DATA DISPATCH

US bank deposit costs fall in Q3; Fed cuts fuel prospect of further declines

Monday, November 10, 2025 8:15 AM ET

By Alex Graf and Hussain Shah
Market Intelligence

Many US banks reduced deposit costs in the third quarter, and some forecast further reductions in light of recent Federal Reserve interest rate cuts.

Nearly half of the 270 banks that reported third-quarter earnings as of Oct. 31 cut their cost of interest-bearing deposits sequentially, according to S&P Global Market Intelligence data.

The decline in deposit costs came as the Fed cut interest rates by 25 basis points Sept. 17, the central bank's first cut this year. After the third quarter's end, the Fed made another 25-basis-point cut Oct. 29.

Several banks that brought down deposit costs during the third quarter, including Flagstar Bank NA, said Fed rate cuts would give them room for further deposit cost reductions in the coming quarters.

US banks with the largest decrease in cost of interest-bearing deposits, Q3 2025

		Cost of interest-bearing deposits		Net interest margin	
Company (ticker)	Total assets ($B)	(%)	QOQ change (bps)	(%)	QOQ change (bps)
Capital Bancorp Inc. (CBNK)	3.39	2.41	-88	6.41	38
Orange County Bancorp Inc. (OBT)	2.64	1.63	-22	4.30	25
Bar Harbor Bankshares (BHB)[1]	4.72	2.12	-16	3.59	37
The Bancorp Inc. (TBBK)	8.60	2.04	-14	4.45	1
Flagstar Bank NA (FLG)	91.67	3.60	-13	1.90	12
MVB Financial Corp. (MVBF)	3.23	3.38	-13	3.58	-9
Princeton Bancorp Inc. (BPRN)	2.23	3.17	-12	3.84	27
Simmons First National Corp. (SFNC)	24.21	2.86	-11	3.53	48
OP Bancorp (OPBK)	2.61	4.07	-11	3.28	4
First Northwest Bancorp (FNWB)	2.11	2.60	-11	2.90	11
WaFd Inc. (WAFD)[2]	26.70	3.04	-10	2.74	6
Amerant Bancorp Inc. (AMTB)	10.41	3.05	-10	3.92	16
Byline Bancorp Inc. (BY)[3]	9.81	2.85	-10	4.31	13
Shore Bancshares Inc. (SHBI)	6.28	2.84	-10	3.45	10
Northfield Bancorp Inc. (NFBK)	5.73	2.32	-10	2.56	0
Pathfinder Bancorp Inc. (PBHC)	1.47	2.71	-10	3.33	22
Columbia Banking System Inc. (COLB)[4]	67.50	2.43	-9	3.86	12
Live Oak Bancshares Inc. (LOB)	14.67	3.66	-9	3.36	9
Nicolet Bankshares Inc. (NIC)[5]	9.03	2.70	-9	3.88	17
CNB Financial Corp. (CCNE)[6]	8.25	2.75	-9	3.74	13
Metropolitan Bank Holding Corp. (MCB)	8.23	3.71	-9	3.91	9
Midland States Bancorp Inc. (MSBI)	6.91	2.58	-9	3.83	27
Chemung Financial Corp. (CHMG)	2.70	2.36	-9	3.48	44
Group median		**2.75**	**-10**	**3.59**	**13**

Data compiled Nov. 4, 2025.
Analysis limited to US banks trading on the Nasdaq, NYSE or NYSEAM that had reported calendar third-quarter 2025 earnings as of Oct. 31, 2025.
[1] Bar Harbor Bankshares completed the acquisition of Guaranty Bancorp Inc. on July 31, 2025.
[2] The third calendar quarter of 2025 represents the company's fourth fiscal quarter of 2025.
[3] Byline Bancorp Inc. completed the acquisition of First Security Bancorp Inc. on April 1, 2025.
[4] Columbia Banking System Inc. completed the acquisition of Pacific Premier Bancorp on Aug. 31, 2025.
[5] Nicolet Bankshares Inc. announced the acquisition of MidWestOne Financial Group on Oct. 23, 2025.
[6] CNB Financial Corp. completed the acquisition of ESSA Bancorp Inc. on July 23, 2025.
Data based on GAAP filings.
Source: S&P Global Market Intelligence.
© 2025 S&P Global.

Flagstar reduced its deposit costs by 13 basis points after it paid down $2 billion of brokered deposits and $5.6 billion of its retail certificate of deposits (CDs)

matured during the third quarter at a weighted average cost of 4.50%, CFO Lee Smith said during an Oct. 24 earnings call. Smith added that the bank retained approximately 85% of the CDs, and they were moved into products that are 30 basis points to 35 basis points lower than those that matured.

Year over year, Flagstar has reduced its brokered deposits and Federal Home Loan Bank (FHLB) advances by nearly $20 billion, Smith said.

"We've done a tremendous job managing the cost of our fundings down through paying off those high-cost brokered deposits and FHLB advances, but we've also reduced core deposit costs without Fed cuts," the CFO said, adding that Flagstar expects additional deposit cost declines in relation to Fed cuts. "We continue to actively manage our cost of deposits and are targeting a 55% to 60% deposit beta on all interest-bearing deposits with the Fed rate cuts."

Simmons First National Corp., which logged an 11-basis-point reduction in deposit costs during the quarter, plans to remain focused on striking a balance between deposit rates and deposit growth during the Fed's rate-cutting cycle, CFO Charles Daniel Hobbs said Oct. 17.

"If you look at our deposit costs relative to peers and our ability to bring that down, we'll continue to do that, but we'll also fight and defend core customer deposits as we move from here," Hobbs said.

Also among the banks that logged a lower cost of interest-bearing deposits was WaFd Inc., with a quarter-over-quarter decline of 10 basis points. The company similarly plans to be more aggressive in reducing its deposit costs as the Fed cuts rates, President and CEO Brent Beardall said Oct. 17.

"We were very aggressive with this latest rate cuts and we'll get the benefit of that this next quarter," Beardall said.



– **Set email alerts for future data dispatch articles.**
– **Download a template to generate a bank's regulatory profile.**
– **Download a template to compare a bank's financials to industry aggregate totals.**

US banks with the largest increase in cost of interest-bearing deposits, Q3 2025

Company (ticker)	Total assets ($B)	Cost of interest-bearing deposits (%)	Cost of interest-bearing deposits QOQ change (bps)	Net interest margin (%)	Net interest margin QOQ change (bps)
Old Second Bancorp Inc. (OSBC)[1]	6.99	1.91	61	5.09	25
Plumas Bancorp (PLBC)[2]	2.23	1.56	26	4.87	5
Riverview Bancorp Inc. (RVSB)[3]	1.51	1.89	17	2.78	1
Provident Bancorp Inc. (PVBC)[4]	1.49	3.28	17	3.67	-10
First Merchants Corp. (FRME)[5]	18.81	2.85	14	3.24	-1
Triumph Financial Inc. (TFIN)	6.36	2.36	14	6.34	-7
Rhinebeck Bancorp Inc. (RBKB)	1.32	2.51	14	3.96	1
Glen Burnie Bancorp (GLBZ)	0.35	1.91	13	3.19	15
Equity Bancshares Inc. (EQBK)[6]	6.36	2.58	11	4.48	33
SouthState Bank Corp. (SSB)	66.05	2.58	10	4.09	8
WesBanco Inc. (WSBC)	27.52	2.56	10	3.56	-2
Catalyst Bancorp Inc. (CLST)	0.28	2.59	10	3.87	-6
Comerica Inc. (CMA)[7]	77.38	2.78	9	3.22	-5
First BanCorp. (FBP)	19.32	2.16	9	4.78	9
First Financial Bankshares Inc. (FFIN)	14.84	2.28	9	3.84	4
Independent Bank Corp. (IBCP)	5.49	2.32	9	3.55	-3
Civista Bancshares Inc. (CIVB)[8]	4.11	2.54	9	3.67	-2
Bank7 Corp. (BSVN)	1.89	3.33	9	5.12	17
PNC Financial Services Group Inc. (PNC)[9]	568.77	2.32	8	2.84	2
Eastern Bankshares Inc. (EBC)[10]	25.46	2.11	8	3.50	-8
ServisFirst Bancshares Inc. (SFBS)	17.58	3.41	8	3.12	3
TFS Financial Corp. (TFSL)[11]	17.46	3.04	8	1.84	3
Alerus Financial Corp. (ALRS)	5.33	2.69	8	3.53	3
BayCom Corp. (BCML)	2.60	2.45	8	3.71	-5
Group median		**2.53**	**10**	**3.67**	**1**

Data compiled Nov. 4, 2025.

Analysis limited to US banks trading on the Nasdaq, NYSE or NYSEAM that had reported calendar third-quarter 2025 earnings as of Oct. 31, 2025.

[1] Old Second Bancorp Inc. completed the acquisition of Bancorp Financial Inc. on July 1, 2025.

[2] Plumas Bancorp completed the acquisition of Cornerstone Community on July 1, 2025.

[3] NB Bancorp announced the acquisition of Provident Bancorp Inc. on June 5, 2025.

[4] The third calendar quarter of 2025 represents the company's second fiscal quarter of 2026.

[5] First Merchants Corp. announced the acquisition of First Savings Financial Group on Sept. 25, 2025.

[6] Equity Bancshares Inc. completed the acquisition of NBC Corp. of Oklahoma on July 3, 2025, and announced the acquisition of Frontier Holdings LLC on Sept. 2, 2025.

[7] Fifth Third Bancorp announced the acquisition of Comerica Inc. on Oct. 6, 2025.

[8] Civista Bancshares Inc. announced the acquisition of Farmers Savings Bank on July 10, 2025.

[9] PNC Financial Services Group Inc. announced the acquisition of FirstBank Holding Co. on Sept. 8, 2025.

[10] Eastern Bankshares Inc. completed the acquisition of HarborOne Bancorp Inc on Oct. 28, 2025.

[11] The third calendar quarter of 2025 represents the company's fourth fiscal quarter of 2025.

Data based on GAAP filings.

Source: S&P Global Market Intelligence.

© 2025 S&P Global.

Several of the banks that logged the largest deposit cost increases, such as Old Second Bancorp Inc., Plumas Bancorp, First Merchants Corp., Equity Bancshares Inc., Civista Bancshares Inc. and PNC Financial Services Group Inc., announced or completed acquisitions during the third quarter. Executives at Old Second Bancorp and Equity Bancshares, which both completed acquisitions in July, specifically attributed their deposit cost increases to those transactions during quarterly earnings calls.

Other companies, including PNC, Civista Bancshares and First Merchants, cited different reasons for their increased deposit costs, such as changes in deposit mix or heightened competition. PNC, for example, grew its commercial interest-bearing deposits by $9 billion during the quarter, which drove the company's 8-basis-point sequential deposit cost increase, CFO Robert Reilly during the company's Oct. 15 earnings call.

"Going forward, we anticipate our rate paid on deposits will decline in the fourth quarter because of the full quarter impact of the September Fed rate cut and our expectation for additional cuts in October and December," Reilly said.

This article was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global.