diverse positionings, ranging from asset-sensitive to rate-neutral.
    - **SMIDs.** Most assume one or two rate hikes, but some assume flat rates. Like the other bank segments, SMIDs are either neutral/hedged or asset sensitive.
- **M&A.** Across the banking segments, there is an overwhelming consensus prioritizing organic growth opportunities over M&A.
    - **Money Centers.** Firmly committed to organic growth platforms.
    - **Large Regionals.** Organic growth strategies dominate, with a few banks executing strategic branch purchases or adjacent boutique acquisitions to bolster fee income segments.
    - **SMIDs.** Focus heavily on relationship-driven organic growth, though some remain open to small bolt-ons.
- **Credit.** Across nearly all banks, credit metrics remain highly resilient with stable net charge-offs and improving nonperforming assets. Criticized and classified loans are generally trending downward across the industry.
    - **Money Centers.** Exhibit stable, highly resilient credit performance driven by a healthy consumer base and disciplined commercial underwriting.
    - **Large Regionals.** Credit trends are positive across segments, with some banks upgrading their credit outlooks for the rest of the year.
    - **SMIDs.** Credit performance continues to excel, with many banks reporting credit metrics better than historical averages.
- **CRE.** Banks are reporting stabilized credit metrics, declining criticized loans, and a stabilizing trend across the office and multifamily sectors. Some banks are still reducing concentration, while some are starting to see some growth in CRE.
    - **Money Centers.** Generally reported stabilizing or improving credit conditions in their CRE books.
    - **Large Regionals.** Presented a mix of strategic reductions, credit resolutions, and selective growth.
    - **SMIDs.** Frequently highlighted elevated loan payoff activity alongside tight underwriting standards.

- **Expenses.** The overarching theme across nearly all banking segments is a disciplined but active strategic investment focus. Mgmt teams are mostly focused on revenue-generating initiatives, frontline sales headcount, and technology.
    - **Money Centers.** Are leveraging their massive scale to self-fund investments in talent and AI by eliminating structural inefficiencies and decreasing core headcounts.
    - **Large Regionals.** Are balancing regional expansion with continuous improvement programs to fund growth.
    - **SMIDs.** Are intensely focused on harvesting cost synergies from recent M&A transactions or utilizing AI to keep flat back-office footprints while aggressively expanding commercial sales forces.



Table of Contents

FY26 Guidance....8
Loan growth....14
Deposit Competition....19
Client Sentiment....24
Macro....29
Rates....34
M&A....39
Credit....44
CRE....49
Expenses....54

FY26 Guidance

Figure 1: Money Centers on FY26 Guidance

Company	FY26 Guidance Commentary
Bank of America (BAC)	Management increased full year 2026 guidance. NII guidance was raised from 6%-8% to the upper end of that range. Bank of America expects NIM to increase throughout the rest of 2026, targeting 2.30% over the next couple of years. Currently at 2.08% in 2Q, up 14bps yoy, management remains confident in continued NIM expansion through fixed-rate asset repricing and balance sheet optimization. Operating
Citigroup (C)	Management kept full year 2026 guidance unchanged at 10-11% RoTCE. Key metrics maintained: NII ex-Markets growth 5-6%, efficiency ratio ~60%, US cards NCL rate 4-4.5%. Management emphasized flexibility to accelerate investments if conditions remain constructive, but did not raise the waypoint target.
JPMorgan (JPM)	Management increased full-year 2026 guidance. NII ex-Markets raised to $96.5b (from $95b), total NII to $105.5b with Markets NII at $9b. Management increased equity allocation to the Corporate & Investment Bank (CIB) this quarter. This mechanically shifted roughly $150m of NII out of NII ex-Markets and into Markets NII. Adjusted expenses increased to $107.5b (+$2.5b) due to higher volume and revenue-related expenses from strong capital markets activity. Of the $2.5b increase in the adjusted expense guidance, $1.5b has already been booked in H1, while $1.0b is implicitly added for H2. Card net charge-off rate improved to 3.2% reflecting better consumer credit.
Wells Fargo (WFC)	Management maintained full-year 2026 guidance, including approximately $50b ± of net interest income, approximately $48b of NII excluding Markets, and non-interest expense of roughly $55.7b. For the second half of the year, management expects revenue-related expenses to be somewhat higher than initially modeled, but this will be fully offset by lower expenses in other areas due to ongoing efficiency initiatives. The most notable positive revision was to loan growth expectations, with management indicating fourth-quarter average loan growth should exceed the mid-single-digit pace assumed in the original January outlook. Deposit growth remains broadly in line with expectations, although non-interest-bearing deposits are now expected to remain relatively stable rather than grow as originally forecast. Management emphasized that guidance drivers have shifted during the year, with stronger loan growth, stronger interest-bearing deposit growth, and modestly higher rates largely offset by weaker non-interest-bearing deposit trends. The company continues to expect stronger NII growth in the second half of the year. Wells Fargo expects NIM to compress modestly in Q3 2026, broadly in line with Q2's 4-basis-point decline from Q1 . Margins are expected to stabilize in Q4 before potentially expanding over a longer timeframe as the bank scales its credit card portfolio and accumulates more non-interest-bearing deposits.

Source: Deutsche Bank Research

Figure 2: Large Regionals on FY26 Guidance #1

Company	FY26 Guidance Commentary
Citizens Financial Group (CFG)	Management's outlook improved meaningfully during the quarter. Revenue is trending above the original January outlook, driven by stronger-than-expected NII and fee income. NII growth reflects continued NIM expansion, earning-asset growth, and stronger loan demand, while fee income is benefiting from record capital markets activity and all-time high wealth revenue. Citizens Financial expects NIM to continue expanding through the remainder of 2026, building on a combined 10bp expansion realized in the first half of the year. The bank projects Q4 2026 NIM to reach a range of 3.22% to 3.27% , while Q3 net interest income (NII) is expected to increase by 2.5% to 3.5% sequentially, driven by continued NIM expansion and earning asset growth. Positive operating leverage is now expected to exceed 600 bps for the full year versus approximately 500 bps originally contemplated. Expense growth remains well controlled, with modest increases primarily tied to incentive compensation associated with stronger revenue production.
First Citizens (FCNCA)	Management updated its 2026 outlook following stronger-than-expected first-half performance. Loan guidance was reiterated at $153-$157b and deposit guidance was reaffirmed at $181-$186b. Net interest income guidance was maintained with the range modestly narrowed to $6.6-$6.75b. NIM is expected to remain flat with Q2 levels through both Q3 and Q4 of 2026 . However, Q4 net interest income (NII) is projected to increase low to mid-single digits sequentially. Due to deposits repricing faster than variable-rate loans, the bulk of net interest margin benefits from late-2026 rate hikes will be deferred and realized in 2027. Non-interest income guidance was increased to $2.14-$2.22b, driven by strength in client investment fees, off-balance-sheet volume growth, and favorable asset yields. Expense guidance was improved to $5.34-$5.41b, reflecting operating efficiencies and disciplined cost management despite continued investments in technology, direct bank marketing, and the BMO branch acquisition. Credit expectations improved as full-year net charge-off guidance was reduced to 30-35bps following better-than-expected credit performance in H1 2026. Management also reiterated that they expect their full-year tax rate to be in the range of 24.5% to 25.5% (excluding any discrete items).
Fifth Third (FITB)	Management increased full-year 2026 guidance: (1) NII raised to $8.74-$8.80b; Fifth Third expects NIM to increase through the rest of 2026. Q2 NIM expanded 6bps sequentially to 3.36%, and management projects Q3 NII to grow 2% to 2.5% from Q2, driven by fixed rate asset repricing and day count benefits. (2) average loan guidance refined to $174-$176b; (3) noninterest income raised and narrowed to $4.06-$4.16b; (4) noninterest expense lowered and narrowed to $7.22-$7.26b heavily supported by the bank remaining on track to execute its final systems conversion over Labor Day weekend. This crucial milestone is expected to fully unlock their target of $850m in annualized run-rate expense synergies by Q4 2026.; and (5) credit expectations improved, with full-year net charge-offs now expected in the bottom half of the 30-40 bp range. Management expects adjusted PPNR growth of more than 40% versus 2025. The outlook reflects the updated rate environment, balance-sheet repositioning actions, continued fee-income momentum, expense-synergy realization, and improving credit trends. Management also expects to resume regular share repurchases in H2 2026.
Huntington (HBAN)	Management largely maintained its 2026 outlook while adjusting a few key components. NII is now expected to finish at the bottom end of the guidance range or modestly below due to deposit-cost pressure, while fee income is tracking toward the high end of guidance or better. Huntington expects NIM to increase modestly in Q3 and Q4 2026. Management stated Q2 is "the trough for our NIM (of 3.21%) and expect expansion from here" driven by fixed asset repricing, liquidity optimization, and Cadence deposit portfolio optimization. Specifically, NIM is expected to rise to the "low 320s in the third quarter and then into the mid to high 320s in the fourth quarter." Average loan growth is expected to finish at or above the high end of the original outlook, reflecting continued strong commercial demand. Management remains on track to achieve $435m of annualized cost synergies by Q4, and credit expectations improved with net charge-offs now anticipated in the lower half of the 25-35 bp range. Tax rate is expected to come in modestly better than prior expectations. Share repurchase expectations remain at least $550m for 2026.

Source: Deutsche Bank Research

Figure 3: Large Regionals on FY26 Guidance #2

Company	FY26 Guidance Commentary
KeyCorp (KEY)	Management increased 2026 guidance following strong first-half performance. Revenue growth guidance was raised to 7-8% (vs. 7% previously), NII growth guidance was increased to 9-11% (vs. 9-10% previously), average loan growth guidance was raised to 4-5% (vs. 2-4%), and average commercial loan growth was increased to 8-10% (vs. 6-8%). KeyCorp expects NIM to expand through the second half of 2026, reaching an exit rate of 3.00% to 3.05% by year-end (up from 2.89% in Q2). This expansion is driven by more than $9 billion of low-yielding fixed-asset repricing in the back half of the year, solid client deposit growth (projected at ~2% in H2), and moderating loan growth compared to the first-half pace. The improved outlook reflects stronger-than-expected commercial loan growth, healthy pipeline conversion, and robust client activity. Management remains confident in the outlook across a range of interest-rate scenarios and continues to benefit from growth in relationship-based commercial banking.
M&T Bank (MTB)	Management maintained its overall 2026 outlook while improving its credit expectations. Guidance includes NII in the lower half of the $7.2-$7.35b range, average loans of $141-$143b ($1b higher vs. prev guide), deposits of $165-$167b, fee income of $2.8-$2.85b (vs. prev above the top end of $2.675-$2.775b), and a cumulative deposit beta in the low-to-mid-50% range. M&T expects NIM to decrease slightly throughout the rest of 2026, declining from the current 3.70% to the high 3.60s by year-end, with a normalized medium-term level in the 3.60s range. Expenses are expected at the high end of the $5.5-$5.6b range as M&T continues investing in technology, cybersecurity, servicing, and growth initiatives. Credit trends have improved, leading management to expect full-year net charge-offs of approximately 37 bps vs. 40bps previously given lower 2Q losses. The company also expects to operate with CET1 in the lower portion of its 10.0%-10.5% target range. Overall, guidance reflects strong commercial loan growth, improving CRE momentum, healthy deposit generation, and continued broad-based fee-income strength.
PNC	Management raised its 2026 outlook following stronger-than-expected first-half performance. Full-year guidance now calls for average loan growth of approximately 12.5% (vs. 11% prev), net interest income growth of 15%-15.5% (vs. 14.5%), non-interest income growth of approximately 9% (vs. 6%), and total revenue growth of approximately 13% (vs. 11%). PNC expects NIM to increase above 3% by end of 2026 driven by continued repricing of fixed-rates assets. However, near-term NIM faces headwinds from high-credit-quality, lower-spread loan growth that constrains margins on a standalone basis, though these loans are accretive to EPS when including associated fees. Non-interest expense is expected to increase approximately 8.5% (vs. 7%) as PNC continues investing in technology, marketing, client acquisition, and growth initiatives, while still generating positive operating leverage. Management also expects an effective tax rate of approximately 19.5%. While no full-year net charge-off guidance was provided, credit trends remain strong and Q3 net charge-offs are expected to approximate $225m. The improved outlook reflects strong commercial loan growth, higher utilization, broad-based client acquisition, continued fee-income momentum, successful integration of FirstBank, and confidence in the company's ability to sustain growth through the remainder of 2026.

Source: Deutsche Bank Research

Figure 4: Large Regionals on FY26 Guidance #3

Company	FY26 Guidance Commentary
Regions Financial (RF)	Management maintained its full-year 2026 outlook, reflecting confidence in the operating environment while remaining prudent on second-half assumptions. Average loan growth is expected to be up low single digits year-over-year, supported by strong commercial pipelines, improving utilization, and continued client acquisition. Average deposits are also expected to increase low single digits, underpinned by ongoing growth in consumer and operating account balances. Net interest income is expected to grow 2.5%-4.0% in 2026, with Q3 NII projected to increase approximately 2% sequentially. Regions Financial expects NIM to increase modestly through the second half of 2026, with Q3 NIM projected to be flat to sequentially up, and the margin exiting the year at approximately 3.7% (up from 3.66% in Q2). Key near-term drivers include fixed-rate asset turnover—specifically a 75 to 100bp yield pickup on approximately $3b of maturities—and a 7bp benefit from a hedge rate increase. Over a longer horizon, ongoing balance sheet repricing is expected to support margin expansion over multiple years. Adjusted non-interest income is expected to grow 3%-5%, though management now expects results to trend toward the lower end of that range due primarily to the interest-rate environment's impact on certain capital markets activities. Adjusted non-interest expense guidance remains unchanged at 1.5%-3.5% growth, and management continues to expect positive operating leverage for the full year through disciplined expense management and ongoing productivity initiatives. Credit expectations remain constructive, with full-year net charge-offs expected to remain within the 40-50 bp range.
Truist (TFC)	Management updated its 2026 outlook to reflect continued portfolio optimization and market-driven spread pressure. Revenue growth guidance was reduced to 3.5%-4.0% from approximately 4.0%, while NII growth guidance was lowered to 1.0%-1.5% from 2.0%-3.0% due to lower loan spreads, unfavorable deposit mix migration, and the deliberate runoff of lower-return consumer portfolios. Truist expects NIM to modestly improve throughout 2026, with improvement expected in Q3 driven by higher client deposit balances, though not to the degree previously anticipated due to changed rate environment and deposit mix pressures, which are being driven by client migration into higher-yielding products. Mgmt suggested average loans could be on the high side of the prior guide (to increase 3-4%) led by C&I (while consumer loans will be flat/up 1%). Offsetting these headwinds, management increased non-interest income growth expectations to approximately 10% from prior high-single-digit guidance, reflecting strong momentum in investment banking, trading, wealth management, and advisory businesses. Despite lower revenue expectations, Truist raised its 2026 ROTCE target to 14%+ (vs. 14% prev), highlighting improved profitability and capital efficiency. Management also reaffirmed GAAP expense growth of approximately 1.75%, net charge-offs of approximately 55bp, an effective tax rate of 14.5%, and approximately $5b of share repurchases in 2026. Overall, management's guidance reflects a strategic shift toward higher-return, more capital-efficient growth rather than maximizing near-term NII growth.
U.S. Bancorp (USB)	Management increased full-year 2026 guidance following stronger-than-expected performance across loans, fees, and capital markets. Total net revenue growth is now expected to be 7%-9%, up from the prior 4%-6% outlook, or 5%-7% excluding BTIG. Net interest income growth is expected to remain above 5% for the year, supported by strong loan growth, fixed-rate asset repricing, Amazon portfolio contributions, and improving NIM. U.S. Bancorp expects NIM to increase throughout the rest of 2026. NIM improved 2bps sequentially to 2.79% in Q2, with management stating they expect it to "grow over the course of the year." Key drivers include asset mix improvement and fixed asset repricing of $10-11b quarterly. Management projects reaching the 3% NIM level in 2027, contingent on deposit repricing and the yield curve slope. Fee revenue is expected to grow at a low-teens rate, driven by broad-based strength in payments, capital markets, trust, investment management, and the addition of BTIG. Management continues to expect approximately 200bps of positive operating leverage in 2026, or more than 300bps excluding BTIG. Guidance assumes roughly $200m of BTIG revenue per quarter during the second half of the year and includes an anticipated $160m reserve build associated with the Amazon Small Business portfolio acquisition.

Source: Deutsche Bank Research

Figure 5: SMIDs on FY26 Guidance #1

Company	FY26 Guidance Commentary
Associated Bank (ASB)	Management updated 2026 guidance following the successful incorporation of American National and completion of purchase accounting analysis. Period-end total loan growth is now expected at 18%-20%, while C&I loan growth remains 20%-22% compared with Associated standalone year-end 2025 balances. Management also continues to expect period-end total deposit growth of 17%-19% and core customer deposit growth of 19%-21%, reflecting strong relationship-driven deposit momentum. Net interest income growth guidance was increased to 19%-21%, supported by stronger loan growth, American National integration, purchase-accounting impacts, and improving balance-sheet mix. Non-interest income growth remains 8%-10%, while non-interest expense is expected to increase 20%-21%, primarily reflecting the American National acquisition, integration expenses, and franchise investments. Management increased anticipated cost saves from approximately 25% to 30% of American National's expense base, helping offset higher merger-related costs and supporting the company's targeted 2.25-year tangible book value earn-back period. Despite ongoing investment spending, management reiterated its commitment to delivering positive operating leverage and sustaining profitable organic growth into 2027 and beyond. Associated Bank expects NIM to expand beyond the Q2 level of 3.17% in both Q3 and Q4 of 2026. Looking forward, the bank expects continued expansion driven by strong momentum in deposits and loans, coupled with portfolio remixing and securities book repricing.
BOK Financial (BOKF)	Management increased full-year 2026 guidance. Loan growth guidance increased to over 10% (from prior guidance). Total revenue guidance of mid-single-digit growth unchanged but now expected in upper portion of range. Net interest income expected in upper half of $1.42B-$1.45b range; fee income in lower half of $820m-$845m range. BOK Financial expects NIM to expand in the second half of 2026, driven by securities portfolio repricing, fixed-rate asset repricing, recovery of the 3bps negative impact from energy derivative hedging, and typical seasonal DDA growth. Efficiency ratio now approximately 62% (adjusted for Visa gain: near 63%).
Cullen/Frost (CFR)	Management increased full-year 2026 guidance. Net interest income growth improved to 4.75%-5.25% from 3.5%-5%. Cullen/Frost expects NIM to be relatively flat in Q3 2026, then improve in Q4 due to a $250m treasury maturing at sub-1% yield. For full-year 2026, management expects 10-13bps of NIM improvement versus 2025's 3.66% NIM. Average loan growth increased to 7%-8% from 6%-7%. Noninterest income growth improved to 7.5%-8.5% from 4%-5%. Noninterest expense growth decreased
Columbia (COLB)	Management did not formally change full-year EPS or balance-sheet guidance, but the tone of guidance was constructive. Columbia reaffirmed expectations for NIM above 4% during 2026 (vs. 3.93% in 2Q), guided Q3 fee income to the mid-$80m range after a stronger-than-expected Q2, lowered its implicit expense outlook through synergy outperformance and ongoing efficiency initiatives, maintained low-single-digit deposit growth expectations, and reiterated aggressive capital return plans including $150-$200m of Q3 buybacks. The primary offset remains elevated CRE payoffs and intentional transactional-loan runoff, which are likely to keep overall earning assets flat-to-down despite strong commercial origination activity and record pipelines.
East West (EWBC)	Management increased full-year guidance on four metrics: (1) loan growth raised to 6-8% from prior range of +5-7%, (2) NII growth increased to 7-9% from 6-8%, (3) expense growth narrowed to 8-9% (vs. 7-9%), (4) assuming flat Fed funds through year-end. Changes reflect stronger balance sheet growth and deposit remixing.
First Horizon (FHN)	Management kept the full-year 2026 guidance unchanged, reiterating expectations for resilient earnings and the $100m PPNR opportunity across all key metrics.
Flagstar Bank (FLG)	Management lowered 2026 EPS guidance to $0.40-$0.50 (from prior range of $0.60-$0.65) and 2027 to $1.60-$1.70 (vs. $1.80-$1.90). Key changes: (1) interest income reduced due to elevated CRE payoffs, (2) lower non-interest-bearing DDA growth, (3) higher non-accrual loans, (4) reduced mortgage gain-on-sale revenues.
F.N.B. Corp (FNB)	Management revised full-year guidance downward. (1) Net interest income: Reduced to $1.485b-$1.515b (from prior range) due to first-half results and heightened deposit competition. (2) Noninterest expense: Tightened to $1.01b-$1.02b. (3) Provision: Reduced to $80m-$95m (from $85m-$105m) due to favorable credit performance. Balance sheet guidance for mid-single-digit loan/deposit growth maintained.

Source: Deutsche Bank Research

Figure 6: SMIDs on FY26 Guidance #2

Company	FY26 Guidance Commentary
Old National (ONB)	Management increased full-year 2026 guidance: (1) loan growth raised to 6-8% (vs. 2-4% prev), (2) noninterest income increased reflecting Q2 outperformance. Expenses, credit, and tax rate outlooks remain unchanged.
Bank OZK (OZK)	Management maintained its full-year expectation for mid-single-digit loan growth but adopted a somewhat more cautious near-term outlook for NII and margin performance. While net interest margin improved 4 basis points during Q2, management indicated that margins in upcoming quarters are likely to remain modestly below Q1's 4.20% level. The primary reason is not funding pressure or deteriorating spreads, but rather elevated RESG repayments that occurred unusually early in Q2 and reduced average earning assets. Management described repayment timing as the principal factor affecting earnings expectations and emphasized that deposit competition remains manageable and unchanged from prior periods. Despite the near-term pressure, the company continues to expect average earning assets to grow in Q3 and Q4 and remains confident in achieving its mid-single-digit full-year loan growth objective.
Pinnacle (PNFP)	Management kept full year 2026 guidance unchanged. Loan growth tracking at top end of 9-11% range; deposits in middle of 8-10% range; NIM expected 3.44-3.47%; revenue trending to $5.05-5.1B; adjusted expenses in middle of $2.675-2.775B guidance.
SouthState (SSB)	Management kept full-year 2026 guidance unchanged. No changes to NIE guidance (4% growth), NIM guidance (3.75%-3.80%), noninterest income guidance (55-60 bps), or capital return guidance (40-60% payout ratio).
UMB Financial (UMBF)	Management reaffirmed its full-year 2026 guidance, continuing to expect positive operating leverage despite lower expected contractual accretion benefits.
Valley National (VLY)	Management maintained overall 2026 guidance while raising specific metrics. Gross loan growth now expected at or above the high end of guidance range. Fee income expected to migrate toward high end of 6-9% range. Deposit growth and NII outlook unchanged from prior quarter's upward revision.
Western Alliance (WAL)	Management lowered full-year 2026 guidance: (1) loan growth reduced from $6B to $5B, (2) deposit growth lowered to $6B from $8B, (3) NII growth raised to 12-14% from 11-14%, (4) non-interest income guidance reduced to 13-17% from 20-25%, (5) NCO guidance reaffirmed at 25-35 bps. Changes reflect capital reallocation toward $150m share buybacks.
Zions (ZION)	Management reaffirmed its core 2026 outlook, including expectations for positive operating leverage of approximately 100-150bps, moderate loan growth, moderately increasing adjusted customer fee income, and moderately increasing adjusted noninterest expense. The company's forward outlook incorporates one rate increase over the next 12 months based on the June 30 forward curve. Management expects NII to increase moderately on a year-ahead basis, with potential for upper single-digit growth if rate expectations and underlying balance-sheet trends develop as anticipated.

Source: Deutsche Bank Research

Loan growth

Figure 7: Money Centers on loan growth

Company	Loan Growth Commentary
Bank of America (BAC)	Loan growth remains strong at 8% yoy with an $88b increase in average loans. Commercial lending leads at 11% yoy ($75b increase), with broad-based expansion both domestically and internationally, expanding beyond prior Global Markets concentration. Pipelines are holding very good, with full pipelines in the markets business and strengthening commercial lending momentum. However, pricing pressure exists in liquid products like auto loans, causing selective pullback. Geographic and product
Citigroup (C)	Citigroup's average loans increased 10% year-over-year to $785b, reflecting broad-based growth across the franchise. Loan growth was driven by export agency finance and working capital lending within Services, increased financing activity in Markets, higher investment-banking-related lending in Banking, continued growth in securities-based lending within Wealth, and expansion in U.S. Consumer Cards
JPMorgan (JPM)	JPMorgan's loan pipeline remains robust, supported by healthy capital markets activity, strong client engagement, and continued demand for financing across the franchise. Management sees modest deterioration in underwriting standards across portions of the market, including weaker governance, more aggressive assumptions, looser structures, and greater rollover risk among certain competitors. Despite these pressures, JPMorgan continues to maintain disciplined underwriting standards and stated that its risk appetite has not changed. Management acknowledged selectively flexing for strategically important client relationships but emphasized that risk discipline remains the primary driver of lending
Wells Fargo (WFC)	Loan growth is driven by new customer acquisition rather than utilization increases. Loan pricing remains competitive but within normal expectations. The company expects continued momentum in the second half, with growth in auto, card, and commercial portfolios, though period-end growth slowed due to seasonality and tariff-related paydowns.

Source: Deutsche Bank Research

Figure 8: Large Regionals on loan growth #1

Company	Loan Growth Commentary
Citizens Financial Group (CFG)	Loan pipelines are strong with broad-based growth across sectors. C&I growth reflects positive corporate backdrop with new investment and working capital needs, particularly in technology, healthcare, energy, and FIG sectors. Loan spreads remain stable despite competitive environment. Geographic strength includes California and Florida for Private Bank expansion. CRE continues planned rundown, particularly office and multifamily paydowns. Middle market M&A pipelines show improving momentum with customers ready to exit sidelines. Loan competition remains intense but disciplined pricing maintained across all businesses.
First Citizens (FCNCA)	In contrast to the robust commercial growth, loan balances in the General Bank were relatively flat, as strong production numbers were entirely offset by paydowns and payoffs outpacing new loan generation. Loan competition is intense with spreads tightening, though moderation is emerging. Global Fund Banking grew $2.6b with robust pipelines; tech/healthcare grew 3.7% sequentially; middle market added $205m. Pricing spreads compressed but worst appears behind them. Strong production across verticals despite competitive pressures.
Fifth Third (FITB)	Loan competition remains stable with disciplined pricing. C&I loans grew 2% sequentially, driven by legacy Fifth Third up 2%+ and Comerica specialty verticals up 6%. Texas, California, Michigan, environmental services, dealer services, and tech/life sciences showed growth. Demand remains strong in infrastructure, aerospace/defense, and reshoring sectors. Commercial real estate was softer at +0.5% as the bank maintains conservative underwriting. Line utilization remained flat at 40.8%. Pricing in C&I remained consistent; indirect auto pricing declined, reflecting market efficiency. Post-conversion, C&I growth expected to accelerate as teams access unified platforms and products.
Huntington (HBAN)	Management remains constructive on loan growth, citing strong pipelines and broad-based commercial demand across corporate banking, specialty banking, FIG, industrial, and diversified commercial businesses. Auto originations were lower as the bank maintained disciplined pricing and return thresholds rather than chasing volume. CRE balances continued to decline modestly as planned as part of ongoing portfolio management efforts. Geographically, management remains focused on higher-growth markets, particularly Texas and the South, where continued investment in talent and capabilities is expected to support future growth.
KeyCorp (KEY)	Commercial momentum remains strong, with C&I loans increasing approximately $2.1b (3% linked quarter) and pipelines expanding 6% yoy, supported by new client acquisition across utilities, power & renewables, technology, and commercial real estate. Competitive pressures continue to produce modest spread compression relative to SOFR, although management attributes much of the tightening to stronger borrower quality and portfolio mix. Looking ahead, management expects loan growth to normalize from the exceptionally strong first-half pace as capital markets activity recovers and clients increasingly utilize a broader set of financing alternatives.

Source: Deutsche Bank Research

Figure 9: Large Regionals on loan growth #2

Company	Loan Growth Commentary
M&T Bank (MTB)	Loan momentum remains exceptionally strong. Commercial loan growth was broad-based, with 90% of lending businesses expanding quarter-over-quarter. Pipelines remain healthy across both C&I and CRE, although management expects growth to normalize from the unusually strong Q2 pace. CRE production spans multifamily, industrial, retail, hotel, homebuilding, and construction lending, while office remains largely excluded. Management believes private credit competition has become less aggressive, allowing M&T to regain market share across its regional footprint. Loan yields increased 4 bps to 5.89%, driven by higher CRE yields and favorable nonaccrual-related interest recoveries.
PNC	Loan competition remains rational, with little evidence of broad-based spread compression. While portfolio spreads have been modestly diluted, management attributes this primarily to strong demand from higher-credit-quality, lower-spread borrowers rather than aggressive competitive pricing. Commercial pipelines remain robust, supported by higher utilization rates and broad-based growth across virtually every C&I category. CRE pipelines are increasingly constructive, particularly in multifamily, industrial, and retail. PNC continues to gain share in newer growth markets, which are outperforming legacy markets. Management emphasized that loan demand is broad-based across industries and geographies, with no single sector, including AI-related lending, driving overall growth.
Regions Financial (RF)	Loan pipelines are up 15% yoy and diversified across industries and markets. Growth is broad-based in commercial and industrial lending (power, utilities, manufacturing, government, retail trade) with 50% in investment-grade credits and 50% in middle-market lending. Competition remains rational with disciplined pricing. Line utilization increased 100bps. Loan yields were down 1bp q/q, with credit spreads tightening modestly. Multifamily shows softness in select Texas markets, but overall lending activity remains healthy.
Truist (TFC)	(1) Loan growth: Wholesale loans +8% YoY with broad-based momentum in C&I, middle market, and CRE. (2) Pipelines: Healthy client pipelines in card and treasury management. (3) Pricing: Continued broad-based market-driven compression of loan spreads; reallocating capital from higher-yielding consumer to lower-yielding commercial loans for better relationship returns.
U.S. Bancorp (USB)	Loan growth momentum remains strong, with management reporting very healthy commercial and commercial real estate pipelines and growth across virtually every commercial category. Average loans grew 7.1% yoy, driven by broad-based expansion in C&I, commercial real estate, and credit card portfolios. Commercial real estate activity continues to improve across nearly all categories, and management expects overall loan growth to exceed prior mid-single-digit expectations. Geographic expansion efforts remain focused on high household-formation markets including Arizona, Nashville and broader Tennessee, Utah, and Boise, where branch densification and consumer deposit growth opportunities remain attractive.

Source: Deutsche Bank Research

Figure 10: SMIDs on loan growth #1

Company	Loan Growth Commentary
Associated Bank (ASB)	Four commercial lines of business show double-digit growth across geographies (Chicago, Milwaukee, Twin Cities, Kansas City, St. Louis, Omaha). C&I pipelines are up 20% YoY with $1.2b organic growth (10%) through June 30th. The bank maintains pricing discipline, avoiding deals with poor credit or return profiles despite competitive pressure.
BOK Financial (BOKF)	(1) Geographic strength: Texas, Arizona, Colorado, and Oklahoma growing rapidly with broad-based opportunities. (2) Pipelines: Moderately strong, weaker than Q2 entry but stronger than Q1 entry. (3) Loan competition: Competitive pricing grinding as expected; no unusual competition observed. (4) Core C&I grew 11.1% yoy with strong structural competitiveness; mortgage finance and healthcare also contributed meaningfully.
Cullen/Frost (CFR)	(1) Pipelines: 90-day weighted pipeline up 11% to record $2.17b, balanced 50/50 C&I/CRE. (2) Competition: Intensifying on structure and pricing; losing deals primarily on CRE due to aggressive structures. (3) Bookings: Q2 commitments up 23% qoq, second-highest in two years. (4) Pricing: Competing aggressively on price for quality relationships; C&I pricing competitive, CRE facing structural pressure.
Columbia (COLB)	(1) Competition: Elevated CRE payoffs driven by irrational pricing; Columbia refuses to chase growth sacrificing returns. (2) Pipelines: Total pipeline nearly doubled yoy to $4b (vs $2b), with C&I at $2.6b (vs $1.2b). (3) Strength: Commercial origination up 49% yoy; C&I and owner-occupied CRE now 42% of portfolio. (4) Pricing: Disciplined approach; competing aggressively for quality relationships meeting return objectives.
East West (EWBC)	Loan growth is driven by (1) C&I expansion in financial services, equipment finance, and manufacturing (+$300m), (2) residential mortgage strength (+$300m with 52% LTV), (3) strong pipelines supporting 6-8% full-year guidance. Loan yields show marginal compression but management expects margin stability in flat rate environment.
First Horizon (FHN)	(1) Loan competition is intense, particularly for larger transactions, with pricing described as sometimes irrational. (2) Pipelines remain very strong with new commitments up 50%+ yoy driven by CRE activity. (3) Period-end loans grew $953m, including $1b commercial growth. (4) Spreads remain consistent despite competitive environment. (5) Within CRE, balances are expected to remain flat to modestly higher as existing construction projects continue to fund and support portfolio growth.
Flagstar Bank (FLG)	(1) Loan competition: Strong C&I originations of $2.8B (up 40% q/q) at 226bps spread to SOFR; (2) Pipelines: $2b+ visibility into Q3; (3) Geographic strength: Energy, healthcare, technology, sports/entertainment verticals; New York and Southern California regional teams performing well; (4) Pricing: Competitive at 226bps SOFR spread on new originations.
F.N.B. Corp (FNB)	(1) Loan competition: Tighter spreads on new originations with lower-risk, high-quality borrowers. (2) Pipelines: Record levels overall, up nearly 10% QoQ; C&I is strongest segment. (3) Geographic strength: Cleveland, Central Pennsylvania, Pittsburgh, South Carolina at all-time or near all-time highs; Charlotte and Raleigh competitive but not at peaks. (4) Pricing: CRE originations 75-100 bps higher than C&I; new loans at 5.54% vs. 5.57% prior quarter.

Source: Deutsche Bank Research

Figure 11: SMIDs on loan growth #2

Company	Loan Growth Commentary
Old National (ONB)	Loan pipelines hit record $5.6b (+17% YoY), driven by balanced C&I and CRE growth with predominantly floating-rate production. Commercial production reached $3.5b in Q2. Spreads remained consistent over recent quarters, down modestly from a year ago. Newer markets like Nashville show tighter pricing competition, while legacy markets remain stable. Average C&I loan size under $1m reflects granular production mix alongside larger opportunities in expansion markets.
Bank OZK (OZK)	(1) Loan competition: Highly competitive CRE market with aggressive pricing and advance rates limiting origination volume. (2) Pipelines: RESG origination muted; CIB growing across seven business lines with CBSF and NRG as growth leaders. (3) Geographic weakness: Cities raising taxes and adopting anti-business policies reducing demand. (4) Pricing: Compressed spreads in certain CIB segments; management pulling back where yields compressed, leaning into higher-yielding categories.
Pinnacle (PNFP)	Loan growth of $2.9b was broad-based across C&I and specialty lending. Pipelines are strong with 6 of 8 geographies and 9 of 11 specialty groups showing wider spreads Q2 vs Q1. Pricing trends are favorable with production rates and spreads increasing q/q.
SouthState (SSB)	Loan growth remained a key positive. Pipelines are still strong despite a modest sequential decline and remain well above recent-quarter levels. Quarterly loan growth was $1.35b (11% annualized), with 76% of production floating rate. Growth was broad-based, led by Florida, Texas, and South Carolina, while Atlanta, Virginia, and Alabama posted particularly strong percentage growth. Management expects stronger C&I growth in 2H26, supported by robust new-hire production and a $1.5b pipeline from recently recruited bankers.
UMB Financial (UMBF)	Loan growth is strong at 12.6% annualized with record $2.6B production. C&I leads at 22% annualized growth across all regions (St. Louis, Utah, Texas, Arizona). Pipelines remain strong. Core loan yields ex PAA at 6.01%, vs. 5.99% in 1Q. Competition is intense but UMB maintains pricing discipline through relationship value and mix management.
Valley National (VLY)	Loan growth trends remain robust despite a competitive lending environment. Management noted modest spread compression in CRE, although stronger C&I production and pricing continue to offset those pressures. The pipeline declined roughly $1b from March 31 following exceptionally strong second-quarter pull-through but remains above year-start levels, supporting continued growth expectations. Geographic strength was concentrated in New York, Florida, and Illinois/Chicago, with additional contributions from healthcare and fund finance specialty verticals. New loan originations continue to price materially above maturing fixed-rate assets, providing an ongoing yield tailwind.
Western Alliance (WAL)	Loan growth remained exceptionally strong and increasingly C&I-focused. HFI loans grew $1.8b during the quarter, with more than 80% of growth coming from C&I categories. Commercial Banking contributed approximately $950m of growth, led by specialty commercial banking verticals and hotel franchise finance. Management indicated loan pipelines remain robust and support approximately $1.2-$1.3b of quarterly growth through the remainder of 2026.
Zions (ZION)	Loan growth remained solid at 4.7% annualized, led by C&I lending, increased revolver utilization, and capital-markets-related activity. Management described the lending environment as competitive and acknowledged ongoing spread compression, although earning asset yields remained stable due to fixed-rate asset repricing, securities portfolio reinvestment at higher yields, and continued portfolio remix benefits. Growth remains broadly diversified, supported by disciplined concentration management and opportunities across middle-market, upper-middle-market, and syndicated lending channels.

Source: Deutsche Bank Research

Deposit Competition

Figure 12: Money Centers on deposits

Company	Deposit Competition Commentary
Bank of America (BAC)	Deposit pricing remains favorable, supported by Bank of America's relationship-based deposit strategy and continued growth in non-interest-bearing operating accounts. Consumer deposits carried an average cost of just 48 basis points, while non-interest-bearing balances increased 4% year-over-year. With approximately $800b of excess liquidity, the company does not need to compete aggressively for rate-sensitive deposits and instead focuses on growing high-value operating accounts through digital capabilities, rewards programs, and client relationships. The current forward curve assumes one 25-basis-point rate increase in September, although management views its impact on 2026 earnings as modest due to timing. Overall, Bank of America expects any rate adjustments to be net positive for earnings, reflecting the bank's asset-sensitive balance sheet and favorable funding position.
Citigroup (C)	Deposit pricing reflects a moderate catch-up to the higher-for-longer rate environment, with management noting that deposit betas remain within expectations and pricing discipline remains intact. Citi continues to gain share through high-quality operating deposits rather than chasing low-value or rate-sensitive balances, particularly within the Services franchise where deposits increased 19% yoy and exceeded $1t. Management characterized deposit growth as relationship-driven and supported by new client wins and deeper client engagement. While some clients continue to seek yield, particularly in Wealth, management noted that this behavior primarily manifests through mix shifts into time deposits, creating "synthetic beta" rather than significant pricing.
JPMorgan (JPM)	Management continues to expect low-single-digit consumer deposit growth in 2026, supported by strong checking account acquisition and overall franchise momentum. While yield-seeking flows remain a factor in a more hawkish rate environment, deposit trends are generally tracking expectations and wholesale deposit growth has exceeded expectations. Management noted that a materially higher-rate environment could eventually lead to faster deposit repricing and higher deposit betas, but this is viewed as a potential future risk rather than a current issue. Importantly, stronger-than-expected deposit balances across both consumer and wholesale banking were cited as a primary driver behind the increase in JPMorgan's NII guidance.
Wells Fargo (WFC)	(1) Deposit costs expected to rise modestly as interest-bearing deposits grow faster than noninterest-bearing deposits. (2) Market rationality: No evidence of irrational pricing; deposit growth reflects deliberate strategy deepening client relationships. (3) Forward curve impact: Interest rates currently not a significant factor in 2026 outlook.

Source: Deutsche Bank Research

Figure 13: Large Regionals on deposits #1

Company	Deposit Competition Commentary
Citizens Financial Group (CFG)	Deposit costs remain well controlled. Interest-bearing deposit costs increased 4 bps and total deposit costs increased 3 bps in Q2, reflecting somewhat stronger loan demand and associated funding needs rather than a structural change in deposit pricing dynamics. To support the stronger-than-expected loan growth in Q2, Citizens temporarily increased its FHLB funding during the quarter. Management expects this to drop back down as deposit growth accelerates seasonally in H2 (particularly in Q4). Management expects deposit betas to remain stable, with cumulative interest-bearing deposit beta tracking expectations at 48%. Citizens continues to offset competitive pressures through growth in DDA and other low-cost deposits, while its outlook assumes the Fed remains on hold, supporting a stable deposit-cost trajectory and continued NIM expansion throughout 2H26.
First Citizens (FCNCA)	Deposit costs remain under pressure, particularly in the Direct Bank channel, where management continues to compete in a highly rate-sensitive market. FCNCA characterized portions of the industry as pricing deposits at levels that appear economically unattractive, suggesting some competitors are prioritizing balance retention over profitability. The company continues to utilize a diversified funding approach that includes brokered deposits, FHLB advances, and long-term debt as needed to supplement core funding. Given the current higher-for-longer rate outlook, management expects Direct Bank pricing to remain elevated, limiting near-term relief on deposit costs. Management noted that the spot rate on deposits within the Direct Bank channel is 3.71% (highly comparable to the 3.70% average cost in Q2), with the highest offer grade currently reaching 4.1%.
Fifth Third (FITB)	Deposit costs remain well controlled, declining 4 bps sequentially to 1.54% in Q2. Management expects deposit costs to remain generally stable to slightly higher from current levels, even in a flat-rate environment, reflecting continued competitive pressure for deposits. Fifth Third continues to offset this pressure through active pricing management and the strategic recycling of approximately $100 billion of high-beta balances. The company's outlook reflects a 25 bp September rate hike and incorporates balance sheet repositioning actions, including $4.5b of securities restructuring and $3b of forward-starting receive-fixed swaps, which support the increase in full-year NII guidance to $8.74-$8.80b while modestly reducing asset sensitivity.
Huntington (HBAN)	Deposit costs are expected to increase modestly as a result of a competitive funding environment and the industry's need to core-fund stronger loan growth. Management characterized deposit pricing as competitive but still rational and believes Huntington remains well positioned due to its granular pricing analytics and primary-relationship strategy. The shift in the forward curve from anticipated rate cuts to potential rate hikes has increased pressure on funding costs, although Huntington expects this to be partially offset by deposit optimization opportunities within the Cadence franchise, fixed-asset repricing, and liquidity normalization.
KeyCorp (KEY)	Deposit costs declined modestly during the quarter, and management expects funding costs to remain relatively stable in a flat-rate environment while drifting modestly higher if additional Fed hikes occur. Rather than aggressively repricing deposits, Key has been willing to use wholesale funding selectively while expecting client deposit growth to exceed 2% in the second half of the year. Management did not indicate that deposit competition had become irrational.

Source: Deutsche Bank Research

Figure 14: Large Regionals on deposits #2

Company	Deposit Competition Commentary
M&T Bank (MTB)	Deposit costs continue to improve modestly, with interest-bearing deposit costs declining 2 bps during the quarter and cumulative deposit betas of 56% since the start of the 2024 easing cycle. Management expects deposit betas to gradually migrate toward the low-50% range while maintaining disciplined pricing. M&T remains focused on funding loan growth through core deposit generation rather than relying heavily on wholesale funding sources. Management did not indicate irrational competitive pricing dynamics or a significant brokered-deposit strategy. The current yield-curve shape is already embedded in forecasts, with a steeper curve representing upside and a flatter curve creating modest pressure on NIM. Importantly, M&T views itself as largely neutral on short-end rate risk and retains flexibility through swaps, funding mix management, and balance-sheet positioning.
PNC	Deposit costs improved in Q2, with the rate paid on interest-bearing deposits declining 5 bps to 1.91%, although management expects pricing to drift back toward Q1 levels over the remainder of the year. PNC views its retail deposit franchise as a significant competitive advantage, particularly as banks without meaningful retail funding bases continue to compete aggressively using high-rate CDs and brokered deposit products. Management did not focus on forward-curve assumptions, instead maintaining a base case of stable Fed rates throughout 2026. PNC expects H2 deposit growth to replace a portion of the wholesale funding added in Q2, helping maintain funding flexibility while preserving pricing discipline. Average non-interest-bearing (NIB) deposits outperformed expectations, growing 4% sequentially to represent 23% of total deposits, which management expects to hold steady through year-end.
Regions Financial (RF)	Deposit costs expected flat, with mid-30s beta maintained if rates move. (1) Markets pricing rationally; competitors using promotional pricing but Regions avoids broad-based promos via targeted approach. (2) Regions using FHLB advances and unsecured debt ($1.5B issued Q2 at +68bps) to fund loan growth rather than raising deposit costs. (3) Management emphasized that its strong deposit franchise, growing non-interest-bearing balances, and 76% loan-to-deposit ratio provide flexibility to maintain pricing discipline despite ongoing competition.
Truist (TFC)	Deposit costs remain under pressure primarily due to client migration into higher-yielding products rather than competitive pricing pressure. During Q2, average interest-bearing deposit costs increased 1 bp to 2.10%, while total deposit costs increased 1 bp to 1.56%. Management expects unfavorable deposit remixing to continue, with DDA balances declining from roughly 27% of deposits toward approximately 25% by year-end. Truist identified this mix shift as the single largest headwind to its updated NII outlook. Importantly, management emphasized that deposit production, client acquisition, and deposit growth remain strong across both consumer and wholesale banking. The challenge is not deposit volumes, but the ongoing migration toward higher-rate products in a higher-for-longer rate environment.
U.S. Bancorp (USB)	(1) Deposit costs expected to rise modestly with stronger loan growth; management states deposit rates are up a couple basis points this quarter and anticipates further increases tied to loan growth strength. (2) Markets appear rational; no mention of irrational pricing.

Source: Deutsche Bank Research

Figure 15: SMIDs on deposits #1

Company	Deposit Competition Commentary
Associated Bank (ASB)	Deposit costs improved modestly in Q2 despite seasonal pressures, with strong organic core customer deposit growth of 6% YoY. FHLB, brokered, and network deposits are projected to end 2026 1% to 2% lower than previously forecasted as a result of regional deposit additions. The bank attributes favorable deposit trends to relationship-focused customer deposits and strong household growth momentum.
BOK Financial (BOKF)	(1) Deposit costs expected stable under no-rate-change scenario; competitive pressure rising but not irrational in BOK's markets. (2) Management not relying on deposit cost improvements for guidance. (3) Low loan-to-deposit ratio provides flexibility. (4) No mention of brokered deposits or forward curve impact on deposit strategy.
Cullen/Frost (CFR)	Management expects modest upward pressure on deposit costs as competition intensifies, particularly for large-balance deposits, CDs, and money market accounts. Cullen/Frost remains willing to compete on pricing when necessary to retain or win valuable customer relationships, although management emphasized transparent and relationship-based pricing rather than promotional tactics. Interest-bearing deposit beta currently runs at approximately 46%, with management expecting it to drift modestly lower into the low-40% range over the remainder of the year. Commercial deposits strengthened meaningfully during the quarter, and July deposit trends remained positive despite the competitive environment. Management maintained its 2%-3% average deposit growth outlook and continues to see healthy customer relationship growth.
Columbia (COLB)	Deposit costs appear to be nearing a trough, with management expecting renewed upward pressure if rates move higher. Management characterized portions of the deposit market as uneconomic, citing competitors offering CD and money market rates above 4% despite relatively flat loan pricing. Deposit balances declined in part due to intentional reductions in wholesale funding, public funds, and brokered deposits, which accounted for roughly two-thirds of the quarter's decline. Looking ahead, management expects a higher-for-longer rate environment to create incremental funding pressure and is modeling approximately a 50% beta for future rate movements.
East West (EWBC)	Deposit costs declined 49bps yoy against a backdrop of 75bps Fed cuts, reflecting strong DDA growth (26% of deposits). Q3 CD repricing at 3.60-3.75% expected; management pricing for retention, not expansion. Competitors offer higher rates, but East West prioritizes relationship value over yield competition.
First Horizon (FHN)	Deposit costs expected to rise in Q3-Q4 similar to 2025 patterns as competition intensifies. Average rate on interest-bearing deposits increased 5bps to 2.33% in Q2. Cumulative deposit beta remains strong at 66% since September 2024 rate cuts began. Beta expected to shrink slightly as rates stabilize. Q2-Q3 are most competitive periods. Forward curve uncertainty on rate direction will drive deposit cost trajectory.
Flagstar Bank (FLG)	(1) Deposit costs declining: 5bps q/q, 65bps y/y; (2) Expected trajectory: Relatively flat with rate hike; (3) Rational pricing: Bank managing mix toward commercial deposits (less price-sensitive) and reducing wholesale borrowings.
F.N.B. Corp (FNB)	Deposit costs expected to remain competitive but stabilizing: (1) Q2 costs down 3 bps linked quarter, 21 bps y/y despite competitive pressure. (2) Rational pricing: Management attributes discipline to data analytics and strategic pricing using customer insights. (3) Forward curve: Guidance assumes no Fed rate actions; SOFR expected to drift up gradually, implying modest deposit cost pressure ahead.

Source: Deutsche Bank Research



Figure 16: SMIDS on deposits #2

Company	Deposit Competition Commentary
Old National (ONB)	Deposit costs expected to remain stable; Old National decreased total deposit costs 1bp linked quarter while maintaining competitive positioning. Management believes deposit pricing strategy performing as expected with healthy deposit pipelines. No indication of irrational pricing or brokered deposit reliance. Forward curve assumptions include no Fed rate actions in 2026, supporting stable funding cost outlook. Spot deposit rates tracking in line with prior quarter.
Bank OZK (OZK)	Deposit costs expected to rise modestly from Q2 inflection point. CD specials up 10bps from lows; management anticipates slight increases in cost of interest-bearing deposits (COIBD) in Q3-Q4 to support projected loan growth.
Pinnacle (PNFP)	(1) Deposit costs expected stable: core deposit costs at 1.95% unchanged Q2 vs Q1, with 372bp loan-deposit spread stable. (2) Markets pricing rationally: no promotional rates needed; relationship banking model supports market-rate pricing. (3) Brokered deposits growing at similar rate as core deposits in 2H 2026.
SouthState (SSB)	Deposit costs expected to rise modestly through year-end as incremental deposits price marginally higher, though overall guidance remains stable. (1) Q2 deposit costs flat at 1.76%. (2) Repricing of existing assets offsetting new deposit pressure. (3) New money market rates at 2.68% this quarter versus 2.40%-3.00% range last quarter, suggesting market normalization. Retail CD renewal rates also decreased. They averaged 3.52% this quarter, down from 3.69% in Q1. (4) No mention of brokered deposits or irrational pricing; management indicates disciplined, rational market dynamics. While overall deposit dynamics are rational, management noted that they feel a bit more deposit pressure in Texas and Colorado, where CD rates are priced about 25 basis points higher than in their Southeast markets.
UMB Financial (UMBF)	Funding trends remained stable during the quarter, with the cost of interest-bearing deposits increasing just 2 bps sequentially. Management continues to view deposit competition as active but manageable, with no indication of aggressive pricing behavior. Q3 is expected to represent a seasonal low point for deposits due primarily to public fund outflows, although management remains constructive on second-half deposit growth and pipeline activity. No brokered deposit strategy was discussed, and the company continues to emphasize disciplined funding growth at reasonable spreads, supported by substantial liquidity and off-balance-sheet deposits.
Valley National (VLY)	(1) Deposit costs expected to rise modestly: 4-5bps expansion next two quarters offset by NIM improvement of 5-7bps. (2) Banks competing rationally; Valley differentiating through commercial relationships and treasury platform rather than rates alone. (3) Brokered deposits ($5b remaining) serve interest rate risk management; unlikely to reach zero. (4) Forward curve assumptions: one hike in 2026, half hike in 2027; no material change to deposit cost outlook.
Western Alliance (WAL)	Deposit costs are expected to decline through the remainder of 2026 as Western Alliance executes its $3b deposit optimization strategy. June exit-rate funding costs were already running 1-2 bps below the Q2 average cost of deposits of 1.78%, and management expects additional improvement in both Q3 and Q4. A projected 25 bp Fed hike in September will create some upward pressure on ECR-related balances in Q4, but optimization efforts are expected to more than offset that impact. Funding strategy remains focused on remixing toward lower-cost deposit channels, including Business Escrow Services, HOA, Corporate Trust, and Digital Asset-related deposits, while reducing higher-cost balances.
Zions (ZION)	Funding trends remain relatively favorable despite a competitive deposit environment. Deposit costs declined 20 bps year-over-year, although management acknowledged ongoing pricing pressure, with certain deposit campaigns approaching wholesale funding rates. The company's outlook assumes one Fed rate hike over the next 12 months, which supports expected NII growth. While funding costs may face modest upward pressure, management expects strategic initiatives focused on granular consumer and small-business deposit gathering to support growth and improve funding mix over time. Zions maintains approximately $6.5-$7.0b of off-balance-sheet client deposits and views those balances as a potential funding source, while current brokered deposits and overnight borrowings total roughly $2.5b and can be replaced with lower-cost relationship deposits when economically attractive.

Source: Deutsche Bank Research

Client Sentiment

Figure 17: Money Centers on client sentiment

Company	Client Sentiment Commentary
Bank of America (BAC)	Management describes a constructive environment with strong consumer sentiment. Consumer spending is accelerating at 6%+ yoy, outperforming expectations, with record checking account balances and +9% yoy card spending growth. Commercial clients show robust activity with broad-based loan growth and full pipelines. Key risks cited are inflation and tighter monetary policy, though management notes the economy has proven more durable than expected, supported by strong consumer activity, AI investments, and easing energy costs.
Citigroup (C)	Management describes corporate clients as resilient with strong balance sheets and diversified revenue streams, adept at supply chain repositioning. Strengths: US consumer spending up 12%, corporate non-accrual loans and net credit losses remain low. Concerns: geopolitical uncertainty in Middle East, European growth vulnerability, inflation persistence.
JPMorgan (JPM)	Consumer and small business sentiment is resilient despite inflation and elevated gas prices. Spend is robust across income segments with tax refunds providing tailwinds. Delinquencies are lower than expected. Management cites strong labor market as key driver. Economy and consumer strength have surprised on the upside. Primary watch area: cohort experiencing negative real wage growth, though this is normal in any environment.
Wells Fargo (WFC)	Management described an overall healthy economic backdrop characterized by strong consumer spending, lower charge-offs, growing savings and investment balances, resilient employment, and continued wage growth. Businesses remain cautious regarding investment decisions but continue to maintain strong balance sheets, liquidity, and cash flows, supporting very strong commercial credit performance. At the same time, management remains alert to emerging risks associated with abundant capital deployment, narrow credit spreads, increasing leverage across certain risk assets, and aggressive lending activity by some market participants. While current conditions remain favorable, Wells Fargo emphasized that strong environments do not last forever and continues to deploy capital carefully, maintain disciplined underwriting standards, and monitor for signs of future stress or excess risk-taking.

Source: Deutsche Bank Research

Figure 18: Large Regionals on client sentiment #1

Company	Client Sentiment Commentary
Citizens Financial Group (CFG)	Management conveyed a constructive view of business conditions, citing broad-based C&I growth across technology, healthcare, energy, and FIG sectors. Corporate clients are increasingly deploying capital through investment projects and working-capital needs, while management noted that clients remain bullish on the economic outlook. Middle-market M&A pipelines continue to strengthen, with sponsor activity reaching levels not seen in several years. Consumer trends were discussed only indirectly through lending and deposit activity rather than through an explicit sentiment assessment. Overall, management characterized the macro backdrop as supportive, while continuing to monitor economic and geopolitical developments.
First Citizens (FCNCA)	Management described client activity as healthy and constructive, with strong production, utilization, and pipeline activity across Global Fund Banking, Tech & Healthcare Banking, and Middle Market Banking. Tech & Healthcare growth was driven by strong fintech and sponsor activity, while off-balance-sheet client funds benefited from public entity inflows. Management highlighted strong industry fundamentals and robust commercial pipelines. While some areas such as General Bank loan balances and commercial deposits experienced expected pressure, overall business sentiment and growth trends remained favorable.
Fifth Third (FITB)	Management described broad-based confidence across its commercial client base despite ongoing market volatility. Demand remains stable to improving, supported by strength in infrastructure investment, data-center development, aerospace & defense activity, and reshoring-related manufacturing projects, particularly automotive. The primary area of caution remains businesses serving value-oriented consumers, where management continues to see somewhat softer demand trends. The consumer franchise remains a source of strength, benefiting from strong customer acquisition, high retention rates, disciplined pricing, and continued deposit growth. Overall, management characterized client activity as healthy and business sentiment as constructive across most sectors.
Huntington (HBAN)	Management described a constructive operating environment characterized by improved economic visibility, steady customer activity, and broad-based commercial demand. Clients continue to make long-term investment decisions and management highlighted strong relationship growth across the franchise, with primary banking relationships increasing 4% in consumer, 5% in business banking, and 8% in commercial banking. Activity levels, loan pipelines, and customer acquisition trends remain healthy across the footprint. While management acknowledged ongoing deposit-pricing competition and selective pullbacks in lower-return lending categories such as indirect auto, overall business trends remain favorable with no material deterioration in customer demand or relationship growth.
KeyCorp (KEY)	Management described healthy client engagement and solid activity levels across the franchise. Relationship households increased 3% year over year, commercial client counts grew 2%, and commercial pipelines expanded 6%, reflecting continued success in client acquisition and relationship deepening. Portfolio trends remain stable, while payments and wealth revenues continue to benefit from strong customer engagement. Areas of strength include relationship growth, commercial activity, and fee-business momentum. Management noted some continued pressure in consumer-facing sectors and slower middle-market M&A activity relative to larger transactions, but overall client engagement and business activity remain constructive.

Source: Deutsche Bank Research

Figure 19: Large Regionals on client sentiment #2

Company	Client Sentiment Commentary
M&T Bank (MTB)	Management's tone was constructive, supported by exceptionally strong business activity and broad-based commercial loan growth. Approximately 90% of commercial lending businesses expanded quarter-over-quarter, reflecting healthy client demand and strong pipeline momentum. Consumer spending has remained relatively resilient despite higher gasoline prices, aided by tax refunds and reduced spending in other categories. Management also highlighted improving competitive dynamics, noting that private credit firms have become less aggressive, allowing M&T to regain market share across several regional lending markets. Overall, management remains cautiously optimistic about growth prospects despite ongoing macroeconomic and geopolitical uncertainty.
PNC	Management describes strong business momentum with broad-based client acquisition and deepening relationships. Clients are adapting to economic uncertainty and investing despite chaos. The economy is strong with robust M&A activity and loan growth across all sectors.
Regions Financial (RF)	Management describes a solid operating environment with businesses well-positioned and steady investment/job growth. Consumer spending trends remain healthy with solid account balances and liquidity buffers. Loan pipelines are building with strong growth, up roughly 15% compared to the prior year.. Areas of concern include slight multifamily softness in select Texas markets, but management views this as manageable.
Truist (TFC)	(1) Consumer behavior remained resilient with stable liquidity, spending, and credit trends within expectations. (2) Wholesale showed strong momentum across loans, deposits, and fees with broad-based client expansion. (3) Strength areas: Premier Banking (20% YoY deposit production increase), digital engagement (4% active mobile user growth), and advisory revenue (+27% YTD). Expanding on their digital engagement strength, digital transaction volume increased 7% YoY to 93m transactions. Furthermore, client self-service interactions via Truist Assist grew 60% YoY to nearly 2m engagements in Q2, helping to structurally improve operating efficiencies across their consumer division.
U.S. Bancorp (USB)	Management described a constructive operating environment characterized by broad-based business optimism, resilient consumers, and strong loan demand across the franchise. Client activity remains healthy across food and beverage, media and technology, power, commercial banking, and commercial real estate. Management highlighted a meaningful rebound in business sentiment following the pause in tariff-related uncertainty, with many customers resuming investment and growth initiatives. Consumer fundamentals remain strong.

Source: Deutsche Bank Research



Figure 20: SMIDs on client sentiment #1

Company	Client Sentiment Commentary
Associated Bank (ASB)	Management highlighted continued strength in customer relationship growth across both consumer and commercial banking. Primary checking household growth reached 2.4% annualized, the strongest level since the company began tracking the metric more than a decade ago, while Treasury Management sales increased more than 20% year-to-date and HSA balances continued to grow at double-digit rates. Management remains focused on deepening customer relationships, growing deposits, expanding treasury management penetration, and sustaining organic commercial growth. Credit oversight remains a priority, with teams maintaining regular customer contact and actively monitoring inflation, labor-market developments, tariffs, interest rates, and other macroeconomic factors.
BOK Financial (BOKF)	Management describes business sentiment as resilient and strong. Mgmt noted: 'I've never seen a more resilient kind of American business enterprise in the face of so much economic volatility.' Customers are moving forward with businesses despite volatility. Structurally, competitive pricing continues to grind but loan structures remain strong. Growth markets (Texas, Arizona, Colorado, Oklahoma) create opportunities as 'it's easier to be part of a growing pie than it is to be part of a stable or shrinking pie.'
Cullen/Frost (CFR)	Management described business and consumer activity as exceptionally healthy, supported by strong Texas economic conditions, record commercial pipelines, and continued customer acquisition. Consumer checking household growth accelerated to 5.7% year-over-year, representing the strongest quarter of customer growth since Q2 2023, while the 90-day weighted commercial loan pipeline increased 11% sequentially to a record $2.17b. Younger customer acquisition remains particularly strong, with 82% of new consumer customers age 45 or younger, and management cited convenient branch locations as the leading reason customers choose Frost. Energy remains a major source of strength, with customers reporting record cash-flow levels and continued strong credit quality. The principal area of caution remains single-family homebuilders, particularly in entry-level and middle-market housing where approximately 6.25% mortgage rates are pressuring affordability and demand. Even there, management emphasized that builder balance sheets remain strong. More broadly, management believes customer growth, commercial activity, and relationship capture opportunities created by industry disruption continue to support long-term organic growth momentum.
Columbia (COLB)	Management describes healthy business activity supporting solid commercial loan production. However, they observe irrational pricing and structures in the market they won't match. Deposit campaigns successfully offset seasonal tax-related outflows. Despite environmental challenges, leadership remains optimistic about the future.
East West (EWBC)	Management describes strong client relationships with 19% YoY growth in noninterest-bearing deposits. They emphasize holistic customer service over rate competition, noting customers remain loyal despite pricing below market. Developers remain active in CRE markets.
First Horizon (FHN)	Management describes business and consumer sentiment as surprisingly optimistic with strong pipelines and forward-leaning customer behavior. Consumers remain resilient, supported by low unemployment and strong employment trends, though spending is reallocating from dining to fuel and other categories.
Flagstar Bank (FLG)	Management acknowledged several operating headwinds affecting portions of its client base, most notably elevated energy and operating costs and the impact of New York City's rent-guideline decision on rent-regulated multifamily properties. For certain heavily regulated buildings, management estimates the rent-freeze framework could pressure net operating income by approximately 7%-8% over time. Despite these challenges, management remained confident in Flagstar's long-term growth trajectory, citing resumed balance-sheet growth, record C&I production, improving funding trends, declining criticized assets, and strong capital generation. The discussion was largely centered on commercial borrowers and multifamily owners rather than consumers, and there was little direct commentary regarding consumer sentiment, spending behavior, or household financial health. Overall, management portrayed the identified pressures as manageable borrower-level challenges rather than indicators of broad economic or portfolio deterioration.
F.N.B. Corp (FNB)	Management describes a resilient business and consumer environment with strength in C&I and equipment finance driven by CapEx spending. Consumer portfolio remains strong with average origination FICO scores at 784 and delinquency at 66 bps (multiyear lows). Concerns include volatile geopolitical/economic environment and ongoing deposit competition, but management remains optimistic about diversified customer base resilience.

Source: Deutsche Bank Research

Figure 21: SMIDs on client sentiment #2

Company	Client Sentiment Commentary
Old National (ONB)	Management describes strong client sentiment with robust C&I production (50% of Q2 loans) and healthy deposit pipelines. Competitive deposit environment remains consistent with prior years.
Bank OZK (OZK)	Management describes sponsor sentiment as positive with strong support for transactions. Real estate shows improving tenant activity and venture capital interest, particularly in life science markets. However, management notes weakness in certain cities adopting anti-business policies and taxes, creating challenging origination environments for new CRE deals.
Pinnacle (PNFP)	Client sentiment is positive with best-in-class satisfaction and loyalty scores. Clients plan to do more business with Pinnacle versus competitors by a wide margin. The Southeast footprint grows at twice the national average, indicating regional strength.
SouthState (SSB)	Management's tone on operating conditions remained constructive. The company continues to attract experienced bankers who value local decision-making and relationship-based banking, supporting ongoing talent expansion. Credit trends remain strong, with management noting very good payment performance and no meaningful areas of portfolio weakness. Energy borrowers continue to benefit from elevated oil prices, generating healthy cash flows and paying down outstanding lines. Overall, management expressed confidence in customer activity levels and underlying credit fundamentals.
UMB Financial (UMBF)	Management describes business conditions as steady with growth across all regions and verticals. Notable trends include increased private equity, family office purchasing, and ESOP activity. No specific areas of weakness were highlighted; management expects the next 90 days to resemble recent performance.
Valley National (VLY)	Management describes a robust CRE market with positive office lease-up trends. Deposit competition is intensifying across the industry, but Valley sees consistent core deposit growth. Commercial relationships remain well-funded and disciplined. Strength centers on C&I growth, treasury platform adoption, and relationship-based deposit generation.
Western Alliance (WAL)	Management described commercial banking conditions as highly constructive, supported by broad-based C&I growth, strong specialty banking performance, and robust pipeline activity. Current pipelines provide visibility into approximately $1.2-$1.3b of quarterly loan growth through the remainder of 2026. The company continues to emphasize its disciplined S-curve growth philosophy, focusing on risk-adjusted returns and balance-sheet optimization rather than maximizing volume. Commercial banking fee generation remains healthy.
Zions (ZION)	Management highlighted strength in capital markets with strong pipelines and attractive opportunities, disciplined loan growth across commercial and industrial segments, and positive early results from consumer and small business deposit initiatives (10,000+ accounts opened).

Source: Deutsche Bank Research

Macro

Figure 22: Money Centers on macro

Company	Macro Commentary
Bank of America (BAC)	Macro backdrop constructive: US GDP growth raised to 2.2%, global growth 3.2% (2026) to 3.5% (2027). Consumer spending +6% YoY, outperforming expectations. Risks: inflation, tight monetary policy. Iran conflict unpredictable; could impact IPO sentiment and market perception. BAC factors AI impact into underwriting but maintains consistent credit discipline. Strong consumer and AI-driven investments support durability.
Citigroup (C)	Middle East conflict weighs on growth while boosting inflation; US growth stable with resilient labor market. Corporate clients show strong balance sheets and adaptability. AI investment tailwinds benefit US and Asia, while Europe faces competitive headwinds. Growth unevenly distributed across sectors.
JPMorgan (JPM)	JPM remains constructive on the consumer backdrop. Management described consumers as resilient, with spending trends remaining healthy and supported by higher tax refunds and a solid labor market. Credit performance continues to exceed expectations, with delinquencies and loss trends running better than expected across FICO segments. While management is monitoring pockets of pressure among consumers experiencing negative real wage growth and acknowledges concerns that typically accompany a long economic expansion, current data does not provide significant evidence of broad-based consumer fragility or a pronounced K-shaped pattern in spending or credit performance.
Wells Fargo (WFC)	Strengths: Consumer spending elevated, charge-offs lower, strong employment and wage growth, equity indices near all-time highs. Weaknesses: Affordability and inflation concerns, narrow credit spreads, significant capital deployment creating leverage and hard-to-see risks. Management monitoring for outsized risks and stress, deploying resources carefully despite favorable conditions.

Source: Deutsche Bank Research

Figure 23: Large Regionals on macro #1

Company	Macro Commentary
Citizens Financial Group (CFG)	Macro backdrop: Supportive with reasonable loan growth expected; clients bullish with increased working capital deployment. Strengths: Broad-based C&I growth, strong deal pipelines, positive credit trends. Concerns: Continued macroeconomic monitoring required. Geopolitical tensions: Acknowledged as creating market volatility but not materially impacting Q2 capital markets performance.
First Citizens (FCNCA)	Management characterized the macro backdrop as resilient despite geopolitical uncertainty. Credit trends continue to improve, supported by lower net charge-offs, declining criticized and classified assets, and an ongoing shift toward higher-credit-quality portfolios. While geopolitical developments remain part of the risk backdrop, management does not see evidence of broad credit deterioration and believes reserve levels remain appropriate.
Fifth Third (FITB)	Management described a constructive macro backdrop characterized by broad-based client confidence and stable-to-improving demand trends. Conditions improved during the quarter as tariff-related uncertainty subsided and Middle East tensions de-escalated, supporting activity across infrastructure, aerospace & defense, data-center-related investment, and reshoring-driven sectors. The primary area of caution remains businesses tied to value-oriented consumers, where demand trends are comparatively softer. Credit performance remains benign and improving, with net charge-offs declining 7 bps sequentially to 30 bps and criticized assets trending lower.
Huntington (HBAN)	Management characterized the macro backdrop as constructive, with improved visibility on economic trends versus last quarter. Customer activity remains steady across Huntington's footprint, commercial demand is broad-based, and clients continue to pursue long-term investment decisions. Management highlighted Texas and Southern markets as key growth drivers and expects continued growth supported by strong loan pipelines and expanding customer relationships.
KeyCorp (KEY)	Management described a macro environment that remains somewhat uncertain but supported by healthy client engagement, solid commercial activity, and growing loan pipelines. Areas of strength include utilities, power and renewables, technology, and other sectors benefiting from long-term infrastructure investment. Credit trends remain supported by resilient borrowers and strong client relationships. Areas of caution include selected consumer-facing sectors, multifamily housing, and agriculture-related businesses, where operating conditions remain more challenging.

Source: Deutsche Bank Research

Figure 24: Large Regionals on macro #2

Company	Macro Commentary
M&T Bank (MTB)	Management characterized the macro environment as cautiously optimistic, noting that the U.S. economy continues to grow despite recent energy-price shocks and unresolved geopolitical tensions. Job growth accelerated in Q2, inflation pressures remain contained, and management does not see evidence that energy costs are feeding into core inflation. Areas of concern include slower consumer spending and the impact of higher gasoline prices on household budgets, although consumers have partially offset these pressures through spending adjustments and stronger tax-refund activity. Despite these headwinds, management continues to expect economic growth and believes the company is well positioned for a range of economic outcomes.
PNC	Management's base-case outlook assumes GDP growth of approximately 2.1%, unemployment around 4.3%, and stable Federal Reserve rates throughout 2026. The macro backdrop remains constructive, supported by broad-based economic activity, healthy consumer and business spending, strong client acquisition, robust M&A activity, and excellent credit quality. Overall, management characterized the economy as strong, client activity as healthy, and growth as broadly distributed across industries and geographies.
Regions Financial (RF)	Macro backdrop solid with steady investment and job growth. (1) Strength: healthy consumer spending, solid account balances, improved credit (net charge-offs down, criticized/NPL ratios declining). (2) Concerns: multifamily softness in select Texas markets due to slower absorption and refinancing challenges.
Truist (TFC)	Macro backdrop shows strength: consumer behavior resilient with stable liquidity, spending, and credit trends; asset quality strong with stable performance and improvement in office and multifamily sectors. Management employs diversity, velocity, and discipline (DVD) framework to manage risks, particularly secondary/tertiary impacts from AI investments, viewing current environment as opportunity-rich but requiring disciplined portfolio management.
U.S. Bancorp (USB)	Macro backdrop is resilient with strong consumer sentiment and broad-based loan demand. Areas of strength: sentiment rebound from tariff pause, resilient consumer, diverse demand across food/beverage, media, technology, and power sectors.

Source: Deutsche Bank Research

Figure 25: SMIDs on macro #1

Company	Macro Commentary
Associated Bank (ASB)	The macro backdrop shows resilient economy with optimistic GDP outlook despite higher rates, inflation, and tariff negotiations. Credit quality remains solid with no portfolio surprises. Management monitors inflation, labor market shifts, and tariffs as key stressors.
BOK Financial (BOKF)	Macro backdrop shows resilient American business enterprises despite economic volatility. Areas of strength: growing regional markets (Texas, Arizona, Colorado, Oklahoma) and strong credit quality with low nonperforming assets. No broad-based credit normalization evident. Management views current disruptions as opportunities for stable, long-term focused organizations.
Cullen/Frost (CFR)	Management described the Texas economic backdrop as highly favorable, supported by continued population growth, business formation, customer acquisition, and strong commercial activity. The energy sector remains a significant source of strength, with management citing record customer cash flows and very strong credit quality. Portfolio credit trends remain healthy overall, with charge-offs expected to remain within the company's historical guidance range and most sectors performing well. The primary area of caution is single-family homebuilders, particularly those serving the middle-market and entry-level housing segments, where affordability challenges created by approximately 6.25% mortgage rates are pressuring demand and margins. However, management emphasized that builder balance sheets remain strong and does not currently see broad-based credit deterioration.
Columbia (COLB)	Management expresses optimism despite dynamic environment, citing fortress balance sheet and stable credit metrics. Agriculture showing improvement; small business and SBA portfolios holding well.
East West (EWBC)	Credit quality remains strong with stable nonperforming assets and net charge-offs. Management assumes flat Fed funds through year-end and believes current reserves adequate for economic outlook.
First Horizon (FHN)	Management described the economic backdrop as surprisingly optimistic despite ongoing uncertainty surrounding Middle East conflict, oil prices, inflation, and interest-rate expectations. Commercial customers remain active and forward-looking, supporting strong pipelines and more than 50% year-over-year growth in new loan commitments. Consumer conditions also remain favorable overall, supported by low unemployment and healthy labor-market trends, although management acknowledged increasing pressure on lower-income consumers. Retail, restaurant, trucking, and other consumer-sensitive sectors continue to be monitored closely, but performance has remained more resilient than expected. Management noted that consumers are reallocating spending, shifting some discretionary spending away from categories such as dining out toward necessities including fuel. Credit quality remains strong, with nonperforming loans declining 13 basis points during the quarter, stable charge-offs, improving criticized asset trends, and continued positive credit resolutions. Management identified geopolitical developments, oil prices, inflation, and future interest-rate direction as the primary external variables being monitored, but overall maintained a constructive view of economic activity and portfolio performance.
Flagstar Bank (FLG)	Macro concerns: (1) Higher-for-longer rates vs. expected decline; (2) Energy cost inflation for customers; (3) NYC rent freeze on one/two-year leases impacting multifamily NOI by 7-8% for >70% rent-regulated buildings. Strengths: Balance sheet growth resumed, record C&I originations, deposit growth.
F.N.B. Corp (FNB)	Management described the macro backdrop as volatile and characterized by mixed signals. Key risks being monitored include Middle East geopolitical developments, potential oil-price volatility, supply-chain disruptions, tariff uncertainty, and fluctuations in interest-rate expectations. As a result, the company continues to maintain qualitative reserve overlays related to Middle East events and tariff risks. Despite these concerns, management emphasized that underlying portfolio performance remains very strong. The consumer portfolio continues to perform exceptionally well despite inflationary pressures, supported by high credit quality, low delinquency rates, and minimal charge-offs. Broader credit metrics also remain favorable, with declining delinquencies, improving nonperforming loan ratios, and a diversified portfolio focused on lower-risk borrowers and less volatile industries. While management acknowledged that escalation of the Iran-Israel conflict could affect oil prices, supply chains, and interest-rate markets, no quantified impact on customer sentiment, loan demand, or borrower performance was disclosed.

Source: Deutsche Bank Research

Figure 26: SMIDS on macro #2

Company	Macro Commentary
Old National (ONB)	Management acknowledged ongoing global economic uncertainty but expressed little concern about current operating conditions. Commercial pipelines remain at record levels, loan growth is accelerating, deposit generation remains healthy, fee businesses are performing well, and credit metrics continue to improve. Deposit competition and interest-rate dynamics received far more discussion than broader macroeconomic risks. Overall, management's tone was notably constructive and focused on company-specific execution rather than external economic challenges.
Bank OZK (OZK)	Macro backdrop shows economic resilience and strength. Life science sector showing improvement with increased venture capital activity and tenant leasing, particularly AI-focused tenants. First half 2026 demonstrated positive momentum in real estate markets.
Pinnacle (PNFP)	Strengths: Southeast growing 2x national average; Weakness: larger competitors facing disruption. Elevated talent dislocation presents opportunity for recruitment.
SouthState (SSB)	Management identifies tariffs and Middle East conflict as economic uncertainties warranting conservative provisioning (40/20/40 scenario weighting versus traditional 40/30/30). Credit quality remains strong: nonperforming assets down 14%, net charge-offs at 6 basis points, payment performance very good. Energy clients benefit from high oil prices with strong cash flows enabling line paydowns.
UMB Financial (UMBF)	Management characterizes environment as 'business as usual' with steady economic activity. Trends include increased private equity, family office activity, and ESOPs, but these are not new. Growth driven primarily by market share gains rather than macro tailwinds.
Valley National (VLY)	Management highlighted healthy commercial activity, strong deposit generation, improving CRE fundamentals (including office lease-up trends), and continued loan demand.
Western Alliance (WAL)	Management acknowledged a somewhat uncertain external environment, including geopolitical considerations and the impact of higher interest rates on mortgage banking activity. Mortgage gain-on-sale margins declined as higher rates reduced investor demand. Against that backdrop, credit performance remained constructive, with criticized assets and net charge-offs both declining sequentially and overall asset quality trends continuing to improve.
Zions (ZION)	Management expects upward pressure on interest rates to persist as long as inflation remains sticky. The operating environment is characterized by intense competitive pressures on both the deposit and lending sides, contributing to some industry-wide spread compression.

Source: Deutsche Bank Research

Rates

Figure 27: Money Centers on rates

Company	Rates Commentary
Bank of America (BAC)	Management's outlook reflects a higher-for-longer rate environment, incorporating approximately one additional Fed rate hike, though the impact on 2026 earnings is relatively modest given the limited time remaining in the year. BAC remains favorably positioned for higher rates, with the core banking book remaining asset-sensitive and management indicating that a 100bp increase in rates would generate roughly $1 billion of incremental NII over a 12-month period. Markets-related NII remains somewhat liability-sensitive, although much of that impact is offset elsewhere in the franchise. Reflecting the improved rate backdrop along with continued loan and deposit growth, management raised its NII outlook toward the upper end of the prior 6%-8% growth range.
Citigroup (C)	Management noted that the current rate environment continues to exhibit higher-for-longer characteristics, resulting in some catch-up deposit pricing and modest client yield-seeking behavior.
JPMorgan (JPM)	JPM's NII outlook benefits from a somewhat higher forward curve and stronger deposit balances. Management noted that rates are currently higher than assumed in prior guidance and that the central case continues to reflect the forward curve. While JPM remains positively positioned to a moderately higher-rate environment, management cautioned that deposit beta convexity becomes increasingly important at higher rate levels, limiting the extent to which higher rates translate into incremental NII. Markets NII remains liability-sensitive to rates, although rate-driven changes are generally offset through noninterest revenue. JPM is sensitive to rate changes at both the short and long ends of the curve. Management pointed out that their actual interest rate sensitivity is currently slightly higher than their standard EAR (Earnings at Risk) model suggests. This is because consumer deposit betas have outperformed the model, particularly in the front (short) end of the curve.
Wells Fargo (WFC)	Markets currently pricing slightly over one rate increase. Rate environment currently not material to 2026 outlook.

Source: Deutsche Bank Research

Figure 28: Large Regionals on rates #1

Company	Rates Commentary
Citizens Financial Group (CFG)	Rates expected to remain steady with potential for 1-2 hikes or cuts over 18 months, not moving significantly. Positioning: Slightly asset-sensitive with disciplined hedging program protecting downside risk. Time-based fixed asset repricing and balance sheet management (rotating capital to higher-earning portfolios, managing low-cost deposit growth) provide NIM expansion drivers independent of external rate environment. This repricing momentum is highly visible; Citizens typically sees roughly $3b- $5b in securities and loans getting repriced per year, yielding an attractive spread pickup of 60 to 75 basis points on those assets. Management expects this structural tailwind to continue throughout 2027 and extend into 2028 (at reduced levels).
First Citizens (FCNCA)	Management's outlook assumes a stable-to-modestly higher rate environment, with up to one rate hike potentially taking Fed funds to approximately 4% by year-end. First Citizens remains asset sensitive and should ultimately benefit from higher rates. However, management expects the majority of NIM upside to materialize in 2027 rather than 2026, as deposit costs reprice more rapidly than variable-rate loan assets. Intense deposit competition continues to pressure funding costs, partially offsetting the near-term benefits of the company's asset-sensitive positioning.
Fifth Third (FITB)	Management's outlook assumes a 25 bp September rate hike and reflects a still asset-sensitive balance sheet. FITB expects higher rates to be accretive to NII, as asset repricing benefits outweigh deposit-cost increases. During the quarter, the bank repositioned $4.5b of securities into longer-duration assets and added $3b of forward-starting receive-fixed swaps, reducing year-two asset sensitivity to just under 10%. Management's long-term goal is to continue making measured progress to bring this sensitivity down into the mid-single-digit range over time. These actions, combined with the forward rate outlook, supported an increase in full-year NII guidance to $8.74-$8.80b while improving interest-rate risk positioning.
Huntington (HBAN)	Management's outlook reflects a material shift in the rate environment, moving from prior expectations of multiple rate cuts to a scenario that now contemplates one to two potential rate hikes. Huntington expects modest pressure on deposit costs from this higher-for-longer rate environment but believes it is well positioned through fixed-asset repricing, optimization of the Cadence deposit portfolio, and sophisticated pricing analytics across 56 local rate markets. Management expects these active pricing and repricing strategies to support a sequential recovery in margins from their Q2 trough, projecting NIM to rise modestly into the low 320s in Q3, and then climb further into the mid-to-high 320s in Q4.
KeyCorp (KEY)	Management expects rates relatively flat in H2 2026 but acknowledges hike probability. Positioned neutrally on interest rate risk, with guidance holding across broad rate scenarios including Fed hike scenarios. Prepared to manage either direction through balance sheet management and deposit/asset repricing strategies.

Source: Deutsche Bank Research

Figure 29: Large Regionals on rates #2

Company	Rates Commentary
M&T Bank (MTB)	M&T remains largely neutral with respect to short-term rate movements and has incorporated the current yield-curve shape into its guidance assumptions. Management does not expect a meaningful earnings impact from a 25 bp rate move in either direction under current positioning. The bank maintains flexibility through its naturally asset-sensitive balance sheet and can actively adjust interest-rate exposure through cash-flow swap maturities, securities portfolio positioning, cash balances, and the selective use of pay-fixed swaps. While management views the current rate environment as largely neutral, a steeper yield curve would provide upside, whereas a flatter curve would create modest pressure on profitability.
PNC	Rates expected to remain stable throughout 2026. PNC positioned neutrally to rate changes (±25bps has minimal 2026 impact). Positioned for upside from fixed-rate asset repricing into 2027 and beyond, with healthy NII pickup expected from continual repricing regardless of rate direction.
Regions Financial (RF)	Rate direction uncertain with competing forces. Regions positioned indifferent to short-term moves, benefiting from elevated long-term rates. Fixed-rate asset repricing (~$3b at +75-100bps) supports margin expansion over multiple years. Guidance assumes constant Fed funds rate; deposit costs stable under that scenario. Balance sheet benefits from higher long-term rates regardless of near-term direction.
Truist (TFC)	Management did not provide an explicit forward-rate forecast, but continues to expect higher medium- and long-term rates to partially offset pressure from deposit remixing, portfolio optimization, and lower loan spreads. Earlier in 2026, management anticipated loan spread expansion of approximately 10-15 bps; however, continued market-driven compression and a shift toward higher-quality commercial lending now lead management to expect spreads to decline approximately 5-10bps yoy if current conditions persist. Management emphasized that this spread pressure reflects competitive and portfolio-mix factors rather than a specific interest-rate view. Despite these headwinds, Truist remains positioned to benefit from fixed-rate asset repricing, elevated medium- and long-term rates, and modest NIM improvement through the remainder of 2026.
U.S. Bancorp (USB)	No explicit forward rate guidance provided. Management expects NIM expansion path to 3% in 2027. Positioned for NIM improvement through asset mix, fixed repricing ($10-11b quarterly), and deposit management. Forward curve flattening is monitored as key variable.

Source: Deutsche Bank Research

Figure 30: SMIDS on rates #1

Company	Rates Commentary
Associated Bank (ASB)	The bank maintains a neutral rate position with 1.9% upside and 1.2% downside sensitivity to 100bp moves. Management expects NIM expansion in Q3 and Q4 despite uncertain rate direction. Positioning includes short-term funding, $2.45b fixed-rate swaps, and a $4b fixed-rate auto book to manage rate risk.
BOK Financial (BOKF)	Guidance assumes no Federal Reserve rate changes with longer-term rates aligned to current forward curve. Management positioned for margin expansion in H2 2026 from securities portfolio repricing and fixed-rate asset repricing.
Cullen/Frost (CFR)	Expect one 25bp rate hike in September 2026. Positioned for positive NIM expansion of 10-13bp full-year versus 3.66% baseline. Assuming positive yield curve slope and rates not declining sharply. Fixed-rate asset repricing and investment portfolio reinvestment at higher yields support NIM expansion.
Columbia (COLB)	Rates expected to rise more likely than decline over coming months. Columbia's balance sheet is neutrally positioned to rate changes, providing earnings insulation whether rates rise or fall. No specific rate path disclosed; management focused on maintaining flexibility rather than directional positioning.
East West (EWBC)	Management expects flat Fed funds through year-end. Positioned as modestly asset-sensitive with $2m monthly impact per 25bps rate move (45-day lag). Margin expected stable in flat rate environment; positioned to benefit from rate increases but protected by strong deposit franchise.
First Horizon (FHN)	Rate direction uncertain with near-term bias toward increases, though CPI/PPI data reducing certainty around back-half rate hikes. Management acknowledges high volatility with real-time effects on fixed income. Positioned as asset-sensitive; rate increases would expand margins initially before deposit repricing lags. Rate decreases would compress margins. Company runs multiple scenarios given macro uncertainty around Middle East, oil, and Fed policy.
Flagstar Bank (FLG)	Management forecasts one rate hike in October 2026, with rates staying higher-for-longer. Positioned for rate stability through: (1) $2b C&I originations at 226bps SOFR spread (floating rate); (2) $11b multifamily loans resetting/maturing by end-2027 at <3.9% coupons, refinancing at higher rates; (3) Hedging opportunities with clients on floating-rate loans; (4) Balance sheet expansion to $100b by end-2027.
F.N.B. Corp (FNB)	Rates expected to remain steady in 2026 with no Fed actions assumed. SOFR expected to drift up modestly: futures market pricing 6 bps increase from current levels to 373 bps average in Q3. (1) Positioning: Near-neutral interest rate sensitivity; intentionally reduced asset sensitivity to avoid directional risk. (2) Strategy: Relying on loan/deposit growth and investments to drive NII rather than rate movements.

Source: Deutsche Bank Research

Figure 31: SMIDS on rates #2

Company	Rates Commentary
Old National (ONB)	Management assumes no Fed rate actions in 2026 with stable five-year Treasury in base case. Forward curve suggests potential late-October hike with de minimis 2026 impact but modest helper from SOFR running ahead of rate increase, benefiting adjustable-rate loans while allowing funding cost restraint. Company positioned relatively neutral on rates with strong floating-rate production (90% of recent quarters) and fixed asset repricing opportunities (100bps on securities, 60bps on loans).
Bank OZK (OZK)	Management did not provide a formal forecast for future Federal Reserve actions or a preferred interest-rate scenario. However, discussion on the call suggested a higher-for-longer rate environment than many market participants expected entering 2026. Bank OZK remains asset-sensitive and therefore benefits from elevated short-term rates and floating-rate loan exposure, particularly within its commercial and institutional banking portfolios. Management emphasized that current earnings performance is being driven more by loan repayment timing, average earning assets, margin management, and loan growth than by changes in Fed policy. While modest increases in deposit costs are expected following a Q2 inflection point, the company continues to benefit from floating-rate assets, disciplined funding management, and stable margin performance. Overall, management did not express a directional view on rates but indicated that the balance sheet remains well positioned if rates stay higher for longer than previously anticipated.
Pinnacle (PNFP)	Pinnacle is rate-neutral on front-end curve via hedges but naturally asset-sensitive longer-term as hedges roll off. In years two and three, Pinnacle expects meaningful asset sensitivity to reemerge, particularly to the intermediate and long portions of the yield curve.
SouthState (SSB)	Management forecasts flat rates through 2027 with no anticipated hikes or cuts. Company is asset-sensitive: (1) flat rates = stable NIM at 3.75%-3.80%; (2) rate hikes of 25-50 bps = accretive to NIM; (3) bear flattener = neutral. Positioned for rate increases through 38% floating-rate loan portfolio (up from 32% year-ago) and $6b loans repricing within 12 months at ~50 bps higher.
UMB Financial (UMBF)	Management expects rate increases by year-end but anticipates minimal payoff acceleration in near term. UMB is well-positioned with modest rate sensitivity: 0.7% NII impact per 100bp move. Balance sheet remains flexible with $1.5b excess cash and $24b off-balance-sheet deposits deployable at market rates, providing optionality regardless of rate direction.
Valley National (VLY)	Valley expects one rate hike in 2026 and half hike in 2027. Positioned as effectively neutral to front-end curve with 40% floating-rate loans balanced by floating deposits; more exposed to belly of curve. Rate changes immaterial to NII outlook given balance sheet positioning; will use hedges if needed to maintain sensitivity within comfortable ranges.
Western Alliance (WAL)	Management assumes 25bps rate hike in September. Positioned for rate neutrality on earnings-at-risk basis with 0.8% earnings growth in both +100bps and -100bps scenarios. NIM expected stable as double-digit average earning asset growth offsets rate impacts.
Zions (ZION)	Zions' baseline outlook for Q2 2027 Net Interest Income is moderately increasing. However, the June 30 forward curve assumes one rate increase over the next 12 months, which management notes could accelerate NII growth into the upper single digits. Under their internal rate risk modeling, Zions projects a lift of approximately 3.2% above their base latent sensitivity when incorporating one or more forward rate increases into the yield curve.

Source: Deutsche Bank Research

M&A

Figure 32: Money centers on M&A

Company	M&A Commentary
Bank of America (BAC)	NA
Citigroup (C)	Citi emphasizes organic growth investments, not inorganic M&A.
JPMorgan (JPM)	(1) Organic growth is the primary goal through technology, people, systems, branches, and bankers across all businesses. (2) Inorganic opportunities are continuously evaluated but not pursued as a sign of organic weakness. Management is open-minded about adjacencies, data-related deals, and various areas.
Wells Fargo (WFC)	Wells Fargo prioritizes organic growth with disciplined pacing leveraging existing strengths.

Source: Deutsche Bank Research

Figure 33: Large Regionals on M&A #1

Company	M&A Commentary
Citizens Financial Group (CFG)	Inorganic growth: Targetted M&A strategy with recent boutique acquisitions (DH Capital, Matrix Capital Partners) to expand capabilities. Organic growth: Strong deal pipelines with higher activity anticipated extending beyond 2026. Citizens launched NEXT (Network Evolution and Experience Transformation), a 10-year organic growth program. This initiative involves eliminating 100 to 120 low-performing in-store (supermarket) branches and reinvesting those resources to open standalone advisory branches, add wealth/small business specialists, and accelerate low-cost deposit and household growth.
First Citizens (FCNCA)	Pursuing inorganic growth via BMO Branch acquisition (expected Q3 completion, adding ~$700m loans, $5.3b deposits). Organic growth prioritized through client activity and business development across Commercial, General, and tech/healthcare banking segments. The BMO branch acquisition is not just a deposit-gathering tool; FCNCA is strategically using the net liquidity provided by this transaction to prepay the FDIC purchase money note ahead of its 2028 maturity.
Fifth Third (FITB)	Management continues to prioritize organic growth over large-scale M&A. To support this organic growth, the bank remains on schedule to open 55 new branches in the Southeast in 2026. In the Southwest, having already secured 101 of their desired locations, they plan to build 150 additional branches in Texas by the end of 2029. Capital allocation remains focused on maintaining the dividend, investing in the highest-return organic growth opportunities, and returning excess capital through buybacks. Key growth initiatives include accelerated AI investment, expansion of product specialists and relationship managers, continued branch buildout across the Southeast and Southwest, and deeper penetration of newly acquired Comerica markets. While FITB remains open to targeted capability-enhancing acquisitions, as demonstrated by the HomeStreet Mechanics DUS lender transaction, management's near-term focus is on driving revenue growth through existing franchise opportunities. Importantly, excess expense synergies above the $850m Comerica target are expected to be reinvested into growth initiatives rather than retained solely as efficiency gains.
Huntington (HBAN)	Management identified organic growth as Huntington's primary strategic focus and described a clear path to accelerating revenue, earnings, and tangible book value growth. With the Veritex and Cadence partnerships now integrated and the Cadence conversion complete, management's attention has shifted from integration execution to realizing revenue and cost synergies. Growth initiatives are centered on expanding commercial banking, payments, treasury management, capital markets, and wealth-management capabilities across Texas and Southern markets, which management views as the company's most significant long-term growth opportunity. Near-term priorities remain focused on extracting value from existing partnerships and driving organic expansion across the combined franchise.
KeyCorp (KEY)	KeyCorp continues to pursue a balanced growth strategy that includes both organic expansion and selective capability-enhancing acquisitions. Organically, management remains focused on expanding its middle-market banking franchise, deepening client relationships, and entering attractive growth markets. Inorganically, the announced Clearwater UK acquisition expands the firm's M&A advisory capabilities and broadens its international reach. Management appears most interested in targeted acquisitions within adjacent fee-generating businesses where Key can leverage existing expertise, competitive positioning, and client relationships rather than pursuing large-scale transformational transactions.

Source: Deutsche Bank Research

Figure 34: Large Regionals on M&A #2

Company	M&A Commentary
M&T Bank (MTB)	M&T's strategy remains centered on organic growth and disciplined capital deployment. Management reiterated that the company is a "disciplined acquirer and prudent steward of shareholder capital," but did not discuss any specific acquisition targets or near-term M&A objectives. Instead, management's focus remains on driving growth through commercial and CRE lending, deposit gathering, treasury management, wealth, corporate trust, capital markets, and mortgage servicing. The company continues to invest in technology, cybersecurity, and specialized business capabilities to support long-term organic revenue growth while maintaining capital discipline and shareholder returns.
PNC	PNC prioritizes organic growth through technology, branch expansion, and client acquisition. FirstBank acquisition (completed) delivered expected returns and accretion. Focus remains on organic initiatives: new markets, mobile platform, infrastructure technology, and sustained long-term positioning.
Regions Financial (RF)	Organic growth prioritized over depository M&A. (1) Not pursuing depository acquisitions; focused on core deposit conversion (2027 target). (2) Selective inorganic: acquired Frazer Lanier (municipal securities) as targeted investment building on demonstrated strength. (3) Strategy emphasizes growing non-interest revenue percentage through organic capital markets expansion toward $400m business goal.
Truist (TFC)	Truist prioritizes organic growth and capital deployment to highest-return opportunities over M&A. Management states: "If we see outsized, profitable growth opportunities, that's our first priority when it comes to capital." Strategy focuses on redeploying efficiencies into growth initiatives, revenue-producing talent, and new products. No M&A discussion; emphasis on disciplined capital allocation guided by strategic fit and profitability hurdles.
U.S. Bancorp (USB)	U.S. Bancorp prioritizes organic growth over inorganic. Recent acquisitions (BTIG, Amazon Small Business) are strategic bolt-ons, not transformational M&A. Management explicitly states: no depository acquisitions planned, focused on organic deposit build. BTIG was completed; no additional capital markets acquisitions anticipated. Strategy emphasizes organic expansion within existing client base.

Source: Deutsche Bank Research

Figure 35: SMIDs on M&A #1

Company	M&A Commentary
Associated Bank (ASB)	Organic growth is the primary strategy with 20% annualized C&I growth and strong deposit growth achieved halfway through 2026. The closed American National acquisition enhances organic capabilities rather than replacing them. Management prioritizes completing ANB integration and conversion (October 2026) before reconsidering M&A, stating they won't sacrifice five years of organic momentum on poor deals.
BOK Financial (BOKF)	BOK prioritizes organic growth as primary strategy across all markets, particularly outside Oklahoma. Talent acquisition is treated as a line of business. No M&A discussion mentioned; growth strategy centers on hiring revenue producers and expanding boots-on-ground in key locations.
Cullen/Frost (CFR)	Cullen/Frost prioritizes organic growth, which has proven durable and scalable. CEO open to future de novo expansion outside Texas but not in foreseeable future given Texas opportunity. Regarding M&A: Company has won ~80% of loan opportunities from acquired/acquiring banks, suggesting opportunistic inorganic growth through relationship capture rather than acquisitions.
Columbia (COLB)	(1) Organic focus: Zero interest in whole bank M&A; Pac Premier was final acquisition needed. (2) Inorganic optionality: Possible small bolt-on investments for fee income or deposit capabilities, but not full bank deals. (3) Capital allocation: Share buybacks prioritized as best investment; $1b expected to be returned to shareholders over 12 months; expect continued repurchases foreseeable future.
East West (EWBC)	Organic growth remains East West's primary strategic focus, supported by strong loan growth, deposit growth, wealth-management expansion, and customer acquisition initiatives. Management noted that the company has not completed a bank acquisition in approximately 12 years and continues to rely primarily on internally generated growth opportunities. While East West remains open to disciplined M&A opportunities, particularly acquisitions that could enhance wealth-management capabilities or strengthen the broader fee-income platform, management emphasized that no specific opportunities are currently being pursued. Capital allocation decisions are evaluated through a shareholder-return lens, with management regularly comparing acquisition opportunities against organic investment opportunities and share repurchases. Given East West's strong capital position, opportunistic buybacks remain an important alternative use of capital when acquisition opportunities are not sufficiently attractive. Management specifically identified wealth management as an area of ongoing investment and potential strategic expansion, supported by 71% year-over-year growth in wealth-management fees during the first half of 2026.
First Horizon (FHN)	Management prioritizes organic growth and profitability improvement over inorganic expansion. M&A activity declined significantly in 1H 2026 versus late 2025, with CEO describing environment as "more benign" than 12 months prior. Focus remains on deepening existing relationships, hiring bankers, investing in technology, and achieving $100m+ PPNR opportunity organically.
Flagstar Bank (FLG)	Management emphasizes organic growth strategy through C&I expansion, deposit growth, and CRE portfolio optimization.
F.N.B. Corp (FNB)	Management explicitly stated that they are not interested in bank acquisitions or depository M&A, preferring to focus entirely on their highly successful organic deposit-gathering strategies and upcoming core deposit system conversions. While avoiding whole-bank mergers, management indicated they remain open to evaluating small, disciplined, and capital-neutral bolt-on acquisitions if the target strategically enhances their wealth management, fee-income, or localized specialized product capabilities.

Source: Deutsche Bank Research

Figure 36: SMIDs on M&A #2

Company	M&A Commentary
Old National (ONB)	Old National prioritizes organic growth over M&A. CEO stated: 'We do not need to rely on acquisitions to meet our goals.' Management emphasized organic loan growth strategy, strong pipelines, and capital return to shareholders. No consideration of M&A at any size mentioned. Focus remains on deepening client relationships, investing in people/platform, and managing risk carefully.
Bank OZK (OZK)	Management's strategic focus remains overwhelmingly organic. Bank OZK continues to prioritize expansion of its diversified CIB platform, community banking growth, relationship deposits, treasury management, wealth management, and fee-generating businesses while reducing dependence on commercial real estate. The long-term objective is a more balanced and diversified loan portfolio, with CIB expected to equal RESG in size during 2027.
Pinnacle (PNFP)	Pinnacle continues to prioritize organic growth through aggressive banker recruiting and client acquisition, adding 74 bankers in the second quarter and 124 year-to-date. Management remains focused on driving market share gains and executing on growth opportunities across the franchise. Near-term execution is centered on integration, talent acquisition, and organic expansion rather than pursuing further inorganic growth initiatives.
SouthState (SSB)	SouthState prioritizes organic growth through talent expansion and market deepening over M&A. No M&A mentioned or contemplated. Strategy: (1) expand commercial relationship managers 15-20% over next two years (up 10% in three quarters), (2) deepen existing markets (Florida, Texas, South Carolina, Southeast), (3) selective loan production offices (Nashville added 1-1.5 years ago). Capital allocation favors share repurchases (5% repurchased over the trailing 12 months) and dividends over acquisitions.
UMB Financial (UMBF)	Organic growth is primary capital priority with 10.5% median annualized loan growth over decade. Management takes balanced approach: (1) organic loan growth first, (2) dividend increase (16.3% to $0.50/share), (3) opportunistic buybacks ($5m, 38K shares). Future M&A was not discussed, while legacy Heartland integration is outperforming expectations. Strategy emphasizes long-term value creation through organic expansion rather than inorganic combinations.
Valley National (VLY)	Valley's strategic messaging remains heavily focused on organic growth rather than inorganic expansion. Capital allocation priorities continue to center on commercial loan growth, core deposit gathering, treasury management expansion, and share repurchases.
Western Alliance (WAL)	NA
Zions (ZION)	Management prioritizes organic growth over M&A. Mgmt noted that M&A would be opportunistic only in served markets with favorable consolidation economics and strong deposit bases. Zions is focused on strengthening its foundation through systems, people, and risk management improvements. The company is not actively pursuing deals but remains open to strategic opportunities that demonstrate financial returns.

Source: Deutsche Bank Research



Credit

Figure 37: Money Centers on credit

Company	Credit Commentary
Bank of America (BAC)	Credit quality remains stable with provision and net charge-offs both at $1.4b, unchanged from Q1. Consumer card charge-offs and delinquencies improved yoy and q/q. Criticized commercial exposures declined $2.3b to $22b, and nonperforming loans remained stable at $5.8b with a modest reserve release recorded. Credit quality remains strong with disciplined underwriting.
Citigroup (C)	(1) Credit trending stable: US consumer resilient with delinquencies and net credit losses down yoy; (2) Loan loss reserves: total reserves over $22B with reserve-to-funded loans ratio of 2.5%, incorporating 8-quarter weighted average unemployment of 5.3%.
JPMorgan (JPM)	Credit is performing better than expected. Q2 credit costs were $2.5B with net charge-offs of $2.4B and $149M reserve build. Full-year card net charge-off rate guidance improved to 3.2% from prior expectations, reflecting better consumer credit performance.
Wells Fargo (WFC)	Credit quality remains strong with net loan charge-offs down 10bps yoy to 34bps; consumer charge-offs declined with improvements across the portfolio vs. 1Q and continued net recoveries in the residential mortgage portfolio. No systemic issues detected in commercial portfolios. Loan loss reserves relatively stable.

Source: Deutsche Bank Research

Figure 38: Large Regionals on credit #1

Company	Credit Commentary
Citizens Financial Group (CFG)	Credit trends continue to improve. Net charge-offs declined to 37 bps from 39 bps in Q1, while nonaccrual loans fell 4% sequentially, driven in part by continued reductions in CRE exposure. The ACL coverage ratio remained stable at 1.48%, reflecting an improving portfolio mix as Citizens continues to run off non-core and CRE exposures while growing lower-risk relationship-based lending. Management's overall credit outlook remains constructive, although the company continues to monitor macroeconomic conditions and geopolitical uncertainties.
First Citizens (FCNCA)	Credit performance continues to exceed expectations. Net charge-offs improved to 29 bps in Q2, outperforming management guidance and prompting a reduction in full-year net charge-off guidance to 30-35 bps. Management reported no evidence of systemic credit deterioration and believes reserve levels remain appropriate. Improved credit performance reflects accelerated resolutions in the general office portfolio, declining criticized/classified assets, lower investor-related losses, and an ongoing migration toward higher-credit-quality lending portfolios.
Fifth Third (FITB)	Credit trends remain benign and continue to improve. Net charge-offs declined 7 bps sequentially to 30 bps, the lowest level since Q2 2023, with commercial NCOs improving to 21 bps and consumer NCOs declining to 53 bps. The ACL ratio decreased 3 bps to 1.76%, reflecting the strengthening risk profile of the loan portfolio, particularly within C&I lending. Management expects full-year net charge-offs to land in the bottom half of the 30-40 bp range, implying H2 NCOs of 30-35 bps. Risk remains conservatively positioned, with NDFI exposure representing approximately 7% of total loans and private-credit-related exposure below 1% of loans.
Huntington (HBAN)	Credit performance remains strong, with net charge-offs tracking near the low end of guidance and management now expecting full-year charge-offs in the lower half of the 25-35 bp range. Criticized assets declined during the quarter and are expected to continue improving. Huntington generated a top-tier CCAR result, with cumulative stress losses of 5.9% of average loans, the second-lowest among regional peers and an improvement from 6.1% in the prior cycle. NPAs remain elevated primarily because of government-guaranteed loan categories that carry minimal loss content, rather than broad-based deterioration.
KeyCorp (KEY)	Credit trends remain stable to improving, with net charge-offs of 42bps tracking within the company's 40-45bp full-year expectation. The allowance declined by approximately $23m , reflecting improved economic assumptions and a higher-quality portfolio mix, partially offset by qualitative reserves maintained for uncertainty. NDFI exposure increased during the quarter, although management continues to participate selectively in that category where opportunities meet return and risk standards.

Source: Deutsche Bank Research

Figure 39: Large Regionals on credit #2

Company	Credit Commentary
M&T Bank (MTB)	Credit performance continues to improve, with net charge-offs declining to 23 bps from 31 bps and criticized commercial loans falling to $5.9b. Nonaccrual loans improved to 84 bps, while the allowance for loan losses remained solid at 1.52% of total loans. Management lowered full-year net charge-off expectations to approximately 37 bps and remains cautiously optimistic despite unresolved geopolitical uncertainty. Credit trends improved across both CRE and C&I portfolios, and management highlighted strong stress-test performance and continued improvement in criticized assets.
PNC	Credit quality remains strong, with non-performing loans declining 10% to 0.55% of total loans and delinquencies improving to 0.39%. Net charge-offs were only 25 bps, while the allowance for credit losses remained solid at $5.5b, or 1.48% of loans. Management emphasized that no major credit pockets are emerging, although healthcare, distillery, and transportation sectors remain areas of monitoring. Credit performance continues to benefit from a strong economy and high-quality portfolio composition. Additionally, PNC highlighted industry-leading stress-test performance as further evidence of the portfolio's resilience.
Regions Financial (RF)	Credit is trending positively with net charge-offs declining 12 basis points to 42 basis points and improvements in criticized and non-performing loans. Management believes credit has largely normalized. The allowance for credit losses declined $34m. Full-year 2026 net charge-offs are expected between 40-50 basis points.
Truist (TFC)	Credit quality remained a source of strength, with net charge-offs declining 11 basis points linked quarter to 50 basis points and lower losses across most portfolios. The allowance for loan losses declined 2 basis points to 1.51% of total loans, supported by the resolution of several commercial and CRE credits as well as continued improvement in office and multifamily sectors. Non-performing loans remained low at 51 basis points of loans, and management emphasized that underlying credit trends remain stable.
U.S. Bancorp (USB)	Credit quality improved with nonperforming assets at 0.33% (down 5bps sequentially, 11bps YoY) and net charge-offs at 0.53% (down 3bps). Allowance for credit losses steady at $8B (1.94% of loans). $160M reserve build anticipated for Amazon Small Business portfolio.

Source: Deutsche Bank Research

Figure 40: SMIDs on credit #1

Company	Credit Commentary
Associated Bank (ASB)	Credit trends remain solid with ACLL ratio up 2 basis points and $23m in Q2 charge-offs. Management found no surprises in American National portfolio versus due diligence and is tracking to day-one credit marks.
BOK Financial (BOKF)	Credit remains excellent with nonperforming assets at 20bps, net charge-offs of $500,000 (3 bps over 12 months), and no provision required. Allowance for credit losses is $323m or 1.19% of outstanding loans. Management expects provision expense below $20m for full-year 2026 with credit metrics expected to normalize long-term but remain below historical averages near-term.
Cullen/Frost (CFR)	Apart from an isolated multifamily credit in Austin that is expected to be resolved through a property sale, management characterized the portfolio as performing well and viewed overall credit quality as favorable by historical standards. Nonperforming assets increased to $114m, primarily due to a $55m multifamily CRE loan in resolution. Net charge-offs were $9.5m (17 bps annualized). Management expects full-year net charge-offs of 15-20bps.
Columbia (COLB)	Credit metrics remain stable and healthy. Agriculture is the primary area of focus, with weighted average probability of default in line with prior quarters when excluding crop exposure. Provision expense was $27m, reflecting loan portfolio runoff and modest economic forecast changes.
East West (EWBC)	Credit quality remains strong with stable nonperforming assets and criticized loans. Net charge-offs were 19 bps in Q2 ($27m) versus 9 bps in Q1 ($12m); full-year guidance reaffirmed at 15-25 bps. Loan loss reserves increased $6m to $842m (1.43% of loans). NDFI balances grew only $24m due to expected private equity paydowns.
First Horizon (FHN)	Credit is trending positively with net charge-offs at 20 basis points (in line with expectations), ACL-to-loan ratio at 1.24%, and NPLs declining 13 basis points to 81 basis points. Consumer-sensitive sectors remain resilient despite monitoring for lower-end consumer pressure. NDFI continues to perform as a steady, low-risk book with no material updates.
Flagstar Bank (FLG)	Credit is trending positively with criticized and classified loans down 9% y/y and substandard loans reduced $375m q/q. ACL decreased $81m due to lower CRE/multifamily balances and higher charge-offs already reserved. Flagstar recorded net charge-offs of $100m for the quarter. Crucially, management noted that half ($47 million) of these charge-offs were previously 100% reserved for, leaving the unreserved sequential net charge-off impact at a highly manageable $53 million (or approximately 35 basis points). While non-performing loans (NPLs) rose sequentially to $2.8b, management expects active resolution workouts through their specialized SAG team to reduce NPLs by $450m to $500m by the end of 2026 (targeting an exit level of approximately $2.3b).
F.N.B. Corp (FNB)	(1) Credit trending: Delinquency and NPLs decreased 3 bps to 71 bps; net charge-offs at 19 bps; criticized loans declined 68 bps y/y. (2) Loan loss reserves: Funded reserve at $447m (1.25% of loans); NPL coverage at 420% inclusive of discounts. (3) Middle East/tariff uncertainty: Management maintains qualitative overlays for supply chain impacts from Middle East events and ongoing tariff uncertainty.

Source: Deutsche Bank Research

Figure 41: SMIDs on credit #2

Company	Credit Commentary
Old National (ONB)	Credit quality continued to improve during the quarter, with nonaccrual loans declining by $50m (10%) from the prior quarter and criticized/classified loans decreasing by $109m. Net charge-offs remained well controlled at 22bps excluding PCD loans, while the allowance for credit losses, including unfunded commitments, stood at 121bps of total loans. Management characterized credit performance as stable and expressed continued confidence in the outlook, supported by improving problem-asset trends, diversified portfolios, and disciplined underwriting.
Bank OZK (OZK)	Credit is trending positively with management cautiously optimistic about getting back under industry charge-off levels for the year, though currently slightly above through six months. Most charge-offs concentrated in four credits. Management built substantial ACL reserves and feels confident in their adequacy for portfolio exposure.
Pinnacle (PNFP)	Credit is strong with NPAs improving to 50 basis points from 58 basis points, net charge-offs at 22 basis points, and ACL ratio at 1.17%.
SouthState (SSB)	Credit quality continues to strengthen, with nonperforming assets declining 14% and net charge-offs remaining exceptionally low at 6 bps. Provision expense of $16m was driven primarily by loan growth, while payment performance, classified loan trends, and overall portfolio metrics remained favorable. Management indicated reserve levels should experience modest downward pressure absent meaningful changes in economic forecasts, supported by portfolio migration dynamics and stable credit fundamentals.
UMB Financial (UMBF)	Credit metrics remain strong with net charge-offs at 16 basis points and non-performing loans improving to 31 basis points from 38 basis points in Q1.
Valley National (VLY)	Credit is trending positively with criticized and classified assets declining to 7.3% from 8.1% sequentially and 9% y/y. Net charge-offs were $22m (17bps) vs $18m (14bps) last quarter. Provision for credit losses increased to $29m from $21m due to strong C&I loan growth. ACL declined to 1.16% from 1.18%.
Western Alliance (WAL)	Credit trends remain constructive, with criticized assets and net charge-offs both declining during the quarter and management maintaining confidence in meaningful non-accrual loan reduction during H2 2026. The allowance for loan losses moved higher to $487m or 80bps of funded HFI loans, and the allowance for credit losses also increased 2bps to 89bps. Excluding loans covered by credit-linked notes (CLNs), Western Alliance's total loan ACL to funded loans ratio stands at 1.01%. Out of the six core non-accrual loans discussed at Investor Day, two were successfully resolved in Q2, a third is closing, a fourth is scheduled for late Q3, and the final two are on track for Q4.
Zions (ZION)	Credit quality remains strong with net charge-offs at 6 basis points annualized, nonperforming assets ratio unchanged at 48 basis points, and allowance for credit losses at 1.13% with 227% coverage of non-accrual loans. Management noted modest credit losses and solid credit performance.

Source: Deutsche Bank Research

CRE

Figure 42: Money Centers on CRE

Company	CRE Commentary
Bank of America (BAC)	Management highlighted continued improvement in commercial real estate credit trends, with criticized commercial exposures declining $2.3b to approximately $22b, driven primarily by CRE improvement. Commercial credit quality remained solid overall, non-performing loans remained stable at approximately $5.8b, and the company recorded a modest reserve release. Management also noted that many of the commercial real estate concerns that investors anticipated several years ago have not surfaced to the degree originally expected. Combined with strong underwriting discipline, stable credit metrics, and improving criticized asset levels, the results suggest that commercial real estate conditions are continuing to improve and are performing better than many had feared.
Citigroup (C)	NA
JPMorgan (JPM)	NA
Wells Fargo (WFC)	Commercial real estate revenue declined 1% year-over-year as the benefit of higher capital markets activity and growing loan balances was more than offset by the impact of lower interest rates.

Source: Deutsche Bank Research

Figure 43: Large Regionals on CRE #1

Company	CRE Commentary
Citizens Financial Group (CFG)	Management continues to actively reduce higher-risk CRE exposure, particularly within the office portfolio, while repositioning the balance sheet toward lower-risk relationship-based commercial lending. Nonaccrual loans declined 4% linked quarter, aided by continued progress in resolving office-related exposures. Going forward, management expects further office portfolio runoff, partially offset by selective growth in areas such as digital infrastructure and other relationship-driven lending opportunities. While CRE balances may continue to decline, management's commentary suggests the pace of contraction is moderating as the portfolio approaches a more normalized level.
First Citizens (FCNCA)	**NA**
Fifth Third (FITB)	Management stated commercial real estate growth was up 0.5%, softer than peers. They maintain a conservative approach, avoiding back leverage to private credit funds where structure and pricing have deteriorated, while C&I pricing remains consistent.
Huntington (HBAN)	Commercial real estate balances declined modestly as planned as the portfolio continues to move toward management's targeted 10-11% CRE concentration. Construction commitments decreased faster than expected, contributing to the decline. Management views the runoff positively from both a risk and return perspective, reflecting deliberate portfolio management rather than credit concerns. While CRE remains a source of headwind to loan growth in the near term, management expects the pace of contraction to moderate as the portfolio approaches its desired mix.
KeyCorp (KEY)	Commercial mortgage servicing fees declined approximately $21m yoy to $49m, primarily reflecting lower deposit-placement and special-servicing fees. Key continues to operate one of the industry's largest CRE servicing platforms, servicing approximately $735b of loans, including roughly $270b of special servicing. Active special-servicing assets remained stable at approximately $10b, with office properties representing a significant portion of the portfolio. Management expects commercial mortgage servicing revenue to remain in the $50-$60m quarterly range through year-end. Importantly, while servicing-related revenues moderated, commercial real estate lending remained a meaningful source of loan growth alongside utilities, power/renewables, and technology-related relationships.

Source: Deutsche Bank Research

Figure 44: Large Regionals on CRE #2

Company	CRE Commentary
M&T Bank (MTB)	Management highlighted strong CRE momentum, with average CRE balances increasing for the first time since 2021 (excluding acquisitions) and end-of-period balances rising $1.1b during the quarter. Growth was driven by robust origination activity across multifamily, industrial, retail, hotel, homebuilding, and construction lending, while office remains largely excluded from new production. CRE criticized loans declined $590m, contributing to a reduction in total criticized commercial loans to $5.9b, although approximately 24% of office exposure remains criticized. Management also emphasized the transformation of its CRE franchise from a traditional balance-sheet lender into a diversified platform that combines portfolio lending, loan sales through the RCC platform, affordability lending, institutional CRE, and the newly launched CRE Warehouse business. Additionally, construction loans originated over the past several years are beginning to fund and should provide further support for CRE growth.
PNC	Management highlighted improving commercial real estate conditions. CRE balances increased $690 million in Q2, driven by growth in retail and industrial exposures. After multiple quarters of declines, CRE inflected positive in Q1 and continues growing. Pipelines across multifamily, industrial, and retail are all up, with management expecting CRE to be a bigger component of loan growth going forward. They noted working through office portfolio challenges with some reserve releases, though some work remains.
Regions Financial (RF)	Management noted softness in multifamily in a couple of discrete markets, particularly in Texas, with slower absorption rates and refinancing challenges due to higher interest rates. However, they stated this is nothing to be particularly concerned about. Investor real estate overall generated solid growth led by multifamily, supported by strong production and bridge financing for maturing credits.
Truist (TFC)	Management highlighted continued improvement in commercial real estate credit trends, particularly within office and multifamily portfolios. The allowance for loan losses declined partly due to the resolution of several commercial and CRE credits, while management noted ongoing improvement in both office and multifamily sectors. Although specific CRE nonperforming-loan metrics were not disclosed, credit performance in commercial real estate continued to improve during the quarter. CRE also remains an important component of Truist's Wholesale banking strategy, with relationship-driven loan growth across commercial real estate, middle market, and industry banking teams contributing to the franchise's broad-based momentum.
U.S. Bancorp (USB)	Management highlighted strong commercial real estate loan growth this quarter with nice upticks across virtually all categories, contributing to broad-based growth alongside C&I and card lending, with ancillary fees accompanying the expansion.

Source: Deutsche Bank Research

Figure 45: SMIDs on CRE #1

Company	CRE Commentary
Associated Bank (ASB)	CRE balances grew $251m organically in Q2 with production exceeding payoffs. Management expects elevated payoffs in H2 2026 due to carryover from 2021 production, moderating growth expectations. This timing explains the incremental 100 basis points in total loan growth guidance versus unchanged C&I guidance.
BOK Financial (BOKF)	Commercial real estate portfolio grew marginally sequentially but is up 6.6% year-over-year. Management noted CRE contributed to overall loan growth but was not a major driver compared to C&I and healthcare segments. The company continues to maintain disciplined underwriting in this segment.
Cullen/Frost (CFR)	Commercial real estate remains an important contributor to Cullen/Frost's growth outlook, representing approximately half of the record $2.17b loan pipeline. Pipeline quality remains strong, with 62% representing existing customer relationships and 38% prospect opportunities. CRE commitments increased 33% from Q1, reflecting healthy commercial activity across Texas markets. At the same time, management reported increasing competition in CRE, particularly around loan structure, where some competitors are offering increasingly aggressive terms. Frost remains willing to compete on price but continues to maintain underwriting discipline and avoid weaker structures. Credit trends within CRE remain generally favorable. Office credit improved during the quarter through an upgrade and payoff, with office properties currently exhibiting the highest debt-service coverage ratios among the bank's major real-estate sectors. Retail performance remains strong, and the primary watch item is a $55m Austin multifamily credit currently being resolved through a property sale. Management expects little if any loss from the exposure and continues to characterize the broader CRE portfolio as healthy despite elevated competitive pressures.
Columbia (COLB)	CRE experienced elevated payoff activity driven by competitive pricing pressure, with the market described as "frothy." Management maintains underwriting discipline and won't chase irrational pricing. Despite payoffs, they retain relationships with departed borrowers.
East West (EWBC)	CRE represents 37% of loans; management remains comfortable with portfolio quality and client relationships. They support experienced developers actively in the market. Management aims to reduce CRE concentration toward one-third of portfolio through balanced growth in residential mortgage and C&I, not portfolio shrinkage.
First Horizon (FHN)	Commercial real estate grew $175 million in Q2 with strong momentum. New CRE commitments surged 50% year-over-year, creating opportunity for flat to slightly up CRE balances in 2026 as construction projects fund over time.
Flagstar Bank (FLG)	Management is systematically reducing CRE exposure with $1.1b in Q2 payoffs (39% substandard-rated). CRE balances down $14.9b (28%) since 2023 and concentration decreased to 350% from 367%. They've begun originating new CRE loans at market rates to offset runoff and improve portfolio quality.
F.N.B. Corp (FNB)	CRE exposure declined in Q2 to 187% of Tier 1 capital plus allowance due to planned secondary market payoffs, but management expects CRE growth to rebound. Pipeline shows solid opportunities in desired asset classes with $284m growth in Q2 vs $190m in Q1. CRE payoffs expected to diminish in second half, with higher-yielding originations (75-100 bps higher spreads) anticipated as market improves.

Source: Deutsche Bank Research

Figure 46: SMIDs on CRE #2

Company	CRE Commentary
Old National (ONB)	Commercial real estate contributed to balanced loan growth alongside C&I. Total loans grew 8.3% annualized with commercial production at $3.5b and record pipeline of $5.6b. Management noted larger loans emerging in growth markets while maintaining core middle-market business.
Bank OZK (OZK)	CRE is recycling healthily with ~$10b payoffs over four quarters, bringing concentration below 300%. RESG originations remain muted due to competitive markets and anti-business policies in key cities. Management expects CIB and RESG portfolios to equalize in size by 2027, with continued strong RESG paydowns offsetting weak originations.
Pinnacle (PNFP)	CRE is not a growth engine due to elevated payoffs and limited production at current rates, though production is picking up.
SouthState (SSB)	CRE showed mixed trends: construction up this quarter due to owner-occupied and multifamily projects, but down 10% y/y. Management expects planned multifamily payoffs in H2 2026 as part of normal cycles.
UMB Financial (UMBF)	NA
Valley National (VLY)	Management is strategically replacing low-value transactional CRE with relationship-based C&I and owner-occupied CRE. Regulatory CRE grew <$100m. Multifamily increased as construction loans converted to permanent. Office market shows positive lease-up progress. CRE concentration ratio improved to 317% from 329% through organic capital accretion and subordinated debt issuance.
Western Alliance (WAL)	CRE ex-construction declined 2 points y/y to 19.5% of portfolio as management de-emphasizes this segment. CRE credit trends are moving in the right direction, problem asset resolutions are progressing, and office-related concerns appear manageable.
Zions (ZION)	Commercial real estate portfolio totals $14.1b (22% of total loans), remains granular and well-diversified by property type and geography with conservative loan-to-value characteristics. Credit metrics remain favorable with low non-accruals and delinquency. Construction mix declined to 16% of CRE as construction loans rolled into term and new term originations grew, an area management sees growth opportunities.

Source: Deutsche Bank Research

Expenses

Figure 47: Money Centers on expenses

Company	Expense Commentary
Bank of America (BAC)	Expenses increased $1.4b yoy, driven by strategic investments in technology, sales teams, financial centers, and brand marketing, plus higher trading activity costs. These investments generated 660bps operating leverage and improved efficiency ratio to 59%. AI tools embedded across operations reduced manual work and improved speed. Head count remained flat to slightly down over six quarters, demonstrating core expense discipline despite revenue growth. Expense growth is tied to fee-based business activity and trading volumes rather than structural cost pressures.
Citigroup (C)	Expenses are primarily for offensive investments in front-office talent, technology, and AI to drive future growth, not regulatory burden. Management identified structural efficiencies through transformation wind-down, productivity automation (100+ processes mapped), and severance ($800m year-to-date). As remediation work completes, freed expenses fund additional business investments. The firm expects efficiency ratio around 60% for 2026 while deliberately investing for medium-term returns.
JPMorgan (JPM)	Expenses increased 15% yoy to $27.3b, driven primarily by volume/revenue-related costs, front-office hiring, and labor inflation. Expenses are investment-focused for future returns and competitive positioning rather than regulatory compliance. The $2.5b expense guidance increase reflects strong revenue outperformance ($1.5b already booked). Management expects AI to drive efficiency gains in certain areas, with discrete job reductions of 30-40% in some functions, though affected employees were offered positions elsewhere.
Wells Fargo (WFC)	Expenses increased 2% yoy driven by investments in growth (branch bankers, advisors, investment bankers, traders, marketing, product development, AI, cyber defenses) and higher revenue-related compensation. Key efficiencies include 24 consecutive quarters of head count reductions (down 7% YoY), with non-revenue-related expenses declining. The efficiency ratio improved to 60%, down four percentage points yoy. Management uses efficiency gains to offset growth investments while maintaining expense discipline.

Source: Deutsche Bank Research

Figure 48: Large Regionals on expenses #1

Company	Expense Commentary
Citizens Financial Group (CFG)	Expenses increased only 1% linked quarter with efficiency ratio improving to 61%. The $7m increase primarily reflects Reimagine the Bank implementation costs. Management emphasized disciplined spending, noting slight expense increases are tied to incentive compensation for higher revenue delivery, not discretionary spending. Strong 4% sequential and 6.4% yoy operating leverage demonstrates efficiency gains offsetting investment costs.
First Citizens (FCNCA)	Expenses increased $16m sequentially but remained disciplined. Investment spending included $15m in Direct Bank marketing, data center modernization, and digital transformation through third-party processing fees. Efficiencies identified offset BMO acquisition costs, merit increases, and IT investments. Management identified cost-saving opportunities helping bend the cost curve, with efficiency ratio expected in low 60% range for 2026, targeting mid-50s long-term. Focus remains on strategic reinvestment balanced with cost management.
Fifth Third (FITB)	Management remains on track to achieve the full $850 million annualized expense-synergy target by Q4 2026 following systems conversion over Labor Day weekend. Importantly, excess synergies above the original target are expected to be directed toward revenue-generating initiatives rather than solely improving efficiency. Investment priorities include consumer deposit growth through branch expansion and direct marketing, expansion of relationship managers and sector specialists, accelerated AI and product-development spending, and the buildout of real estate capital markets capabilities following the HomeStreet DUS acquisition. Q2 adjusted efficiency improved to 57.1%, and management continues to target a 53% run-rate efficiency ratio while balancing growth investments with operating discipline.
Huntington (HBAN)	Huntington continues to balance expense discipline with growth investment. Adjusted non-interest expense was approximately $1.7b, increasing $145m sequentially due primarily to the full-quarter impact of Cadence and $27m of higher incentive compensation. Management remains on track to achieve $435m of cumulative run-rate cost synergies from Veritex and Cadence by Q4 2026. Beyond partnership synergies, Huntington's ongoing expense re-engineering program is expected to reduce baseline operating expenses by more than 1.5% in 2026, exceeding its long-term 1% annual reduction target and creating additional capacity to invest in growth initiatives. These efforts have already generated 210bps of positive operating leverage over the past year. Looking ahead, management expects 400-500bps of operating leverage in 2027 driven by full synergy realization, continued baseline expense reductions, and a core efficiency ratio in the mid-to-low 54% range.
KeyCorp (KEY)	Management characterized expense growth as primarily investment-driven. Q2 expenses increased approximately 5% year over year due to continued hiring of frontline bankers, higher incentive compensation, increased benefits expense, and ongoing investments in technology and operations. The company expects approximately $1b of technology and operations spending during 2026 and maintained expense growth guidance of 3-4%. While expenses continue to rise, management emphasized ongoing productivity initiatives, continuous improvement efforts, and reinvestment opportunities designed to offset inflationary and personnel costs. The expense strategy remains focused on supporting long-term revenue growth and operating leverage rather than maximizing near-term efficiency.

Source: Deutsche Bank Research

Figure 49: Large Regionals on expenses #2

Company	Expense Commentary
M&T Bank (MTB)	M&T expects expenses at the high end of its $5.5-$5.6b guidance range as it continues investing in technology, cybersecurity, mortgage sub-servicing, treasury management, and the new CRE Warehouse platform. Non-interest expense declined during the quarter, with salaries and benefits decreasing $88m due to lower seasonal compensation and staffing levels, partially offset by merit increases and an additional working day. Outside data processing and software costs increased $10m as the bank continued investing in technology infrastructure and cybersecurity. The efficiency ratio improved significantly to 52.8% from 58.3%, reflecting strong operating leverage from higher loan growth, improved fee income, and disciplined expense management. Management emphasized that current spending is targeted toward revenue-producing initiatives, including sub-servicing growth expected to contribute approximately $35m of additional H2 revenue, while maintaining overall expense discipline.
PNC	Expenses increased 5% linked quarter excluding integration costs and significant items, driven by higher business activity, increased marketing spend, and continued technology and infrastructure investments. PNC remains on track to deliver $350m of cost reductions in 2026 through its Continuous Improvement Program, which funds a significant portion of ongoing business and technology investments. Management highlighted successful completion of the FirstBank conversion, opening new branches in high-growth markets, rollout of a new mobile banking platform, and continued investments in client-facing and infrastructure technologies. Despite elevated spending, PNC generated positive operating leverage and continues to emphasize disciplined expense management while investing for long-term growth.
Regions Financial (RF)	Expense increases are primarily investment-driven for long-term growth. Q2 adjusted non-interest expense rose 4%, with salaries and benefits up 6% due to revenue-based incentives and merit increases. Management emphasizes disciplined expense management while investing in the franchise. Full-year 2026 guidance targets 1.5%-3.5% expense growth with positive operating leverage expected, indicating controlled expense discipline despite growth investments.
Truist (TFC)	Truist maintains disciplined expense management while investing strategically. Expenses increased 2.3% YoY, well below 5.5% revenue growth, generating 320bps of positive operating leverage. Identified efficiencies are redeployed into growth initiatives, revenue-producing talent, and client experience improvements. AI is a key efficiency driver, improving productivity and creating capacity for high-value opportunities. Investments strategically focus on technology infrastructure, organic growth initiatives, and frontline capabilities, while management diligently balances sequential efficiency gains with core business reinvestments.
U.S. Bancorp (USB)	Expenses (excluding BTIG) grew 3.9% yoy, driven by investments in technology and marketing, plus higher incentives tied to strong revenue performance. Management emphasized expense discipline and positive operating leverage. Efficiency ratio improved to 57.1%, reflecting productivity initiatives offsetting fee-driven expense increases. Key investments include branch expansion (increasing from $200m to $300m annually) and technology infrastructure. Integration costs from BTIG ($60m in 2026) and Amazon ($20m-$30m Q2) are temporary. Management identified expense discipline as a hallmark and committed to meaningful positive operating leverage.

Source: Deutsche Bank Research

Figure 50: SMIDs on expenses #1

Company	Expense Commentary
Associated Bank (ASB)	Associated is investing in growth initiatives with disciplined expense management. Expenses increased 20-21% in 2026 guidance, driven by American National acquisition integration and strategic investments in commercial banking (Kansas City C&I team expansion, Dallas C&I office, Franchise Banking vertical) and private wealth leadership. Core expenses grew only 3% organically, with deferred compensation being the primary variance. Cost saves from the merger increased from 25% to 30% of American National's expense base. Management maintains a "conservative approach on expenses, risk management and credit" as foundation of strategy, targeting positive operating leverage while investing in franchise growth.
BOK Financial (BOKF)	Expenses declined slightly despite significant talent investments. Personnel costs decreased $6m due to lower trading commissions and seasonal payroll tax benefits, while non-personnel expenses rose $4.6m from higher business promotion costs. Management expects low-single-digit expense growth going forward, with anticipated increases from new hires already factored into guidance. No regulatory or infrastructure pressures were identified; expense discipline reflects operational efficiency rather than cost-cutting.
Cullen/Frost (CFR)	Expense growth is primarily driven by branch expansion investments and merit increases. Expenses grew 4-4.6% in the first half, with guidance reduced to 4.5-5% for full-year 2026. Management identified efficiencies through scale: mgmt illustrated that as the branch base grows larger, the percentage expense impact of adding additional branches decreases. Higher headcount relates to expansion, while seasonal Q4 increases reflect stock awards. No regulatory or infrastructure pressures were highlighted; growth is strategic investment-focused.
Columbia (COLB)	Expenses reflect disciplined management with outperformance on cost synergies. Columbia exceeded Pac Premier cost-saving targets by $5m and came in materially under merger-related deal costs. Targeted efficiency opportunities fund franchise investments in new locations and talent. Management is focused on internal process optimization and driving efficiencies post-integration. Noninterest expense guidance is $330m-$335m for Q3, with normalized 2% growth expected beyond that. Expenses support strategic reinvestment rather than regulatory pressure.
East West (EWBC)	Expenses are primarily for investment in people and platforms to sustain growth. Comp and benefits costs were flat Q2 but expected to moderate in H2. The company maintains industry-leading efficiency with a 36.7% Q2 efficiency ratio and flat 1.29% expense-to-asset ratio. Full-year expense growth guidance narrowed to 8-9% (vs. 7-9%), reflecting controlled cost management despite strategic investments.
First Horizon (FHN)	Expenses are expected to remain flat through 2026, with strategic investments in talent, technology, and infrastructure offsetting cost pressures. Investment priorities include hiring bankers and wealth advisors across the footprint, technology infrastructure (mobile banking, AI deployment), and branch expansion in existing high-density markets like the Carolinas. The company identified efficiencies through AI-driven automation in support functions, allowing front-office scaling without proportional back-office growth. Outside services increased seasonally due to marketing campaigns, but management expects this to normalize.
Flagstar Bank (FLG)	Expenses declined 3% to $427m in Q2 despite continued investments in C&I banking and technology. Management identified efficiencies through disciplined cost management while maintaining strategic investments, demonstrating positive operating leverage.
F.N.B. Corp (FNB)	Expenses increased 2.9% y/y driven by strategic hiring (salaries +4.4%), technology investments (occupancy +5.1%), and consulting costs (outside services +11.6%). Management emphasizes disciplined expense management through resource reallocation and leveraging current technology investments. Full-year expense guidance targets low single-digit growth. Investment priorities focus on AI and data analytics infrastructure, with emphasis on revenue generation over near-term cost takeouts. The company maintains positive operating leverage while funding digital and AI initiatives.

Source: Deutsche Bank Research

Figure 51: SMIDs on expenses #2

Company	Expense Commentary
Old National (ONB)	Old National delivered record efficiency with adjusted expenses of $360m and a 45.2% efficiency ratio, marking seven consecutive quarters of positive operating leverage. Management is investing in technology, AI, and process improvements to enhance scalability while maintaining disciplined expense control. The company balances growth investments with operational efficiency, with no identified expense pressure—instead demonstrating strong cost discipline and efficiency gains.
Bank OZK (OZK)	The strategic focus remains investment in organic growth through expansion of the Corporate & Institutional Banking platform and broader relationship banking capabilities.
Pinnacle (PNFP)	Expenses are primarily for strategic growth investments rather than regulatory requirements. The company maintains disciplined expense management while investing in revenue producer hiring, technology, and market expansion. Q2 adjusted expenses declined 2% linked-quarter due to merger synergies and lower personnel costs offsetting growth investments. Full-year expenses are expected mid-range at $2.675-$2.775b, with increases driven by deliberate investments in hiring, technology, and third-party partnerships tied to future growth. Merger synergies are delivering efficiencies, with 40% of $250m target achieved in 2026 and 75% expected in 2027.
SouthState (SSB)	Expense growth remains largely investment-oriented, focused on expanding commercial banking talent and supporting long-term growth initiatives. SouthState has increased its commercial banking sales force by more than 10% over the past three quarters, with recent hires already contributing approximately $600m of loan production and a $1.5b pipeline. Expense pressures in the second half include merit increases effective July 1 and higher incentive compensation, partially offset by deferred loan origination cost benefits associated with record loan production. Despite a competitive hiring environment, management maintained its 2026 noninterest expense guidance of approximately 4% growth.
UMB Financial (UMBF)	Operating expenses increased 6% Q-on-Q to $398m, driven by merit increases (+$7.5m), deferred compensation (+$12.6m offset by seasonal payroll tax decreases), operational losses (+$4.1m), and legal/consulting timing (+$3.6m). Q3 expected ~$390m. Management expects positive operating leverage for 2026 despite lower contractual accretion benefits, indicating efficiency gains offsetting expense growth. Management guided to current consensus of ~$390m.
Valley National (VLY)	Expenses reflect both investment and operational pressures. Q2 expenses increased $5m sequentially due to higher FDIC costs, transformation-related third-party spend, and incentive costs from strong growth. However, efficiency ratio improved to 52.1% from 53.1% prior quarter. AI investments are generating $15m in expense savings against $3-4m in new AI costs, with professional fees expected to decline as transformation efforts wind down. Management expects continued efficiency ratio improvement through revenue growth and expense control.
Western Alliance (WAL)	Expense growth remained well controlled despite ongoing growth and regulatory investments. Non-interest expense increased approximately $9m sequentially, driven primarily by higher deposit costs associated with elevated mortgage warehouse balances. Management highlighted that Western Alliance has already absorbed roughly $25m annually of LFI preparation and compliance-related expenses while continuing to improve operating leverage and maintain a strong efficiency profile. Revenue growth outpaced expense growth by roughly 3-to-1 during the quarter, supporting continued profitability improvement. While AI initiatives remain in the early stages, management indicated it is beginning to see benefits and expects further efficiency gains over time. Deposit optimization efforts and disciplined expense management remain key drivers of future operating leverage improvement.
Zions (ZION)	Expense growth remains driven primarily by higher professional services, incentive compensation, and technology spending. Management acknowledged ongoing vendor pricing pressure across software and maintenance contracts but believes broader AI adoption could eventually improve the industry's cost structure. A particularly notable opportunity involves outsourcing: peers reportedly outsource 10%-15% of FTEs versus approximately 3% at Zions, and management believes AI may increasingly replace outsourced activities altogether, creating a meaningful long-term efficiency opportunity. Despite continued investment in technology, growth initiatives, and strategic capabilities, management remains focused on disciplined expense management and reaffirmed expectations for positive operating leverage in 2026.

Source: Deutsche Bank Research

Appendix

Figure 52: Stock Prices

Ticker	Name	Rating	Current Price
Money Centers			
BAC	Bank of America	Buy	63.86
JPM	JPMorgan	Buy	359.79
WFC	Wells Fargo	Buy	87.52
Large Regional Banks			
CFG	Citizens	Buy	72.67
HBAN	Huntington	Buy	17.60
RF	Regions	Buy	31.46
USB	U.S. Bancorp	Buy	64.19
SMIDs			
EWBC	East West Bancorp	Buy	131.85
FHN	First Horizon	Buy	25.23
PNFP	Pinnacle Financial	Buy	104.55
WAL	Western Alliance	Buy	80.48

Source: Deutsche Bank Research, Bloomberg Finance LP, Prices as of 8/10

Appendix 1

Important Disclosures

Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Other information is sourced from Deutsche Bank, subject companies, and other sources. For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at https://research.db.com/Research/Disclosures/EquityResearchDisclosures. Aside from within this report, important risk and conflict disclosures can also be found at https://research.db.com/Research/Disclosures/Disclaimer. Investors are strongly encouraged to review this information before investing.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Matt O-Connor, CFA, Bernard Von-Gizycki.



Company rating dispersion and banking relationships

DBSI Companies under Coverage	Buy	Hold	Sell
Covered	58%	42%	0%
w/ Banking relationship	43%	35%	0%
w/ MiFID services	64%	51%	67%

Global Companies under Coverage	Buy	Hold	Sell
Covered	58%	40%	2%
w/ Banking relationship	46%	32%	32%
w/ MiFID services	76%	69%	94%

Company Rating and Dispersion Key

The above table provides a snapshot of Deutsche Bank's company research rating distribution across our covered companies. We also present the percentage of companies where Deutsche Bank has provided Investment Banking Services in the past 12 months and/or MIFID Investment and Ancillary services, in the past 12 months. Please see the key and definition of our rating below.

Note - percentages are rounded so may not total 100%.

Covered: The overall rating distribution across all companies under coverage with a rating.

w/Banking relation: Percentage of companies under coverage with a rating within each of the "buy", "hold" and "sell" categories for which Deutsche Bank has provided Investment Banking Services within the previous 12 months.

w/MiFID services: Percentage of companies under coverage with a rating within each of the "buy", "hold" and "sell" categories for which Deutsche Bank has provided MIFID Investment and Ancillary services within the previous 12 months.

Buy/Hold/Sell Percentages: These percentages reflect the proportion of companies within each category that have been assigned the corresponding rating, based on our 12-month view of Total Shareholder Return (TSR).

Rating definitions:

Buy: Based on a current 12-month view of TSR, we recommend that investors buy the stock.

Sell: Based on a current 12-month view of TSR, we recommend that investors sell the stock.

Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

TSR: Total Shareholder Return. Percentage change in share price from current price to projected target price plus projected dividend yield.

Newly issued research recommendations and target prices supersede previously published research.

Additional Information

The information and opinions in this report were prepared by Deutsche Bank AG or one of its affiliates (collectively 'Deutsche Bank'). Though the information herein is believed to be reliable and has been obtained from public sources believed to be reliable, Deutsche Bank makes no representation as to its accuracy or completeness. Hyperlinks to third-party websites in this report are provided for reader convenience only. Deutsche Bank neither endorses the content nor is responsible for the accuracy or security controls of those websites.

If you use the services of Deutsche Bank in connection with a purchase or sale of a security that is discussed in this report, or is included or discussed in another communication (oral or written) from a Deutsche Bank analyst, Deutsche Bank may act as principal for its own account or as agent for another person.

Deutsche Bank may consider this report in deciding to trade as principal. It may also engage in transactions, for its own account or with customers, in a manner inconsistent with the views taken in this research report. Others within Deutsche Bank, including strategists, sales staff and other analysts, may take views that are inconsistent with those taken in this research report. Deutsche Bank issues a variety of research products, including fundamental analysis, equity-linked analysis, quantitative analysis and trade ideas. Recommendations contained in one type of communication may differ from recommendations contained in others, whether as a result of differing time horizons, methodologies, perspectives or otherwise. Deutsche Bank and/or its affiliates may also be holding debt or equity securities of the issuers it writes on. Analysts are paid in part based on the profitability of Deutsche Bank AG and its affiliates, which includes investment banking, trading and principal trading revenues.

Opinions, estimates and projections constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinions of Deutsche Bank and are subject to change without notice. Deutsche Bank provides liquidity for buyers and sellers of securities issued by the companies it covers. Deutsche Bank research analysts sometimes have shorter-term trade ideas that may be inconsistent with Deutsche Bank's existing longer-term ratings. Some trade ideas for equities are listed as Catalyst Calls on the Research Website (https://research.db.com/Research/) , and can be found on the general coverage list and also on the covered company's page. A Catalyst Call represents a high-conviction belief by an analyst that a stock will outperform or underperform the market and/or a specified sector over a time frame of no less than two weeks and no more than three months. In addition to Catalyst Calls, analysts may occasionally discuss with our clients, and with Deutsche Bank salespersons and traders, trading strategies or ideas that reference catalysts or events that may have a near-term or medium-term impact on the market price of the securities discussed in this report, which impact may be directionally counter to the analysts' current 12-month view of total return or investment return as described herein. Deutsche Bank has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof if an opinion, forecast or estimate changes or becomes inaccurate. Coverage and the frequency of changes in market conditions and in both general and company-specific economic prospects make it difficult to update research at defined intervals. Updates are at the sole discretion of the coverage analyst or of the Research Department Management, and the majority of reports are published at irregular intervals. This report is provided for informational purposes only and does not take into account the particular investment objectives, financial situations, or needs of individual clients. It is not an offer or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Target prices are inherently imprecise and a product of the analyst's judgment. The financial instruments discussed in this report may not be suitable for all investors, and investors must make their own informed investment decisions. Prices and availability of financial instruments are subject to change without notice, and investment transactions can lead to losses as a result of price fluctuations and other factors. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the investment. Past performance is not necessarily indicative of future results. Performance calculations exclude transaction costs, unless otherwise indicated. Unless otherwise indicated, prices are current as of the end of the previous trading session and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is also sourced from Deutsche Bank, subject companies, and other parties. Artificial intelligence tools may be used in the preparation of this material, including but not limited to assist in fact-finding, data analysis, pattern recognition, content drafting and editorial corrections pertaining to research material.



The Deutsche Bank Research Department is independent of other business divisions of the Bank. Details regarding our organizational arrangements and information barriers we have to prevent and avoid conflicts of interest with respect to our research are available on our website (https://research.db.com/Research/) under Disclaimer.

Macroeconomic fluctuations often account for most of the risks associated with exposures to instruments that promise to pay fixed or variable interest rates. For an investor who is long fixed-rate instruments (thus receiving these cash flows), increases in interest rates naturally lift the discount factors applied to the expected cash flows and thus cause a loss. The longer the maturity of a certain cash flow and the higher the move in the discount factor, the higher will be the loss. Upside surprises in inflation, fiscal funding needs, and FX depreciation rates are among the most common adverse macroeconomic shocks to receivers. But counterparty exposure, issuer creditworthiness, client segmentation, regulation (including changes in assets holding limits for different types of investors), changes in tax policies, currency convertibility (which may constrain currency conversion, repatriation of profits and/or liquidation of positions), and settlement issues related to local clearing houses are also important risk factors. The sensitivity of fixed-income instruments to macroeconomic shocks may be mitigated by indexing the contracted cash flows to inflation, to FX depreciation, or to specified interest rates - these are common in emerging markets. The index fixings may - by construction - lag or mis-measure the actual move in the underlying variables they are intended to track. The choice of the proper fixing (or metric) is particularly important in swaps markets, where floating coupon rates (i.e., coupons indexed to a typically short-dated interest rate reference index) are exchanged for fixed coupons. Funding in a currency that differs from the currency in which coupons are denominated carries FX risk. Options on swaps (swaptions) the risks typical to options in addition to the risks related to rates movements.

Derivative transactions involve numerous risks including market, counterparty default and illiquidity risk. The appropriateness of these products for use by investors depends on the investors' own circumstances, including their tax position, their regulatory environment and the nature of their other assets and liabilities; as such, investors should take expert legal and financial advice before entering into any transaction similar to or inspired by the contents of this publication. The risk of loss in futures trading and options, foreign or domestic, can be substantial. As a result of the high degree of leverage obtainable in futures and options trading, losses may be incurred that are greater than the amount of funds initially deposited - up to theoretically unlimited losses. Trading in options involves risk and is not suitable for all investors. Prior to buying or selling an option, investors must review the 'Characteristics and Risks of Standardized Options", at https://www.theocc.com/company-information/documents-and-archives/options-disclosure-document. If you are unable to access the website, please contact your Deutsche Bank representative for a copy of this important document.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government-imposed exchange controls, which could affect the value of the currency. Investors in securities such as ADRs, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Unless governing law provides otherwise, all transactions should be executed through the Deutsche Bank entity in the investor's home jurisdiction. Aside from within this report, important conflict disclosures can also be found at https://research.db.com/Research/ on each company's research page or under the 'Disclosures' tab. Investors are strongly encouraged to review this information before investing.

Deutsche Bank (which includes Deutsche Bank AG, its branches and affiliated companies) is not acting as a financial adviser, consultant or fiduciary to you or any of your agents (collectively, "You" or "Your") with respect to any information provided in this report. Deutsche Bank does not provide investment, legal, tax or accounting advice, Deutsche Bank is not acting as your impartial adviser, and does not express any opinion or recommendation whatsoever as to any strategies, products or any other information presented in the materials. Information contained herein is being provided solely on the basis that the recipient will make an independent assessment of the merits of any investment decision, and it does not constitute a recommendation of, or express an opinion on, any product or service or any trading strategy.



The information presented is general in nature and is not directed to retirement accounts or any specific person or account type, and is therefore provided to You on the express basis that it is not advice, and You may not rely upon it in making Your decision. The information we provide is being directed only to persons we believe to be financially sophisticated, who are capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies, and who understand that Deutsche Bank has financial interests in the offering of its products and services. If this is not the case, or if You are an IRA or other retail investor receiving this directly from us, we ask that you inform us immediately.

In July 2018, Deutsche Bank revised its rating system for short term ideas whereby the branding has been changed to Catalyst Calls ("CC") from SOLAR ideas; the rating categories for Catalyst Calls originated in the Americas region have been made consistent with the categories used by Analysts globally; and the effective time period for CCs has been reduced from a maximum of 180 days to 90 days.

United States: Approved and/or distributed by Deutsche Bank Securities Incorporated, a member of FINRA and SIPC. Analysts located outside of the United States are employed by non-US affiliates and are not registered/qualified as research analysts with FINRA.

European Economic Area (exc. United Kingdom): Approved and/or distributed by Deutsche Bank AG, a joint stock corporation with limited liability incorporated in the Federal Republic of Germany with its principal office in Frankfurt am Main. Deutsche Bank AG is authorized under German Banking Law and is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority.

United Kingdom: Approved and/or distributed by Deutsche Bank AG acting through its London Branch at 21 Moorfields, London EC2Y 9DB. Deutsche Bank AG in the United Kingdom is authorised by the Prudential Regulation Authority and is subject to limited regulation by the Prudential Regulation Authority and Financial Conduct Authority. Details about the extent of our authorisation and regulation are available on request.

Hong Kong SAR: Distributed by Deutsche Bank AG, Hong Kong Branch, except for any research content relating to futures contracts within the meaning of the Hong Kong Securities and Futures Ordinance Cap. 571. Research reports on such futures contracts are not intended for access by persons who are located, incorporated, constituted or resident in Hong Kong. The author(s) of a research report, and the entities for which they act and/or are affiliated with, may not be licensed to carry on regulated activities in Hong Kong, and if not licensed, do not hold themselves out as being able to do so. The provisions set out above in the 'Additional Information' section shall apply to the fullest extent permissible by local laws and regulations, including without limitation the Code of Conduct for Persons Licensed or Registered with the Securities and Futures Commission. This report is intended for distribution only to 'professional investors' as defined in Part 1 of Schedule of the SFO. This document must not be acted or relied on by persons who are not professional investors. Any investment or investment activity to which this document relates is only available to professional investors and will be engaged only with professional investors.

India: Prepared by Deutsche Equities India Private Limited (DEIPL) having CIN: U65990MH2002PTC137431 and registered office at 14th Floor, The Capital, C-70, G Block, Bandra Kurla Complex, Mumbai (India) 400051. Tel: + 91 22 7180 4444. It is registered by the Securities and Exchange Board of India (SEBI) as a Stock broker bearing registration no.: INZ000252437; Merchant Banker bearing SEBI Registration no.: INM000010833 and Research Analyst bearing SEBI Registration no.: INH000001741. DEIPL's Compliance / Grievance officer is Ms. Rashmi Poddar (Tel: +91 22 7180 4929 email ID: complaints.deipl@db.com). Registration granted by SEBI and certification from NISM in no way guarantee performance of DEIPL or provide any assurance of returns to investors. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. DEIPL may have received administrative warnings from the SEBI for breaches of Indian regulations. Deutsche Bank and/or its affiliate(s) may have debt holdings or positions in the subject company. With regard to information on associates, please refer to the "Shareholdings" section in the Annual Report at: https://www.db.com/ir/en/annual-reports.htm. For latest India research audit report, refer https://country.db.com/india/deutsche-equities-india/index?language_id=1.

Japan: Approved and/or distributed by Deutsche Securities Inc.(DSI). Registration number - Registered as a financial instruments dealer by the Head of the Kanto Local Finance Bureau (Kinsho) No. 117. Member of associations: JSDA,



Type II Financial Instruments Firms Association and The Financial Futures Association of Japan. Commissions and risks involved in stock transactions - for stock transactions, we charge stock commissions and consumption tax by multiplying the transaction amount by the commission rate agreed with each customer. Stock transactions can lead to losses as a result of share price fluctuations and other factors. Transactions in foreign stocks can lead to additional losses stemming from foreign exchange fluctuations. We may also charge commissions and fees for certain categories of investment advice, products and services. Recommended investment strategies, products and services carry the risk of losses to principal and other losses as a result of changes in market and/or economic trends, and/or fluctuations in market value. Before deciding on the purchase of financial products and/or services, customers should carefully read the relevant disclosures, prospectuses and other documentation. 'Moody's', 'Standard Poor's', and 'Fitch' mentioned in this report are not registered credit rating agencies in Japan unless Japan or 'Nippon' is specifically designated in the name of the entity. Reports on Japanese listed companies not written by analysts of DSI are written by Deutsche Bank Group's analysts with the coverage companies specified by DSI. Some of the foreign securities stated on this report are not disclosed according to the Financial Instruments and Exchange Law of Japan. Target prices set by Deutsche Bank's equity analysts are based on a 12-month forecast period.

Korea: Distributed by Deutsche Securities Korea Co.

South Africa: Deutsche Bank AG Johannesburg is incorporated in the Federal Republic of Germany (Branch Register Number in South Africa: 1998/003298/10).

Singapore: This report is issued by Deutsche Bank AG, Singapore Branch (One Raffles Quay #18-00 South Tower Singapore 048583, 65 6423 8001), which may be contacted in respect of any matters arising from, or in connection with, this report. Where this report is issued or promulgated by Deutsche Bank in Singapore to a person who is not an accredited investor, expert investor or institutional investor (as defined in the applicable Singapore laws and regulations), they accept legal responsibility to such person for its contents.

Taiwan: Information on securities/investments that trade in Taiwan is for your reference only. Readers should independently evaluate investment risks and are solely responsible for their investment decisions. Deutsche Bank research may not be distributed to the Taiwan public media or quoted or used by the Taiwan public media without written consent. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation to trade in such securities/instruments.

Qatar: Deutsche Bank AG in the Qatar Financial Centre (registered no. 00032) is regulated by the Qatar Financial Centre Regulatory Authority. Deutsche Bank AG - QFC Branch may undertake only the financial services activities that fall within the scope of its existing QFCRA license. Its principal place of business in the QFC: Qatar Financial Centre, Tower, West Bay, Level 5, PO Box 14928, Doha, Qatar. This information has been distributed by Deutsche Bank AG. Related financial products or services are only available only to Business Customers, as defined by the Qatar Financial Centre Regulatory Authority.

Russia: The information, interpretation and opinions submitted herein are not in the context of, and do not constitute, any appraisal or evaluation activity requiring a license in the Russian Federation.

Kingdom of Saudi Arabia: Deutsche Securities Saudi Arabia (DSSA) is a closed joint stock company authorized by the Capital Market Authority of the Kingdom of Saudi Arabia with a license number (No. 37-07073) to conduct the following business activities: Dealing, Arranging, Advising, and Custody activities. DSSA registered office is Faisaliah Tower, 17th Floor, King Fahad Road - Al Olaya District Riyadh, Kingdom of Saudi Arabia P.O. Box 301806.

United Arab Emirates: Deutsche Bank AG in the Dubai International Financial Centre (registered no. 00045) is regulated by the Dubai Financial Services Authority. Deutsche Bank AG - DIFC Branch may only undertake the financial services activities that fall within the scope of its existing DFSA license. Principal place of business in the DIFC: Dubai International Financial Centre, The Gate Village, Building 5, PO Box 504902, Dubai, U.A.E. This information has been distributed by Deutsche Bank AG. Related financial products or services are available only to Professional Clients, as defined by the Dubai Financial Services Authority.



Australia and New Zealand: This research is intended only for 'wholesale clients' within the meaning of the Australian Corporations Act and New Zealand Financial Advisors Act, respectively. Please refer to Australia-specific research disclosures and related information at https://www.dbresearch.com/PROD/RPS_EN-PROD/PROD0000000000521304.xhtml . Where research refers to any particular financial product recipients of the research should consider any product disclosure statement, prospectus or other applicable disclosure document before making any decision about whether to acquire the product. In preparing this report, the primary analyst or an individual who assisted in the preparation of this report has likely been in contact with the company that is the subject of this research for confirmation/clarification of data, facts, statements, permission to use company-sourced material in the report, and/or site-visit attendance. Without prior approval from Research Management, analysts may not accept from current or potential Banking clients the costs of travel, accommodations, or other expenses incurred by analysts attending site visits, conferences, social events, and the like. Similarly, without prior approval from Research Management and Anti-Bribery and Corruption ("ABC") team, analysts may not accept perks or other items of value for their personal use from issuers they cover.

Additional information relative to securities, other financial products or issuers discussed in this report is available upon request. This report may not be reproduced, distributed or published without Deutsche Bank's prior written consent.

Backtested, hypothetical or simulated performance results have inherent limitations. Unlike an actual performance record based on trading actual client portfolios, simulated results are achieved by means of the retroactive application of a backtested model itself designed with the benefit of hindsight. Taking into account historical events the backtesting of performance also differs from actual account performance because an actual investment strategy may be adjusted any time, for any reason, including a response to material, economic or market factors. The backtested performance includes hypothetical results that do not reflect the reinvestment of dividends and other earnings or the deduction of advisory fees, brokerage or other commissions, and any other expenses that a client would have paid or actually paid. No representation is made that any trading strategy or account will or is likely to achieve profits or losses similar to those shown. Alternative modeling techniques or assumptions might produce significantly different results and prove to be more appropriate. Past hypothetical backtest results are neither an indicator nor guarantee of future returns. Actual results will vary, perhaps materially, from the analysis.

The method for computing individual E,S,G and composite ESG scores set forth herein is a novel method developed by the Research department within Deutsche Bank AG, computed using a systematic approach without human intervention. Different data providers, market sectors and geographies approach ESG analysis and incorporate the findings in a variety of ways. As such, the ESG scores referred to herein may differ from equivalent ratings developed and implemented by other ESG data providers in the market and may also differ from equivalent ratings developed and implemented by other divisions within the Deutsche Bank Group. Such ESG scores also differ from other ratings and rankings that have historically been applied in research reports published by Deutsche Bank AG. Further, such ESG scores do not represent a formal or official view of Deutsche Bank AG.

It should be noted that the decision to incorporate ESG factors into any investment strategy may inhibit the ability to participate in certain investment opportunities that otherwise would be consistent with your investment objective and other principal investment strategies. The returns on a portfolio consisting primarily of sustainable investments may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered, and the investment opportunities available to such portfolios may differ. Companies may not necessarily meet high performance standards on all aspects of ESG or sustainable investing issues; there is also no guarantee that any company will meet expectations in connection with corporate responsibility, sustainability, and/or impact performance.

Copyright © 2026 Deutsche Bank AG

David Folkerts-Landau
Group Chief Economist and Global Head of Research

Pam Finelli
COO and Head of Fixed Income Research

Steve Pollard
Global Head of Company Research and Sales

Jim Reid
Global Head of Macro and Thematic Research

Tim Rokossa
Head of European Company Research

Matthew Barnard
Head of Americas Company Research

Debbie Jones
Global Head of Sustainability and Data Innovation, Research

Robin Winkler
Head of German Macro Research

Sameer Goel
Global Head of EM & APAC Research

Francis Yared
Global Head of Rates Research

George Saravelos
Global Head of FX Research

Peter Hooper
Vice-Chair of Research

Nilendra de-Mel
Head of APAC & Middle East Product Development

International Production Locations

Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG
Equity Research
Mainzer Landstrasse 11-17
60329 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG
Filiale Hongkong
International Commerce Centre
1 Austin Road West, Kowloon,
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.
1-3-1 Azabudai
Azabudai Hills Mori JP Tower
Minato-ku, Tokyo 106-0041
Japan
Tel: (81) 3 6730 1000

Deutsche Bank AG
21 Moorfields
London EC2Y 9DB
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank Securities Inc.
The Deutsche Bank Center
1 Columbus Circle
New York, NY 10019
Tel: (1) 212 250 2500

Deutsche Bank AG
Filiale Singapur
One Raffles Quay, South Tower
Singapore 048583
Tel: (65) 6423 8001