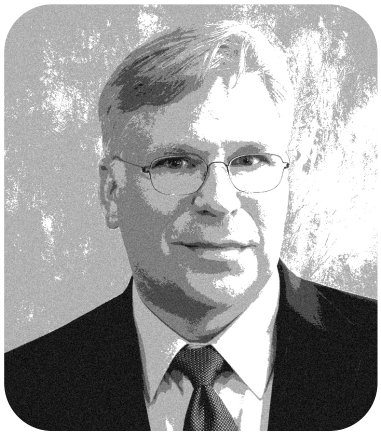
IntraFi

BANK EXECUTIVE BUSINESS OUTLOOK SURVEY REPORT

Q3 2026

INTRODUCTION



Welcome to IntraFi's Bank Executive Business Outlook Survey report for the third quarter of 2026. In this edition, bank executives share their perspectives on bond market volatility and its impact on bank securities portfolios and broader balance sheet strategies. We also explore whether banks are offering mortgage products to homeowners who are locked into low interest rates and, if so, which products they offer.

Based on responses from 411 participants, this report examines these findings and other issues in greater detail.

We hope the information provided is insightful and helpful. As always, if you have any thoughts or questions, please contact Rob Blackwell, Chief Content Officer & Head of External Affairs, at (866) 776-6426, x3357, or visit IntraFi.com.

MARK JACOBSEN
Cofounder & CEO
IntraFi

EXECUTIVE SUMMARY

Bond market volatility, increased competition for capital from AI investment, and inflation levels that remain above the Fed's target 2%,[1] are creating numerous areas of concern for the banking sector. According to our latest survey of bank executives, many bankers now face rising funding costs, intensifying deposit competition, and weakening loan demand—creating potential challenges for bank profitability and balance sheet management.

Bond market volatility was elevated throughout much of October 2026. Fifty-eight percent of surveyed bank executives, in response to current bond market volatility, identify higher funding costs and net interest margin pressure as their primary rate-related concerns, while 16% cite further unrealized securities losses. Although 47% of respondents intend to maintain their current securities strategies, others are adjusting balance sheets by reducing securities holdings, increasing funding sources, or shifting toward shorter-duration and more liquid investments.

Overall, funding costs have increased and are expected to rise due to the prospect of additional rate hikes by the Federal Reserve. Sixty-two percent of respondents indicated funding costs jumped over the past year, and 87% anticipate even higher prices over the next 12 months, an 84-point increase from the third quarter of 2025.

[1] Bao, Anniek. "IMF Warns Bond Yields Could See a 'Disorderly' Spike as Debt, Inflation Risks Worsen ." CNBC, October 13, 2026. https://www.cnbc.com/2026/10/13/treasury-yields-imf-debt-inflation-.html.

EXECUTIVE SUMMARY (CONTINUED)

Additionally, 55% of respondents reported increased deposit competition, with 73% anticipating greater competition in the year ahead. These trends suggest continued pressure on banks to retain deposits, manage liquidity, and protect net interest margins.

Loan demand continues to soften. Only 27% of bankers see loan demand increasing in the 12 months ahead, a 19-point drop from the prior year. Meanwhile, economic sentiment has also deteriorated, with 83% of respondents predicting that conditions will worsen or remain unchanged. Consistent with this outlook, the Bank Experience Index declined for the fourth consecutive quarter to 47.3, while the Bank Confidence Index fell to 42.5.

HIGHLIGHTS

Deposit Competition: Just 3% of surveyed bankers reported lower deposit competition over the past 12 months. Looking ahead, 1% expect competition to ease over the next 12 months.

Funding Costs: Only 20% of bankers reported improved funding costs over the past 12 months, and just 2% expect them to shrink in the coming year.

Loan Demand: Sixty-one percent of bankers reported loan demand either diminished or remained at existing low levels over the past year.

Access to Capital: Eighty percent of respondents reported that access to capital remained stable over the past 12 months, unchanged from the second quarter of 2026. Nearly as many (78%) expect access to capital to remain stable over the next 12 months.

Expectations for increased funding costs rose to levels not seen since Q4 2022.

87%
expect funding costs to increase

99%
predict deposit competition will increase or remain the same

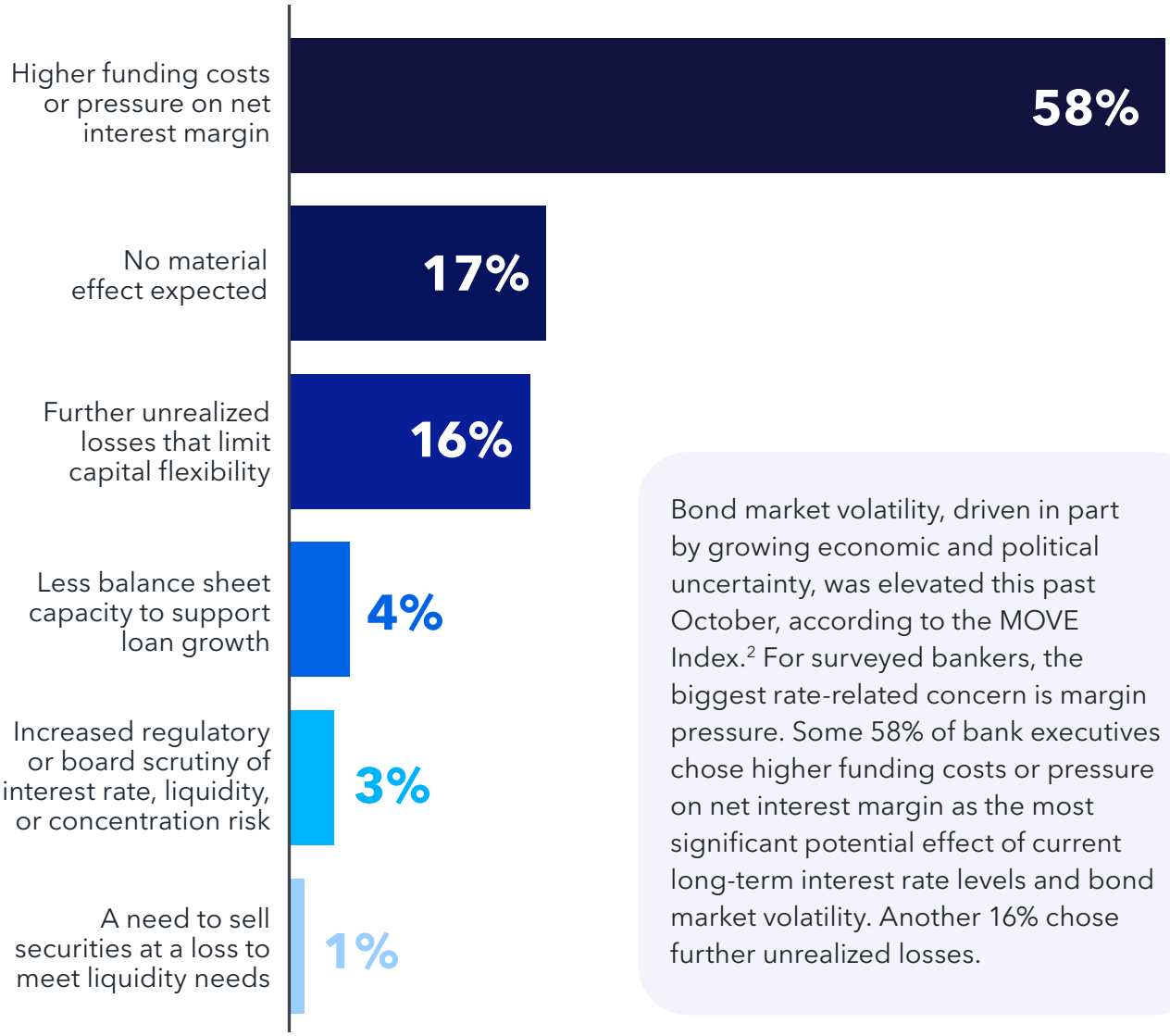
27%
expect loan demand to improve

BANKER PERSPECTIVES

Each quarter, we ask bank executives a series of questions about current events affecting the banking sector. This quarter, we explored the onset of increased volatility in the bond markets and its impact on portfolio management. We also asked what mortgage products, if any, banks are offering homeowners who are "locked in" to low mortgage rates.

BOND MARKET IMPACT ON SECURITIES PORTFOLIOS

Over the next 12 months, what is the most significant potential effect of current long-term interest rate levels and bond market volatility on your bank's securities portfolio?

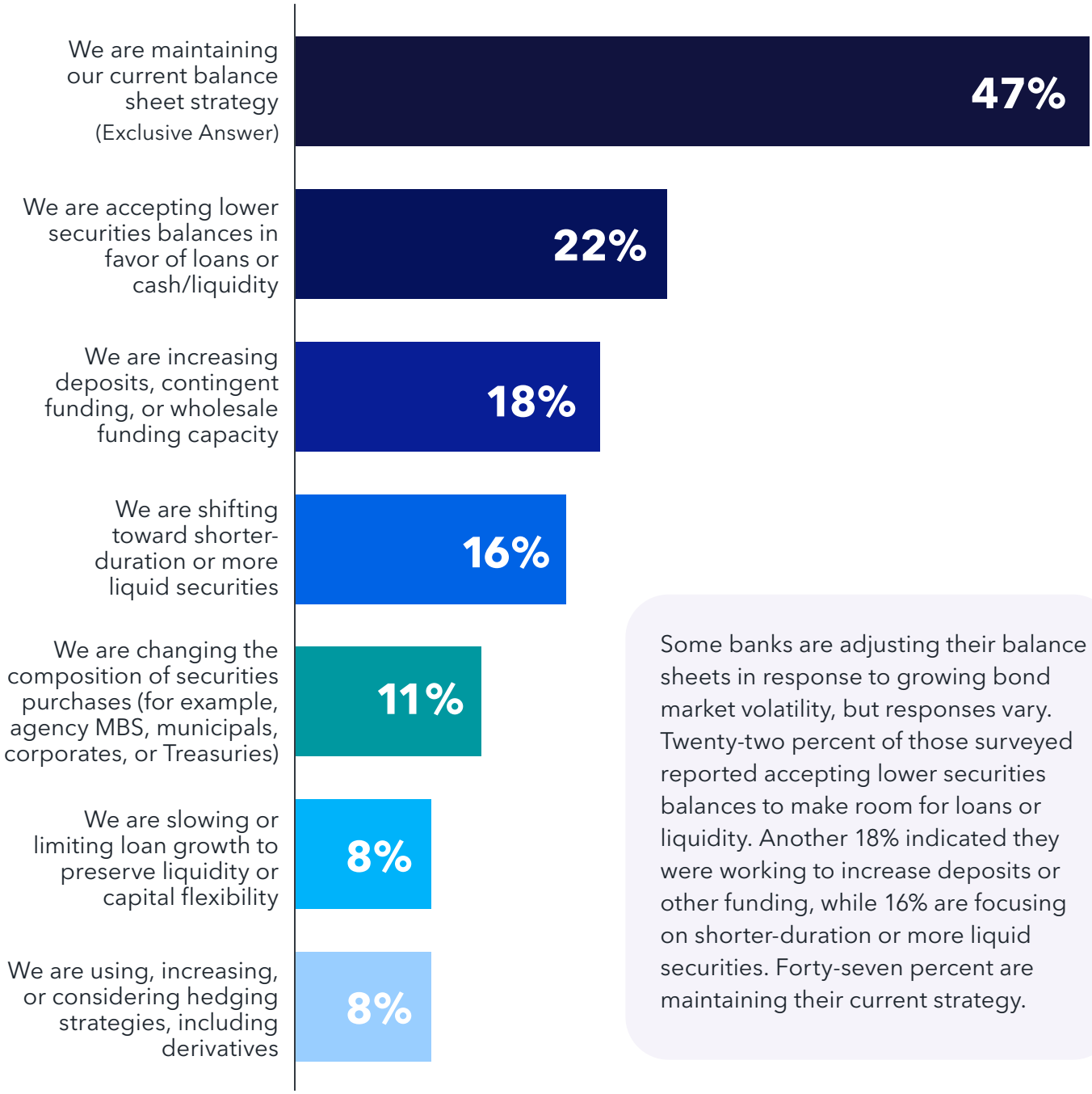


Bond market volatility, driven in part by growing economic and political uncertainty, was elevated this past October, according to the MOVE Index.[2] For surveyed bankers, the biggest rate-related concern is margin pressure. Some 58% of bank executives chose higher funding costs or pressure on net interest margin as the most significant potential effect of current long-term interest rate levels and bond market volatility. Another 16% chose further unrealized losses.

[2] Hirai, James. "Treasury Volatility Set for Biggest Jump in Year as Bonds Churn." Bloomberg, 2026. https://www.bloomberg.com/news/articles/2026-09-25/treasury-volatility-set-for-biggest-jump-in-year-as-bonds-churn.

SECURITIES VALUE & BALANCE SHEET STRATEGY

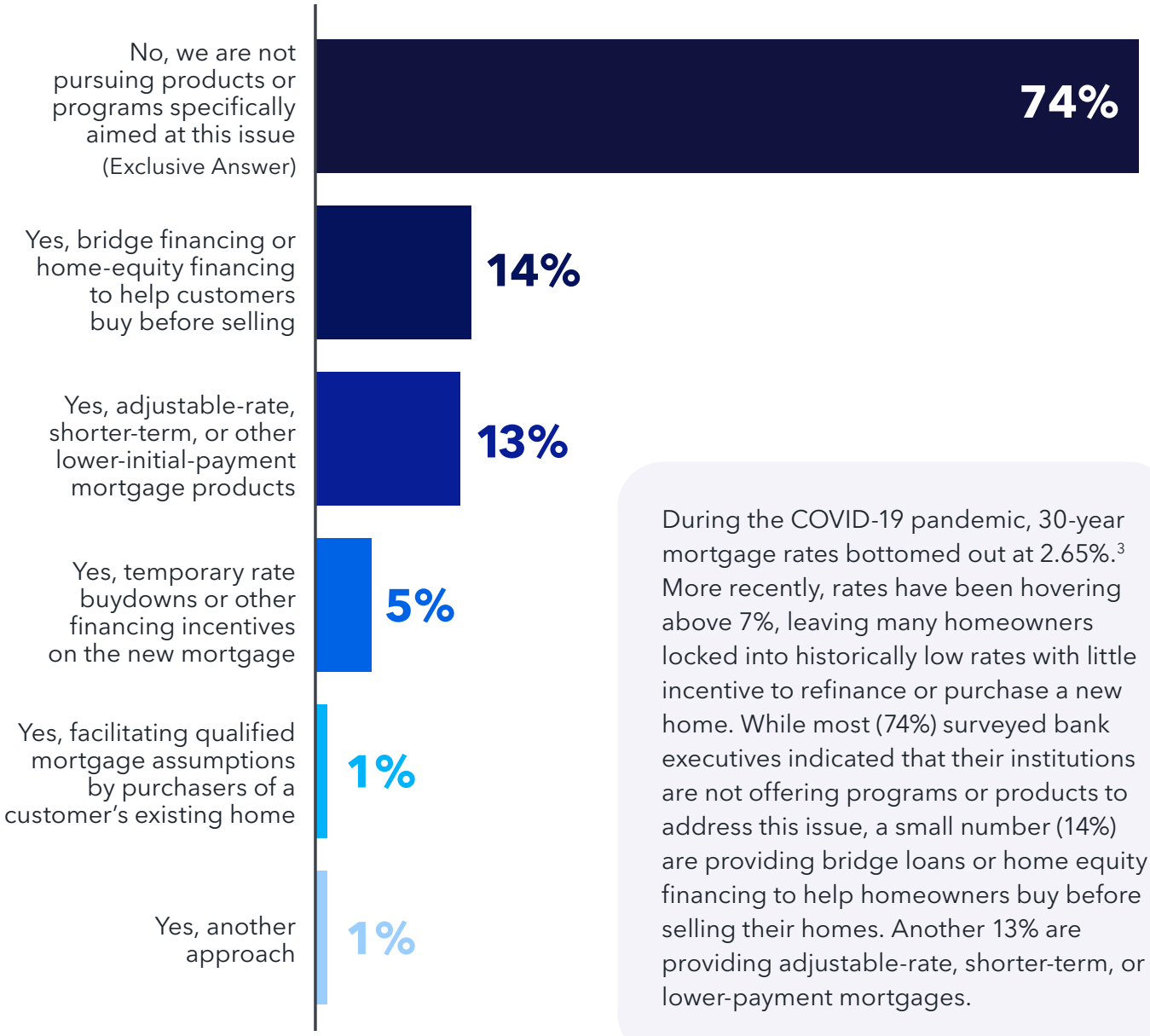
To what extent, if any, have changes in the market value of your securities portfolio—particularly from volatility in longer-term rates—affected your bank's balance sheet growth strategy over the next 12 months? (Select all that apply)



Some banks are adjusting their balance sheets in response to growing bond market volatility, but responses vary. Twenty-two percent of those surveyed reported accepting lower securities balances to make room for loans or liquidity. Another 18% indicated they were working to increase deposits or other funding, while 16% are focusing on shorter-duration or more liquid securities. Forty-seven percent are maintaining their current strategy.

MORTGAGE PRODUCTS FOR LOCKED-IN HOMEOWNERS

With many homeowners locked into mortgages at far lower rates than those available today, is your bank considering new products or incentives to help existing customers move or upgrade their homes? (Select all that apply)



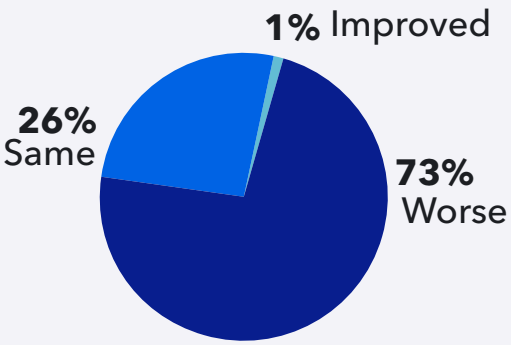
During the COVID-19 pandemic, 30-year mortgage rates bottomed out at 2.65%.[3] More recently, rates have been hovering above 7%, leaving many homeowners locked into historically low rates with little incentive to refinance or purchase a new home. While most (74%) surveyed bank executives indicated that their institutions are not offering programs or products to address this issue, a small number (14%) are providing bridge loans or home equity financing to help homeowners buy before selling their homes. Another 13% are providing adjustable-rate, shorter-term, or lower-payment mortgages.

[3] "US Long-Term Mortgage Rates Hit New Lows; 30-Year at 2.65% | AP News." AP News, 2021. https://apnews.com/article/mortgages-coronavirus-pandemic-mortgage-rates-3e07a958f29bfdf5cccb777975b2dc77.

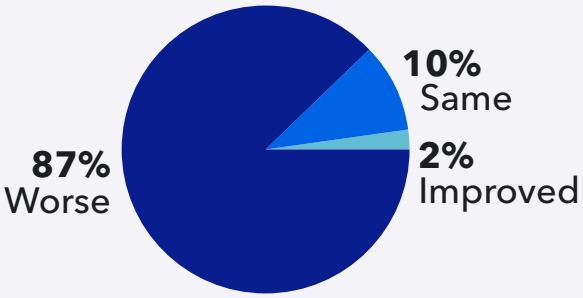
Toplines

This is a topline overview of banker expectations for the 12 months ahead in four key categories.

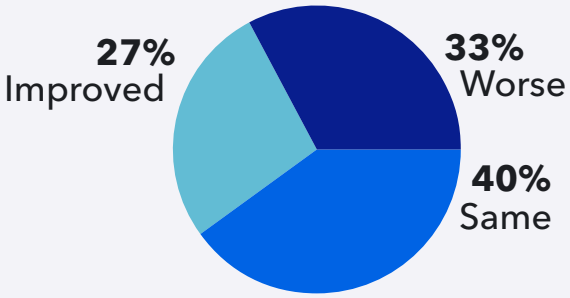
DEPOSIT COMPETITION



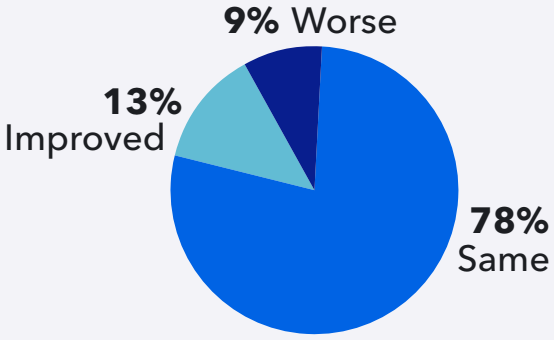
FUNDING COSTS



LOAN DEMAND



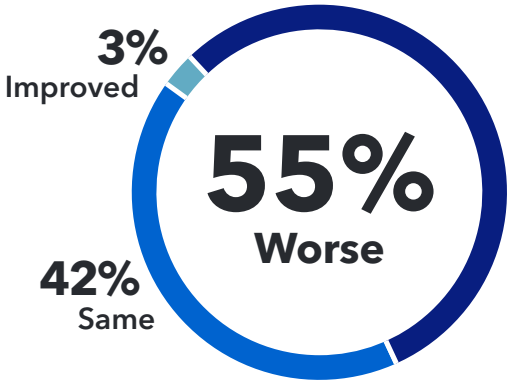
ACCESS TO CAPITAL



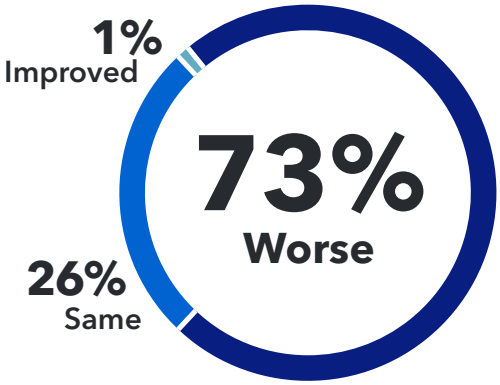
DEPOSIT COMPETITION

A majority of banks (55%) reported increased deposit competition, marking the first time this figure has exceeded 50% since the second quarter of 2024. Expectations suggest that competition will continue to intensify, with 73% of respondents anticipating increased competition over the next 12 months. This level of concern has not been seen since the third quarter of 2023.

Experience
Compared to 12 Months Prior



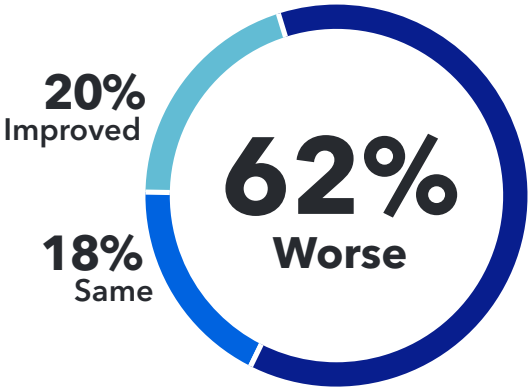
Expectation
Looking 12 Months Ahead



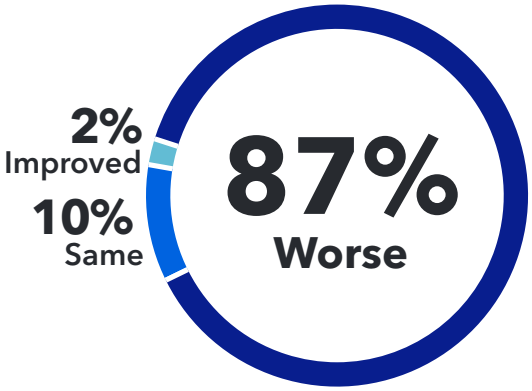
FUNDING COSTS

Bankers' views on funding costs have shifted dramatically over the past year. Sixty-two percent reported that their banks are facing higher funding costs, a 53-point swing from the third quarter of 2025. Expectations for the coming year are even more pronounced: 87% of respondents anticipate rising funding costs, an 84-point increase from the third quarter of 2025. These expectations may reflect concerns about additional interest rate hikes by the Federal Reserve.

Experience
Compared to 12 Months Prior



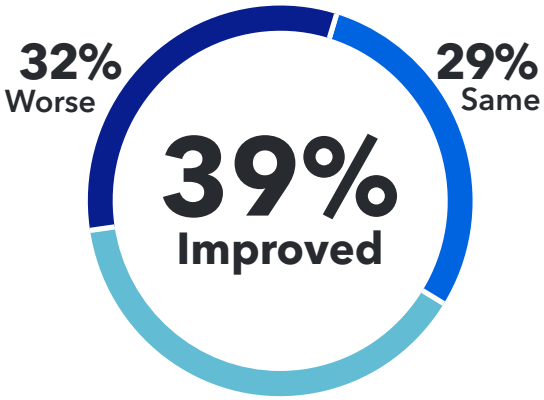
Expectation
Looking 12 Months Ahead



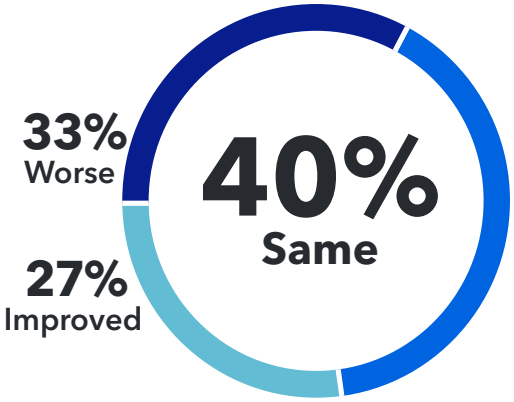
LOAN DEMAND

A majority of respondents reported that loan demand had either weakened or remained unchanged over the past year. This finding is consistent with reports of declining demand for mortgage and auto loans.[4] Expectations for future loan demand are also weakening. Only 27% of respondents expect demand to increase over the next 12 months, down 19 percentage points from a year ago. Pessimism was most pronounced in the Northeast, where just 17% of surveyed bankers expect demand to improve.

Experience
Compared to 12 Months Prior



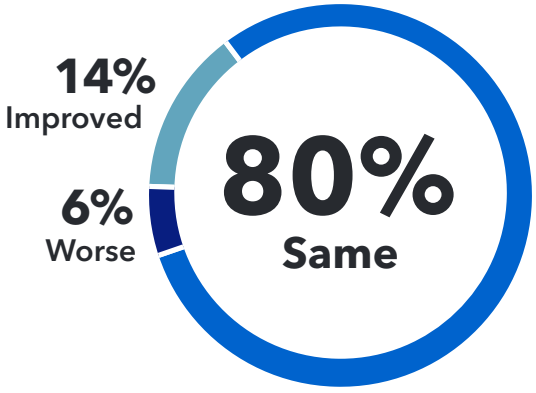
Expectation
Looking 12 Months Ahead



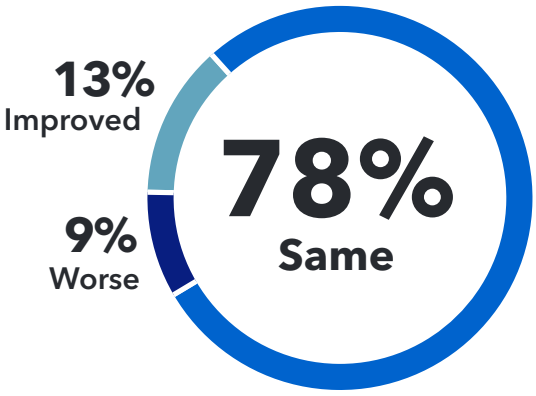
ACCESS TO CAPITAL

Bankers' access to capital remains one of the most stable of the survey's quarterly indices. Eighty percent of bankers reported no change, matching last quarter's figure and representing just a 6-point change from a year ago. Expectations for the coming year are similar, with 78% of respondents anticipating no change in their access to capital.

Experience
Compared to 12 Months Prior



Expectation
Looking 12 Months Ahead

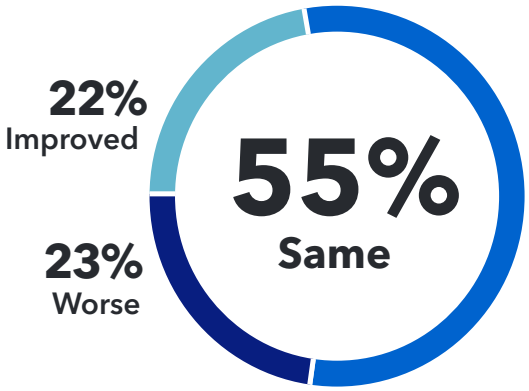


[4] Boston, Claire. "Mortgage Demand Is Falling off a Cliff, Even as Rates Stabilize." Yahoo! Finance. Accessed October 30, 2026. https://finance.yahoo.com/real-estate/article/mortgage-demand-is-falling-off-a-cliff-even-as-rates-stabilize-171748735.html.

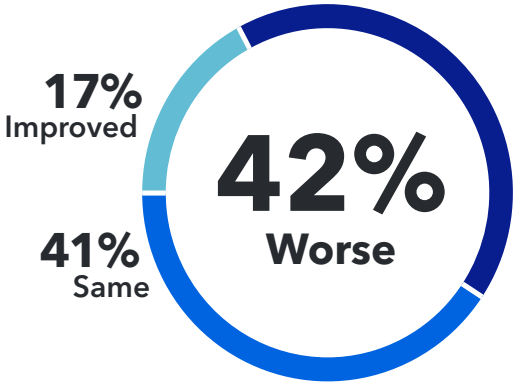
OVERALL ECONOMIC CONDITIONS

Bank executives' views on improving economic conditions reversed course from the previous quarter, with those reporting improvement falling 7 points to 22%. Pessimism continued to dominate the outlook, with 83% of respondents expecting economic conditions to either worsen (42%) or remain unchanged (41%).

Experience
Compared to 12 Months Prior



Expectation
Looking 12 Months Ahead



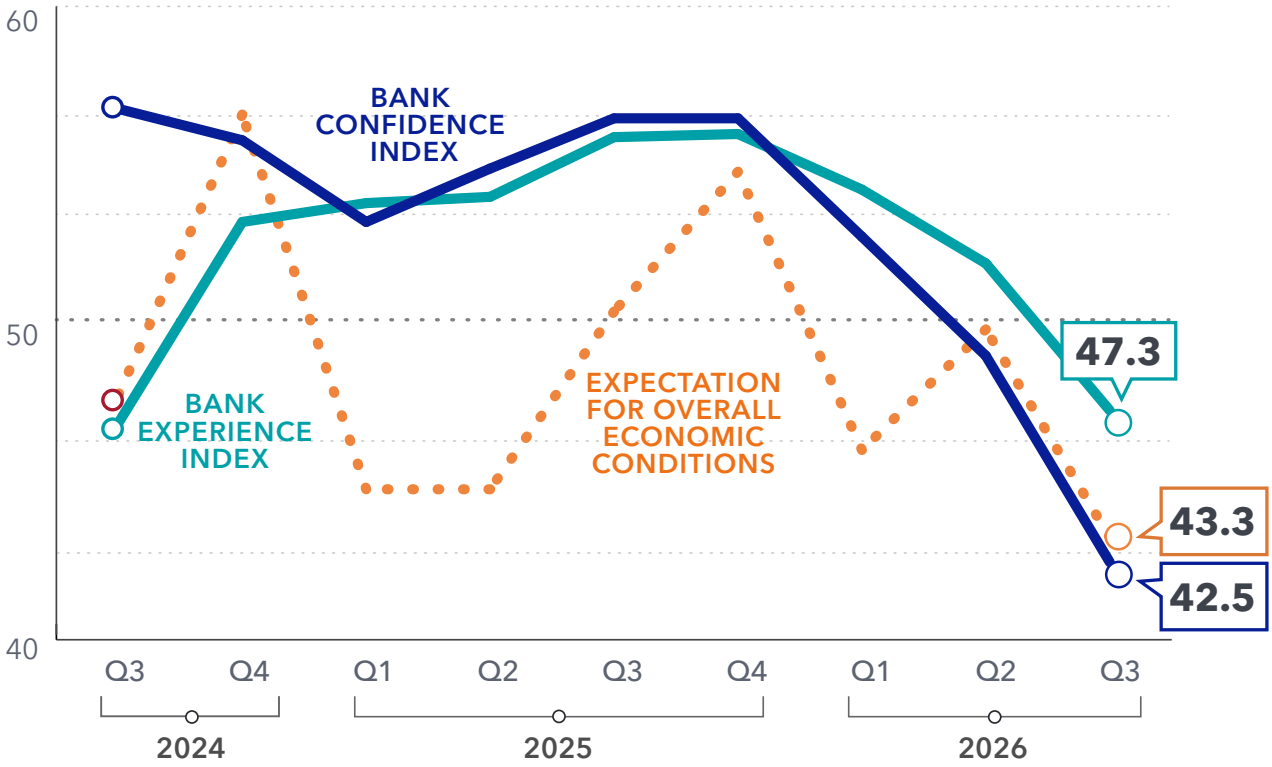
OVERALL ECONOMIC CONDITIONS OVER TIME

The number of bankers with a pessimistic view on future economic conditions continues to grow, though a majority of respondents report conditions have remained the same.



INDICES

IntraFi's proprietary Bank Experience Index℠ fell for the fourth consecutive quarter, reaching 47.3. Also, the Bank Confidence Index℠ continued its decline, falling to 42.5.



The Bank Experience Index and the Bank Confidence Index are meant to quantify bankers' experience over the last 12 months and expectation for the next 12 months. The expectation for overall economic conditions is a composite of broad expectations for the next 12 months.

These indices are calculated from responses by CEOs, presidents, CFOs, and COOs to survey questions relating to four key factors: access to capital, loan demand, funding costs, and deposit competition.

Charted on a scale of 0-100, a score of 50 represents the baseline expectation.

The Bank Confidence Index and Bank Experience Index are proprietary indices of IntraFi, calculated using IntraFi's proprietary algorithm. Bank Confidence Index and Bank Experience Index are service marks of IntraFi LLC.

METHODOLOGY AND RESPONSE

IntraFi's Bank Executive Business Outlook Survey was conducted online over the course of two weeks from October 5 to October 19, 2026.

The survey was delivered via email to bank CEOs, Presidents, CFOs, and COOs. Four hundred and eleven leaders from banks throughout the United States completed the survey. Of these respondents, 99 were CEOs (24%), 58 were Presidents (14%), 231 were CFOs (56%), and 23 were COOs (6%).

All percentages have been rounded to the nearest whole number unless reported otherwise. Total percentages may not total 100% for some questions due to respondents' ability to select more than one answer option.

ABOUT INTRAFI

Since its founding over 20 years ago, IntraFi has been chosen by over 3,000 financial institutions. IntraFi's deposit network is the largest of its kind, and its tested, trusted services help its network members acquire high-value relationships, fund more loans, and seamlessly manage liquidity needs. IntraFi invented reciprocal deposits and is the #1 provider of deposit placement solutions, offering the largest per-depositor, per-bank capacity.

For more information about this survey, IntraFi, or its solutions, please contact Rob Blackwell, Chief Content Officer & Head of External Affairs, at (866) 776-6426, x3357 or rblackwell@intrafi.com.

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