DATA DISPATCH

US banks succeed in taming deposit costs, but competition lingers

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Market Intelligence

Year-end 2025 earnings results suggest banks were able to rein in deposit costs despite ongoing competition concerns.

Public US banks that reported fourth-quarter 2025 earnings through Jan. 23 lowered interest-bearing deposit costs by a median of 43 basis points for the full year 2025. Moreover, the industry beat Street expectations for full-year interest-bearing deposit costs by 1 basis point. Deposit costs were a key concern for investors coming into the reporting period as they wondered if banks would be able to lower deposit rates in step with the Federal Reserve after being forced to pay up for funding in the previous rapid rate-hike cycle.

"Deposit repricing (down-cycle betas) have come in as well as we could hope, and asset repricing opportunities abound," Piper Sandler analyst Scott Siefers wrote in a Jan. 26 note.

Columbia Banking System Inc. lowered its cost of interest-bearing deposits 51 basis points to 2.36% in 2025 from 2.87% in 2024. The company also beat the Visible Alpha estimate of 2.41% by 5 basis points, the biggest beat among banks with over $50 billion in assets that reported earnings through Jan. 23.

While the company keeps an eye on the Fed's moves, other factors like competitor rates and market competition are also big factors when managing deposit costs.

"It's not waiting for just a Fed action to make things happen ... We're always looking for opportunities to trim there if we can," Columbia Bank Co-President Christopher Merrywell said in a Jan. 22 earnings call. "We're analyzing that and following our competitors all the time. And when we see opportunities where we can bring it down 5 basis points, we will ... We're really looking at some regional types of pricing, which may give us the opportunities to be able to recognize markets that aren't quite as competitive versus those that are and keep that more in balance in check."

Among banks with more than $50 billion in assets that reported earnings through Jan. 23, Pinnacle Financial Partners Inc. recorded the largest year-over-year decline in interest-bearing deposit costs, down 65 basis points. The company, which combined in a merger of equals with Synovus Financial Corp. on Jan. 1, is relying on its hiring efforts to drive its projected $8 billion in deposit growth this year,

"Part of our growth story is relying on these bankers to bring over their relationships when they get the loan. So we're not having to go out and rely on promotional deposits to have to generate the $8 billion in deposit growth this year," President and CEO Kevin Blair said on the companies' combined fourth-quarter 2025 earnings call.

US banks with assets over $50B by change in cost of total interest-bearing deposits, 2025

Listed by the highest difference in actual and estimated total cost of interest-bearing deposits and then by total assets

		Visible Alpha cost of total interest-bearing deposits			Visible Alpha gross yield on loans held in portfolio		
Company (ticker)	Total assets ($B)	Actual (%)	Final estimate (%)	Actual vs. final estimate (bps)[1]	Actual (%)	Final estimate (%)	Actual vs. final estimate (bps)[1]
Columbia Banking System Inc. (COLB)	66.83	2.36	2.41	-5	5.95	5.92	3
First Horizon Corp. (FHN)	83.88	2.70	2.73	-3	5.92	5.92	0
Citigroup Inc. (C)	2,657.20	3.01	3.03	-2	8.46	8.48	-2
SouthState Bank Corp. (SSB)	67.20	2.50	2.52	-2	6.29	6.29	0
Pinnacle Financial Partners Inc. (PNFP)[2]	57.71	3.12	3.14	-2	6.13	6.17	-4
Bank of America Corp. (BAC)	3,410.39	2.35	2.36	-1	5.57	5.57	0
U.S. Bancorp (USB)	692.35	2.37	2.38	-1	5.89	5.90	-1
PNC Financial Services Group Inc. (PNC)[3]	573.57	2.23	2.24	-1	5.74	5.72	2
First Citizens BancShares Inc. (FCNC.A)	229.70	2.98	2.99	-1	6.41	6.40	1
M&T Bank Corp. (MTB)	213.51	2.32	2.33	-1	NA	6.08	N/A
East West Bancorp Inc. (EWBC)	80.43	3.24	3.25	-1	6.40	6.38	2
JPMorgan Chase & Co. (JPM)	4,424.90	2.37	2.37	0	6.72	6.71	1
Fifth Third Bancorp (FITB)[4]	214.38	2.37	2.37	0	6.06	6.07	-1
KeyCorp (KEY)	184.38	2.41	2.41	0	5.47	5.47	0
Old National Bancorp (ONB)	72.15	2.48	2.48	0	6.12	6.10	2
Citizens Financial Group Inc. (CFG)	226.35	2.32	2.31	1	5.30	5.31	-1
Huntington Bancshares Inc. (HBAN)[4]	225.11	2.41	2.40	1	NA	NA	N/A
Zions Bancorp. NA (ZION)	88.99	2.51	2.50	1	NA	5.83	N/A
Webster Financial Corp. (WBS)	84.07	2.05	2.04	1	5.86	5.83	3
Wintrust Financial Corp. (WTFC)	71.14	3.09	3.08	1	6.43	6.42	1
F.N.B. Corp. (FNB)	50.23	2.65	2.64	1	5.73	5.74	-1
BOK Financial Corp. (BOKF)	52.24	3.11	2.99	12	6.65	9.21	-256
Industry median[5]		**2.64**	**2.58**	**-1**	**6.14**	**6.14**	**1**

Data compiled Jan. 28, 2026.

NA = not available; N/A = not applicable.

Analysis limited to US banks trading on the Nasdaq or NYSE that had reported calendar fourth-quarter 2025 earnings as of Jan. 23, 2026, held greater than $50 billion in total assets as of Dec. 31, 2025, and for which Visible Alpha actual and estimated cost of total interest-bearing deposits data for calendar year 2025 was available.

[1] Calculations are based on values rounded to two decimal places.

[2] Pinnacle Financial Partners Inc. and Synovus Financial Corp. completed a merger of equals on Jan. 1, 2026.

[3] Completed a US whole bank deal between Jan. 1, 2026, and Jan. 23, 2026.

[4] Acquirer in a pending US whole bank deal.

[5] Analysis limited to US banks trading on the Nasdaq or NYSE that had reported calendar fourth-quarter 2025 earnings as of Jan. 23, 2026, and for which Visible Alpha actual and estimated cost of total interest-bearing deposits data for calendar year 2025 was available.

Total assets data based on GAAP filings as of Dec. 31, 2025.

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

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Texas Capital Bancshares Inc.'s cost of interest-bearing deposits dropped 81 basis points year over year, the largest decline among public US banks that reported earnings through Jan. 23.

"Clients are less price sensitive on rate when you're adding value in a lot of different ways, and you're relevant to your client with quality client coverage and proactive ideas and execution on other fronts. You become much less price-oriented on deposits," Chairman, President and CEO Robert Holmes said on a Jan. 22 earnings call.

San Juan, Puerto Rico-based OFG Bancorp posted the largest interest-bearing deposit cost beat among banks in the analysis, reporting 2.01% in 2025 versus the Visible Alpha estimate of 2.18%. Despite the beat, OFG posted one of the lowest year-over-year declines in its cost of interest-bearing deposits, down 6 basis points.

The competitive landscape for deposits in Puerto Rico is "intensifying," OFG Bancorp President, Chairman and CEO José Rafael Fernández during a Jan. 22 earnings call.

"I'm not saying that we are going out crazy here in the market in Puerto Rico in terms of deposits, but it's slightly and slowly but surely getting more intense in terms of deposit competition," the executive said. "Also be aware that we have credit unions, US credit unions that are and have been for the last three or four years, very aggressive. They remain so. And that is also part of the equation here in Puerto Rico, the tax exempt credit unions, they have another lever there that allows them to be more aggressive on the deposit side."

US banks with assets under $50B by change in cost of total interest-bearing deposits, 2025

Listed by the highest difference in actual and estimated total cost of interest-bearing deposits and then by total assets

		Visible Alpha cost of total interest-bearing deposits			Visible Alpha gross yield on loans held in portfolio		
Company (ticker)	Total assets ($B)	Actual (%)	Final estimate (%)	Actual vs. final estimate (bps)[1]	Actual (%)	Final estimate (%)	Actual vs. final estimate (bps)[1]
OFG Bancorp (OFG)	12.47	2.01	2.18	-17	NA	NA	N/A
Northpointe Bancshares Inc. (NPB)	7.02	4.31	4.36	-5	6.32	6.35	-3
United Community Banks Inc. (UCB)	28.00	2.64	2.68	-4	6.14	6.14	0
1st Source Corp. (SRCE)	9.06	2.70	2.73	-3	6.79	6.76	3
Atlantic Union Bankshares Corp. (AUB)	37.59	2.79	2.81	-2	6.38	6.31	7
BankUnited Inc. (BKU)	35.04	3.39	3.41	-2	5.48	5.50	-2
United Bankshares Inc. (UBSI)	33.66	2.79	2.81	-2	6.22	6.14	8
Texas Capital Bancshares Inc. (TCBI)	31.54	3.75	3.77	-2	6.25	6.24	1
Heritage Commerce Corp. (HTBK)[2]	5.76	1.97	1.99	-2	5.61	5.55	6
Unity Bancorp Inc. (UNTY)	2.97	2.97	2.99	-2	6.85	6.84	1
Bank OZK (OZK)	40.79	3.63	3.64	-1	7.70	7.68	2
Banc of California Inc. (BANC)	34.80	2.87	2.88	-1	5.93	5.93	0
Customers Bancorp Inc. (CUBI)	24.90	3.97	3.98	-1	6.68	6.68	0
Simmons First National Corp. (SFNC)	24.54	2.88	2.89	-1	6.25	6.23	2
Dime Community Bancshares Inc. (DCOM)	15.34	2.90	2.91	-1	5.39	5.48	-9
S&T Bancorp Inc. (STBA)	9.87	2.70	2.71	-1	6.02	5.98	4
TriCo Bancshares (TCBK)	9.82	1.97	1.98	-1	5.75	5.70	5
Business First Bancshares Inc. (BFST)[3]	8.21	3.29	3.30	-1	6.96	6.94	2
Hancock Whitney Corp. (HWC)	35.47	2.54	2.54	0	5.83	5.83	0
Commerce Bancshares Inc. (CBSH)[3]	32.92	1.68	1.68	0	5.97	5.97	0
Fulton Financial Corp. (FULT)[4]	32.12	2.45	2.45	0	5.87	5.85	2
City Holding Co. (CHCO)	6.72	1.69	1.69	0	5.80	5.80	0
Third Coast Bancshares Inc. (TCBX)[4]	5.34	3.93	3.93	0	NA	NA	N/A
ACNB Corp. (ACNB)	3.23	1.41	1.41	0	6.25	6.18	7
Peoples Bancorp Inc. (PEBO)	9.65	2.21	2.20	1	6.70	6.70	0
Norwood Financial Corp. (NWFL)[3]	2.42	2.71	2.70	1	6.16	6.16	0
Esquire Financial Holdings Inc. (ESQ)	2.37	1.45	1.44	1	7.91	7.91	0
Glacier Bancorp Inc. (GBCI)	31.98	1.78	1.76	2	5.93	5.68	25
Home BancShares Inc. (HOMB)[4]	22.88	2.60	2.58	2	7.36	7.32	4
BancFirst Corp. (BANF)	14.84	3.23	3.21	2	6.94	6.92	2
OceanFirst Financial Corp. (OCFC)[4]	14.56	2.48	2.46	2	NA	NA	N/A
Cathay General Bancorp (CATY)	24.23	3.29	2.94	35	6.12	6.12	0
FB Financial Corp. (FBK)	16.30	3.09	2.54	55	6.58	6.56	2
Industry median[5]		**2.64**	**2.58**	**-1**	**6.14**	**6.14**	**1**

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All eyes on deposit betas

Beyond active repricing, a strategic shift in funding mix helped banks to contain costs. In some cases, banks are diligently working to shed expensive, rate-sensitive funds in favor of stickier relationship-based accounts. For instance, U.S. Bancorp highlighted a $6 billion reduction in certificates of deposit (CDs).

Banks' progress on reducing deposit costs is also measured by the "deposit beta" — the portion of a Fed rate cut that a bank passes on to its depositors. Many banks projected stronger betas, suggesting they believe the market is behaving rationally, allowing them to pass on rate cuts without triggering a mass exodus of

deposits.

M&T Bank Corp. CFO Daryl Bible said the company has "been holding pretty good to the low 50s" for deposit beta so far, and the company is confident it can stay around that beta even if there is a further 50-basis-point rate cut.

The cumulative deposit beta for Simmons First National Corp. was 64% as of the fourth quarter of 2025. By the end of 2026, Simmons expects the cumulative deposit beta to settle in the high-50% range.

"Where we see irrational competition for the most part today on the deposit side is from smaller banks. And the good news is in a lot of those markets where we're competing with the smaller banks, we have a very, very dominant market share and we can kind of flex around that," said Simmons President and CEO James Brogdon on a Jan. 21 earnings call.

Some banks like F.N.B. Corp., Regions Financial Corp.and Webster Financial Corp. projected a more moderate terminal beta in the mid-30% range.

"We were a little bit more aggressive in the fourth quarter. There is still significant competition, particularly in our geographic footprint," said Webster Chairman, President and CEO John Ciulla during the company's Jan. 23 earnings call.

Webster CFO William Holland observed that some large banks in their market are maintaining very aggressive pricing on consumer CDs, and there are still offers in the market "well over 4%" for direct bank products, while Webster has moved its own pricing lower.

"The commercial side continues to be competitive as always, especially in our markets. So I would say it's generally across the board, we're seeing a competitive landscape," said Holland.

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