



3Q25

Quarterly Bank Report

November 3, 2025

CPG monitors the quarterly financial performance trends of publicly traded banks and provides opinions on the implications for the industry and the strategies required to deliver top-tier performance going forward.

If you have any feedback or would like to discuss this report, please contact Claude Hanley at 703-861-8623 or chanley@capitalperform.com.

CPG's Takeaways:

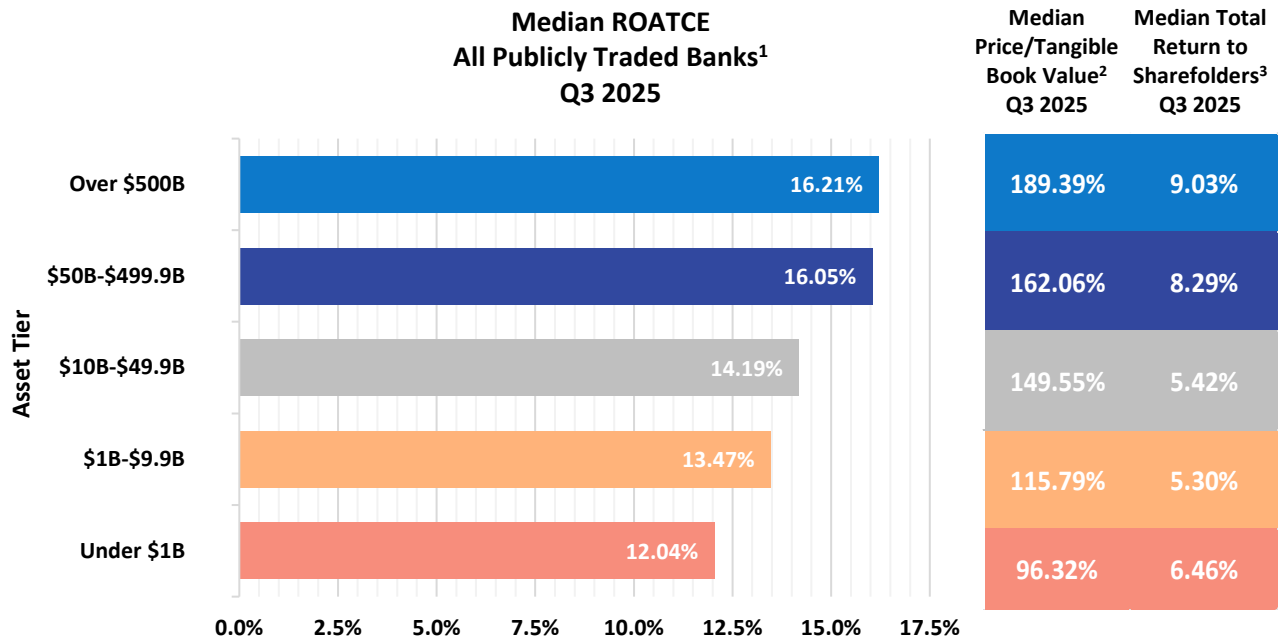
The banking industry reported robust earnings in 3Q25.

- ✓ Median ROTCEs for all asset tiers were double-digit, and the median price-to-tangible book value increased in each asset tier. The median total return to shareholders improved across all asset tiers. The two largest asset tiers posted the highest gains, followed by the under \$1.0B asset tier.
- ✓ Margins expanded for the fourth consecutive quarter, even though funding costs remained relatively stable for all asset tiers. We expect further NIM expansion in the fourth quarter. The Federal Reserve cut rates in mid-September and again in October, so the fourth quarter will likely show a more pronounced decline in the cost of funds.
- ✓ Loan growth was modestly positive across all asset tiers. In 3Q25 earnings calls, executives at many banks noted consumer resilience and steady commercial lending as factors expected to support loan growth through the rest of the year.
- ✓ Bank stock indices outperformed broader market indices—higher valuations, coupled with greater clarity on the economic outlook, accelerated M&A activity. While some banks remained focused on organic growth, many have elevated the importance of acquisitions in their growth plans, so we expect the M&A pace to continue.
- ✓ While some banks reported significant charge-offs tied to borrower fraud or other one-time events, credit conditions overall remained benign. The median ratio of nonaccrual loans to total assets was relatively unchanged for all asset tiers. The ABA's latest Credit Conditions Index rose 2.3 points in Q3 to 34.4, a slight improvement from the prior quarter. However, the index has been below the neutral threshold of 50 for the third consecutive quarter, signaling that overall conditions will weaken over the next six months, and macroeconomic risks, such as a softening labor market, remain.

Economic Outlook

- Prices increased by 0.3% between August and September and were the highest since January. The annual rate of inflation for September 2025 was 3.0%, representing the 12-month period ending in September.
- Recent layoffs by several large corporations augur the end of labor hoarding, holding on to employees for fear of not being able to get them back later, according to the *Wall Street Journal*.

Median ROATCE



The median total return to shareholders improved across all asset tiers. The two largest asset tiers posted the highest gains followed by the under \$1.0B asset tier. Median ROTCEs for all asset tiers were double-digit, and the median price to tangible book value increased in each asset tier.

Source: CPG analysis of data provided by S&P Global Market Intelligence, 2025.

1. 339 publicly traded U.S. banks and thrifts that had reported Q3 2025 results as of 10/28/25.

2. Share price as of 9/30/25.

3. Total Return to Shareholders Q3 as of 9/30/25.

Stock Performance



For the second consecutive quarter, bank stock indices outperformed the broader market indices.

Source: S&P Global Market Intelligence, 2025. Price Change (%) collected from June 30, 2025, through September 30, 2025.

M&A Activity

M&A Activity: July 1, 2025 - October 31, 2025	Seller's Total Asset Size				
	Total	<\$1.0B	\$1.0B-\$9.9B	\$10.0B-\$49.9B	\$50.0B-\$499.9B
# of Transactions Announced	71	44	18	3	3
Median Asset Size of Buyer (\$000)	2,046,265	980,075	9,029,430	207,742,000	209,991,000
Median Asset Size of Seller (\$000)	393,724	176,871	1,770,074	12,527,868	61,056,785
Median Seller/Buyer Assets (%)	19.24	18.05	19.60	6.03	29.08
Median Deal Value/TCE (%)	151.10	126.24	155.03	150.86	170.00
Median Deal Value/Earnings (x)	14.72	22.93	14.40	15.26	14.41

Since July 1st, 71 transactions have been announced, representing 70% of all transactions announced this year. Community institutions comprised the lion's share of announced transactions, but buyers spanned asset tiers, including large regional banks. Many banks have elevated the importance of acquisitions in their growth plans, and it is expected that the current pace of M&A activity will continue.

Source: CPG Analysis of S&P Global Market Intelligence, October 2025.

Top Valued Banks as of September 30, 2025 (Price/Tangible Book Value)

		Price/Tangible Book Value (X)	
Asset Tier (Institution)	Headquarters (City, State)	As of 9/30/25	Change [6/30/25 - 9/30/25]
Over \$500B Median		1.9	0.1
Morgan Stanley	New York, NY	3.3	0.3
JPMorgan Chase & Co.	New York, NY	3.0	0.2
The Goldman Sachs Group, Inc.	New York, NY	2.4	0.3
\$50B-\$499.9B Median		1.6	0.1
The Charles Schwab Corporation	Westlake, TX	7.5	0.3
The Bank of New York Mellon Corporation	New York, NY	3.9	0.5
Northern Trust Corporation	Chicago, IL	2.3	0.1
State Street Corporation	Boston, MA	2.2	0.1
Fifth Third Bancorp	Cincinnati, OH	2.1	0.1
\$10B-\$49.9B Median		1.5	0.0
First Financial Bankshares, Inc.	Abilene, TX	3.2	-0.4
Community Financial System, Inc.	Dewitt, NY	3.0	-0.1
BancFirst Corporation	Oklahoma City, OK	2.7	0.0
ServisFirst Bancshares, Inc.	Birmingham, AL	2.5	0.0
Glacier Bancorp, Inc.	Kalispell, MT	2.4	0.2
\$1B-\$9.9B Median		1.2	0.0
Esquire Financial Holdings, Inc.	Jericho, NY	3.1	0.1
Pathward Financial, Inc.	Sioux Falls, SD	3.1	-0.5
City Holding Company	Charleston, WV	2.8	-0.1
Bank First Corporation	Manitowoc, WI	2.7	0.0
Triumph Financial, Inc.	Dallas, TX	2.5	-0.3
Under \$1B Median		1.0	0.1
Delhi Bank Corp.	Delhi, NY	2.3	-0.1
Juniata Valley Financial Corp.	Mifflintown, PA	1.6	0.1
Eastern Michigan Financial Corporation	Croswell, MI	1.5	0.5
Bank of South Carolina Corporation	Charleston, SC	1.5	0.1
Pinnacle Bancshares, Inc.	Jasper, AL	1.4	NA

In three of the five asset tiers, valuations increased overall. However, among some of the higher valued banks between \$1.0B and \$49.9B, there were significant reductions in value.

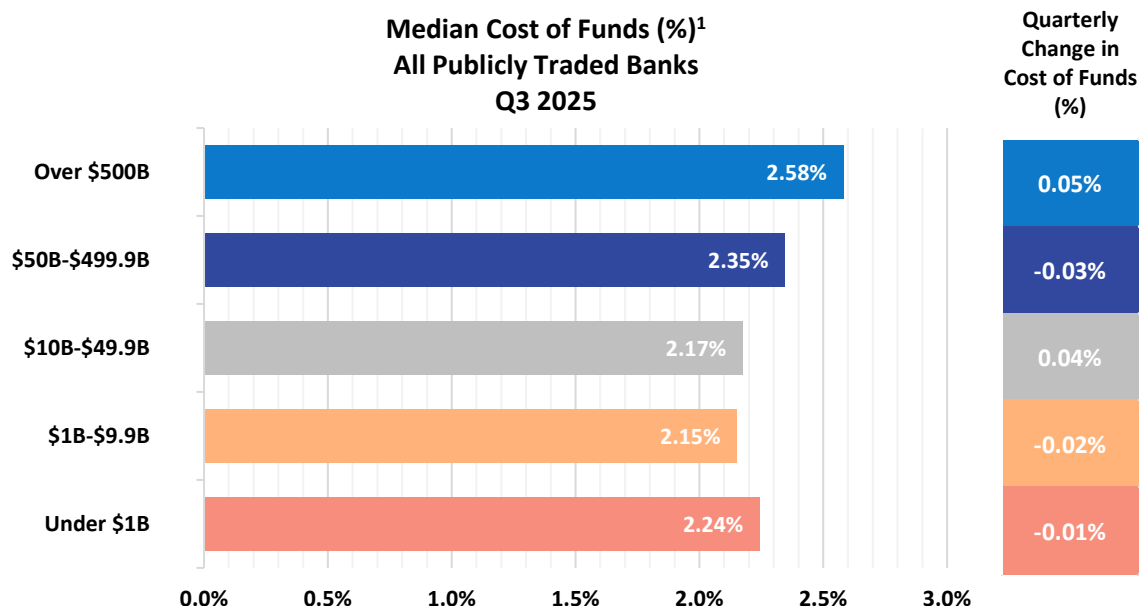
Among larger banks, the price-to-tangible book value multiples increased among those with investment banking, asset management, and capital markets businesses.

Some of the higher-valued banks saw their valuations decline. Triumph Financial and First Financial Bankshares recorded material net charge-offs, while Pathward Financial signaled reduced 2026 profitability due to a restructuring.

Source: CPG analysis of data provided by S&P Global Market Intelligence, 2025.

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Cost of Funds



Funding costs remained relatively stable for all asset tiers, shifting only a few basis points. The Federal Reserve reduced rates in mid-September and again in October, so the fourth quarter will likely show a more pronounced change in the cost of funds.

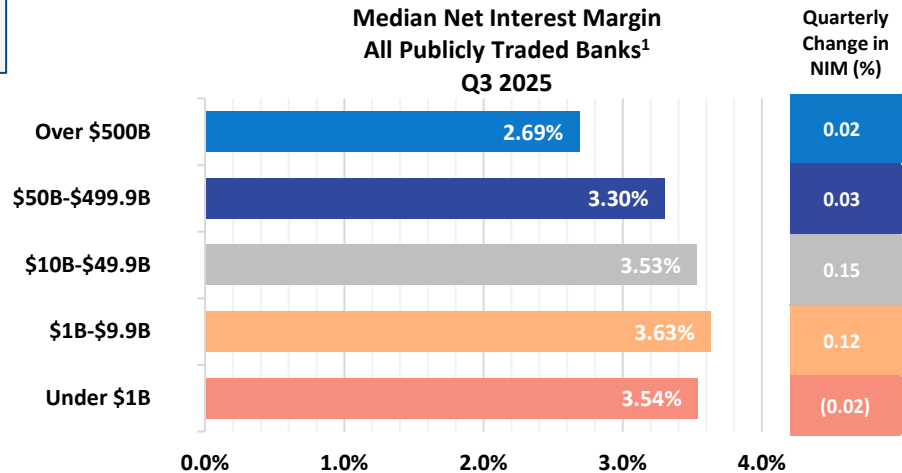
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3Q25 Quarterly Bank Report

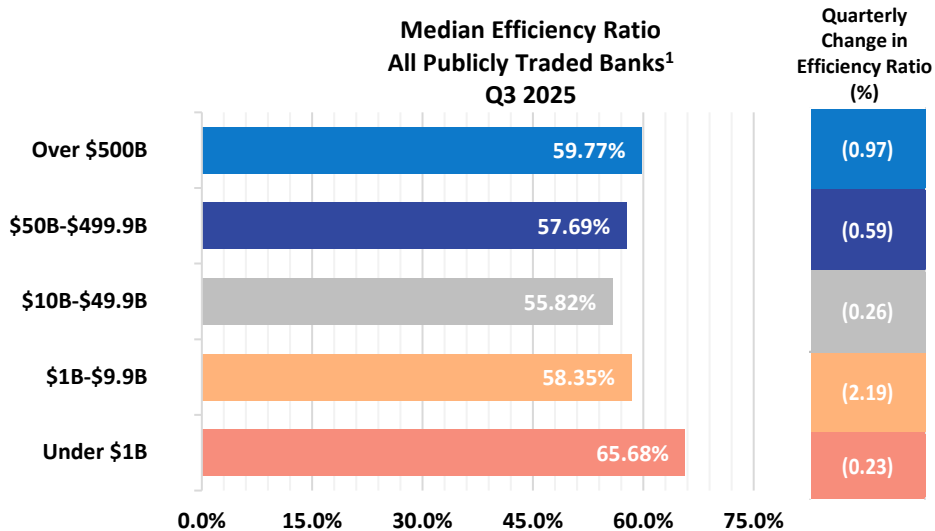
Net Interest Margin

The median net interest margin increased for banks over \$1B. The expansion was driven by continued asset repricing.



Efficiency Ratio

Median efficiency ratios improved for all asset tiers for a second quarter due to continued growth in both net interest income and noninterest income. Median revenue growth remained well above median growth in noninterest expenses among all asset tiers.



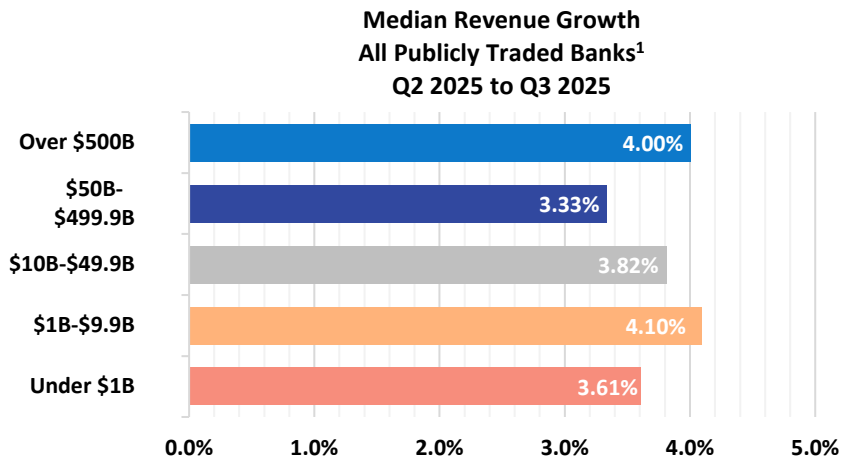
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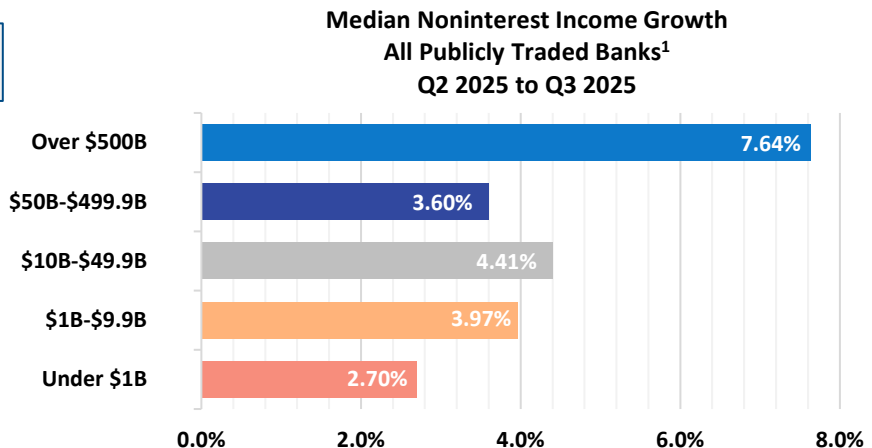
Revenue Growth

Median revenue growth hovered around 3% and 4% for all asset tiers. The largest increase was in the \$1.0-\$9.9B asset tier.



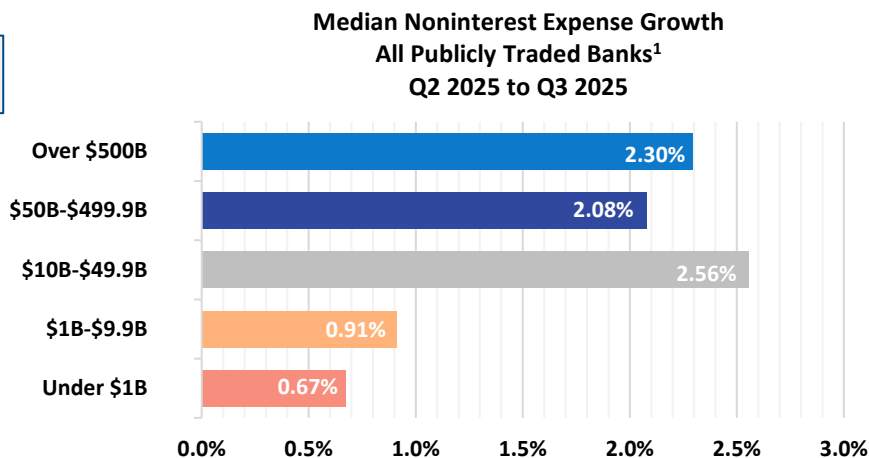
Noninterest Income

Noninterest income growth continued across asset tiers. Investment banking fees were a major contributor to the 7.64% median growth in the largest asset tier.



Noninterest Expense

Noninterest expense grew for all asset tiers, with the highest growth in the \$10.0B-\$49.9B tier and the over \$500.0B tier. The growth can be partly attributed to investments in technology and increased M&A activity.



Source: CPG analysis of data provided by S&P Global Market Intelligence, 2025.

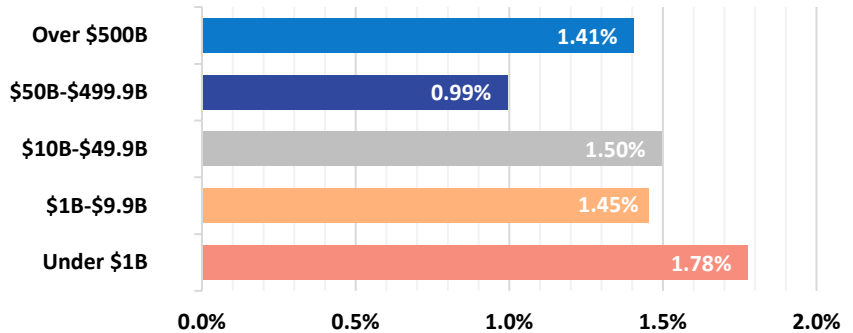
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Deposit Growth

In Q3, all asset tiers saw larger deposit growth than in Q2, driven mainly by increased system liquidity and a shift of cash into bank deposits as rate cuts and falling money-market yields reduced the appeal of alternatives.

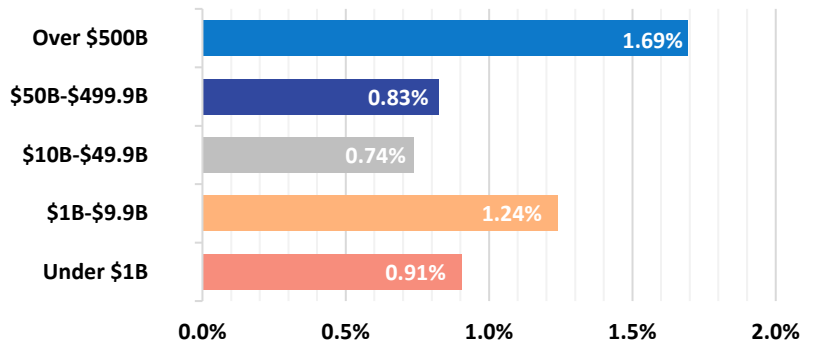
**Median Deposit Growth
All Publicly Traded Banks¹
Q2 2025 to Q3 2025**



Net Loan Growth

Median net loan growth was positive across all asset tiers. In 3Q25 earnings calls, executives at many banks noted consumer resilience and steady commercial lending as factors expected to support loan growth through the rest of the year.

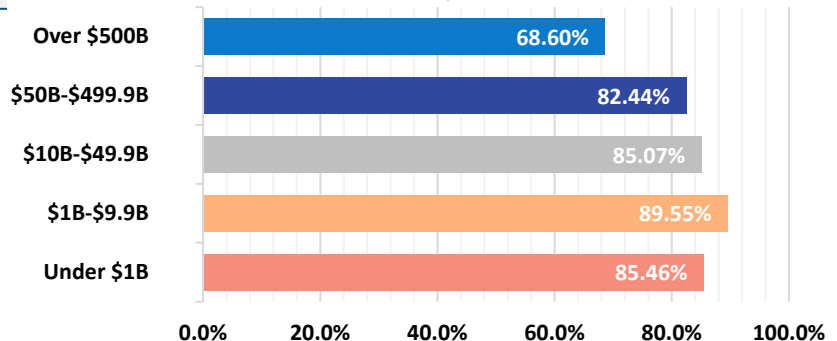
**Median Net Loan Growth
All Publicly Traded Banks¹
Q2 2025 to Q3 2025**



Loan to Deposit Ratio

The median loan-to-deposit ratios remained steady in 3Q25, with only marginal changes from the prior quarter. All four asset tiers below \$500B maintained loan-to-deposit ratios over 80.0%.

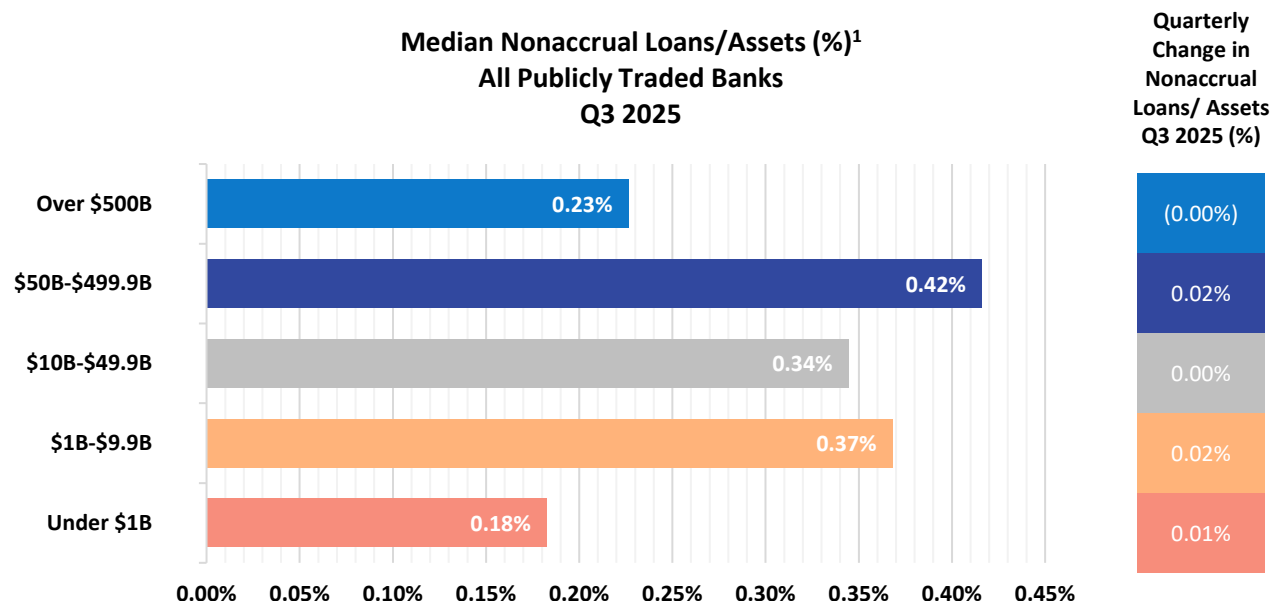
**Median Loan to Deposit Ratio
All Publicly Traded Banks¹
Q3 2025**



Source: CPG analysis of data provided by S&P Global Market Intelligence, 2025.

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Nonaccrual Loans/Assets

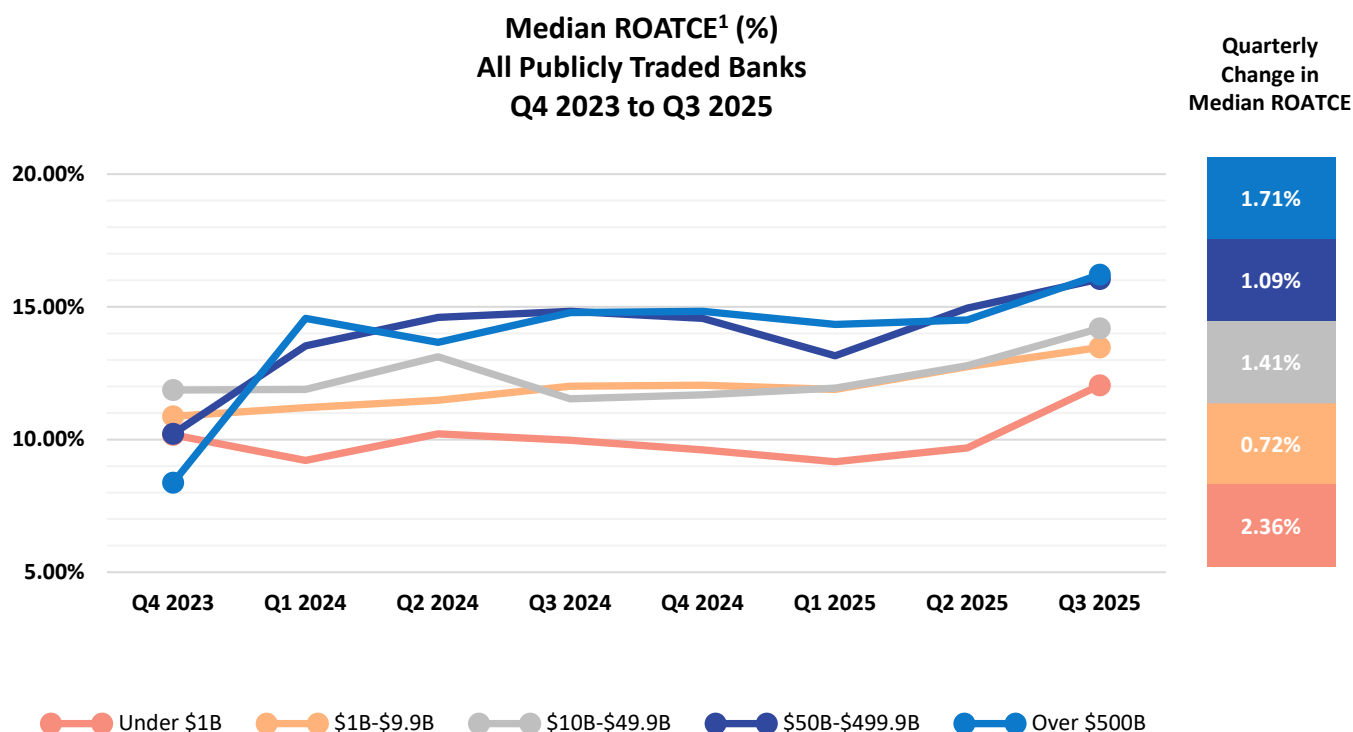


The median ratio of nonaccrual loans to total assets was relatively unchanged for all asset tiers. The ABA's latest Credit Conditions Index rose 2.3 points in Q3 to 34.4, a slight improvement from the prior quarter. However, the index has been below the neutral threshold of 50 for the third consecutive quarter, signaling that overall conditions will weaken over the next six months.

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ROATCE Trends by Asset Tier



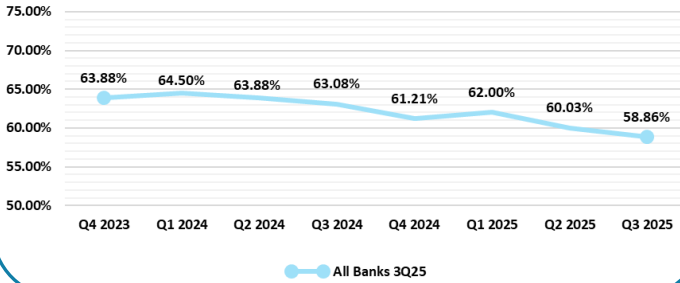
Continued loan growth, deposit growth, and revenue growth led to elevated profitability in Q3. Moreover, the median ROATCE increased in all asset tiers. Banks under \$1B in assets saw the most significant increase in ROATCE.

Source: CPG analysis of data provided by S&P Global Market Intelligence, 2025.

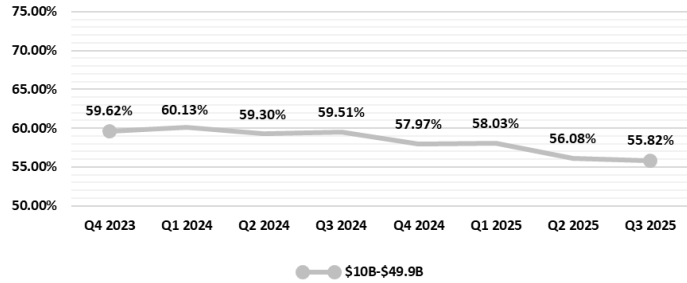
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Efficiency Trends by Asset Tier

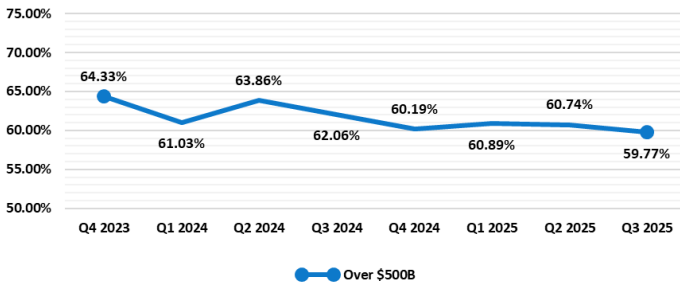
Median Efficiency Ratio¹ (%)
All Publicly Traded Banks
Q4 2023 to Q3 2025



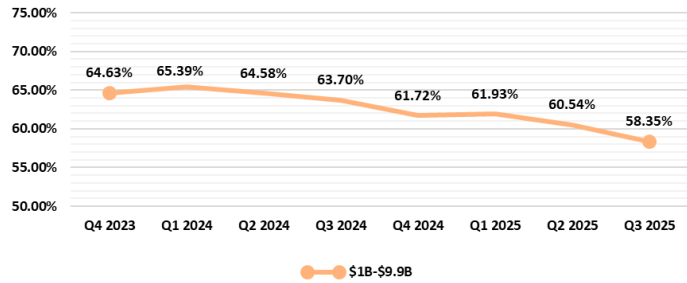
Median Efficiency Ratio¹ (%)
Publicly Traded Banks \$10B - \$49.9B
Q4 2023 to Q3 2025



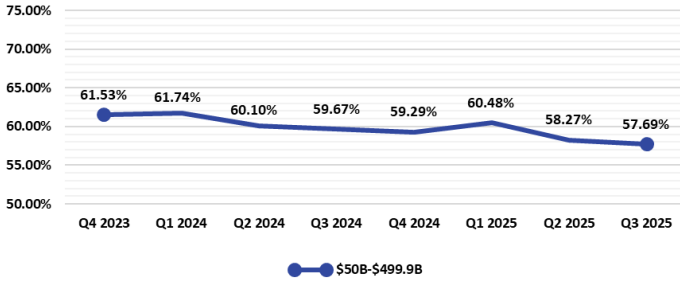
Median Efficiency Ratio¹ (%)
Publicly Traded Banks Over \$500B
Q4 2023 to Q3 2025



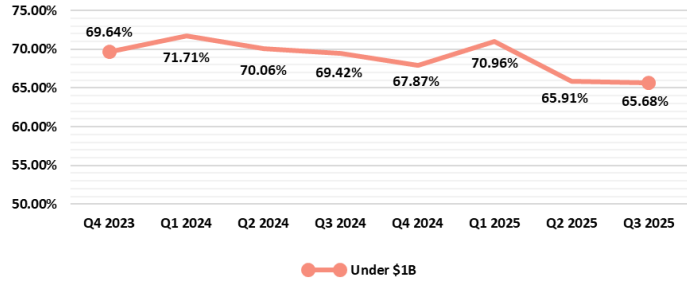
Median Efficiency Ratio¹ (%)
Publicly Traded Banks \$1B - \$9.9B
Q4 2023 to Q3 2025



Median Efficiency Ratio¹ (%)
Publicly Traded Banks \$50B - \$499.9B
Q4 2023 to Q3 2025



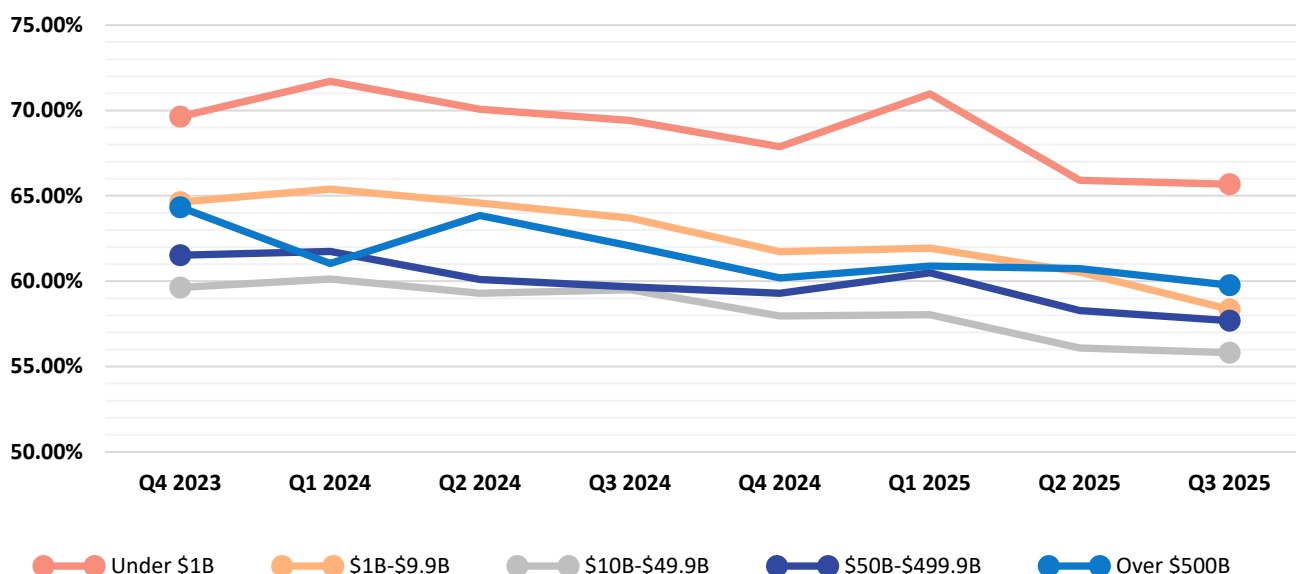
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Efficiency Trends by Asset Tier

Median Efficiency Ratio¹ (%)
All Publicly Traded Banks
Q4 2023 to Q3 2025



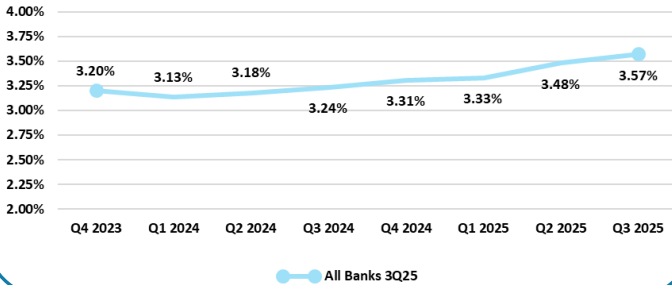
Efficiency ratios decreased for a second consecutive quarter for all asset tiers in Q3. As with Q2, the improvement can be attributed to revenues growing faster than noninterest expenses. The continued adoption of new technologies and AI is expected to bolster efficiency as more banks integrate them into their operations.

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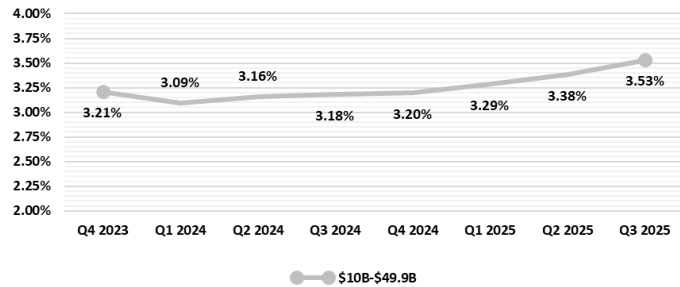
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Net Interest Margin Trends by Asset Tier

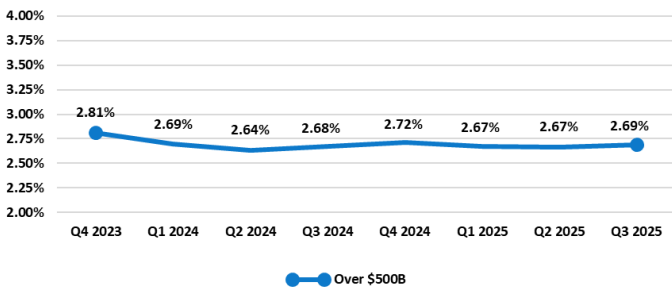
Median NIM¹ (%)
All Publicly Traded Banks
Q4 2023 to Q3 2025



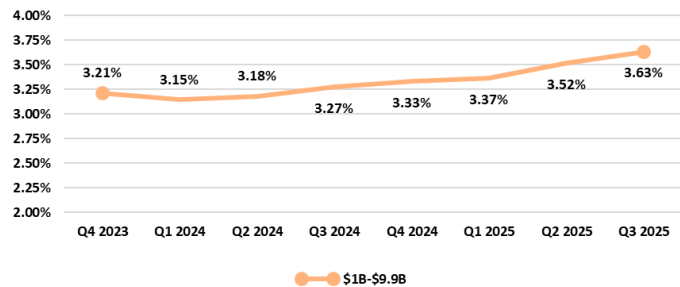
Median NIM¹ (%)
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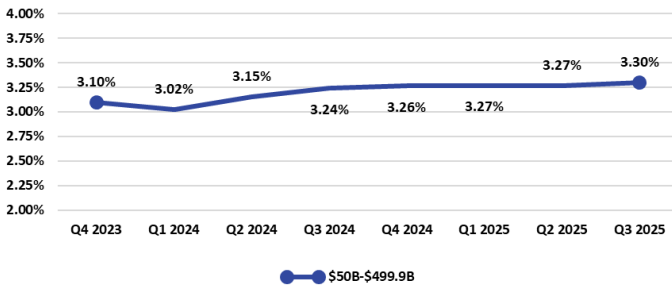
Median NIM¹ (%)
Publicly Traded Banks Over \$500B
Q4 2023 to Q3 2025



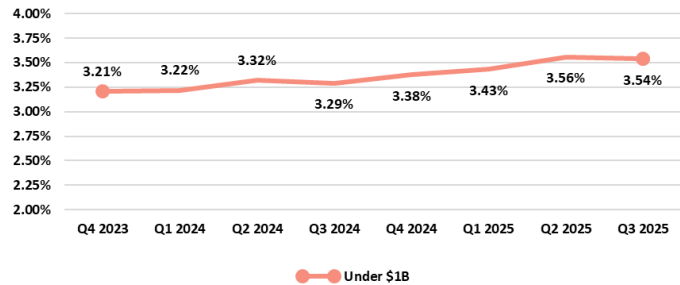
Median NIM¹ (%)
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Q4 2023 to Q3 2025



Median NIM¹ (%)
Publicly Traded Banks \$50B - \$499.9B
Q4 2023 to Q3 2025



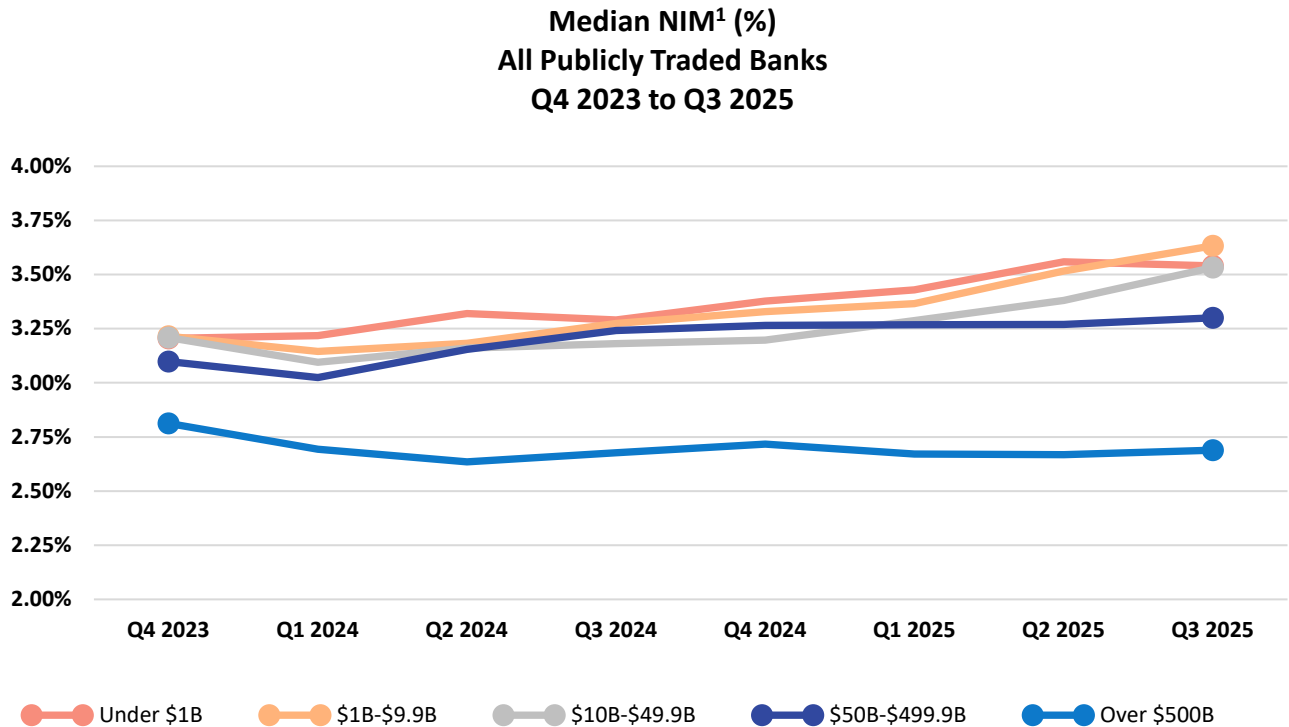
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Q4 2023 to Q3 2025



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Net Interest Margin Trends by Asset Tier

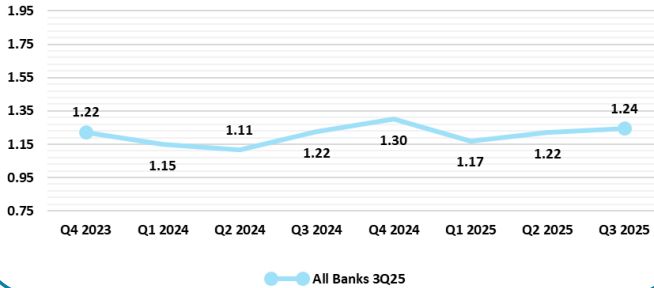


Median net interest margins continued to expand across all asset tiers over the past four quarters. During earnings calls, many executives cited higher interest-earning balances and wider interest spreads as the primary drivers of the margin expansion.

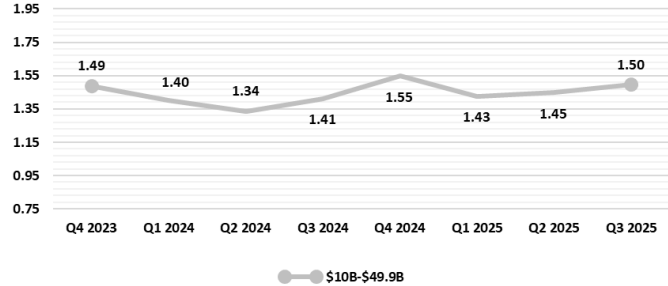
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Valuation Trends by Asset Tier

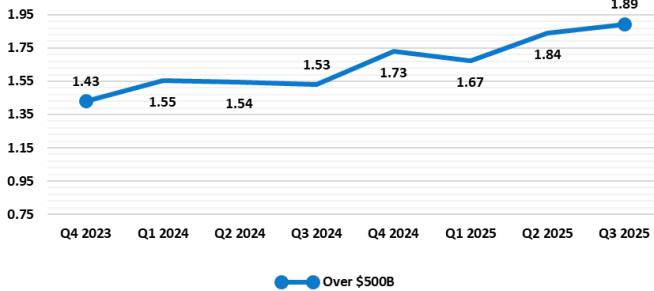
Median Price/Tangible Book Value¹ (x)
All Publicly Traded Banks
Q4 2023 to Q3 2025



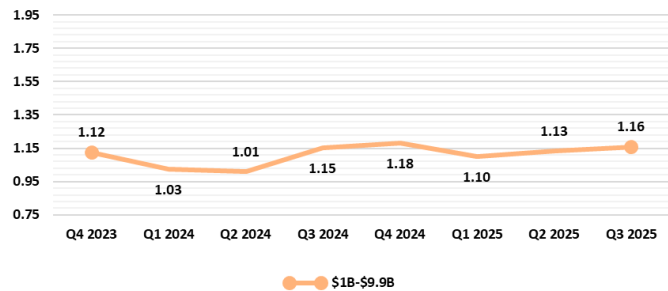
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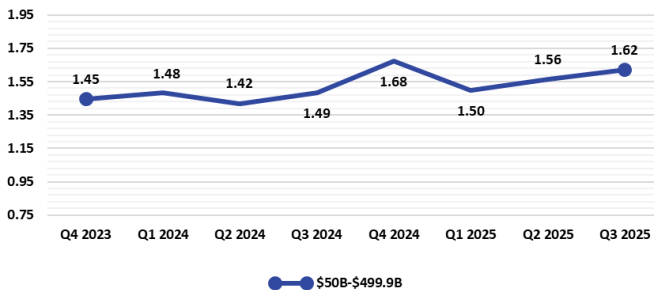
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Publicly Traded Banks Over \$500B
Q4 2023 to Q3 2025



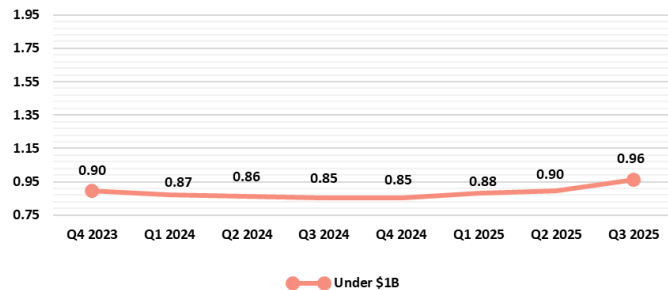
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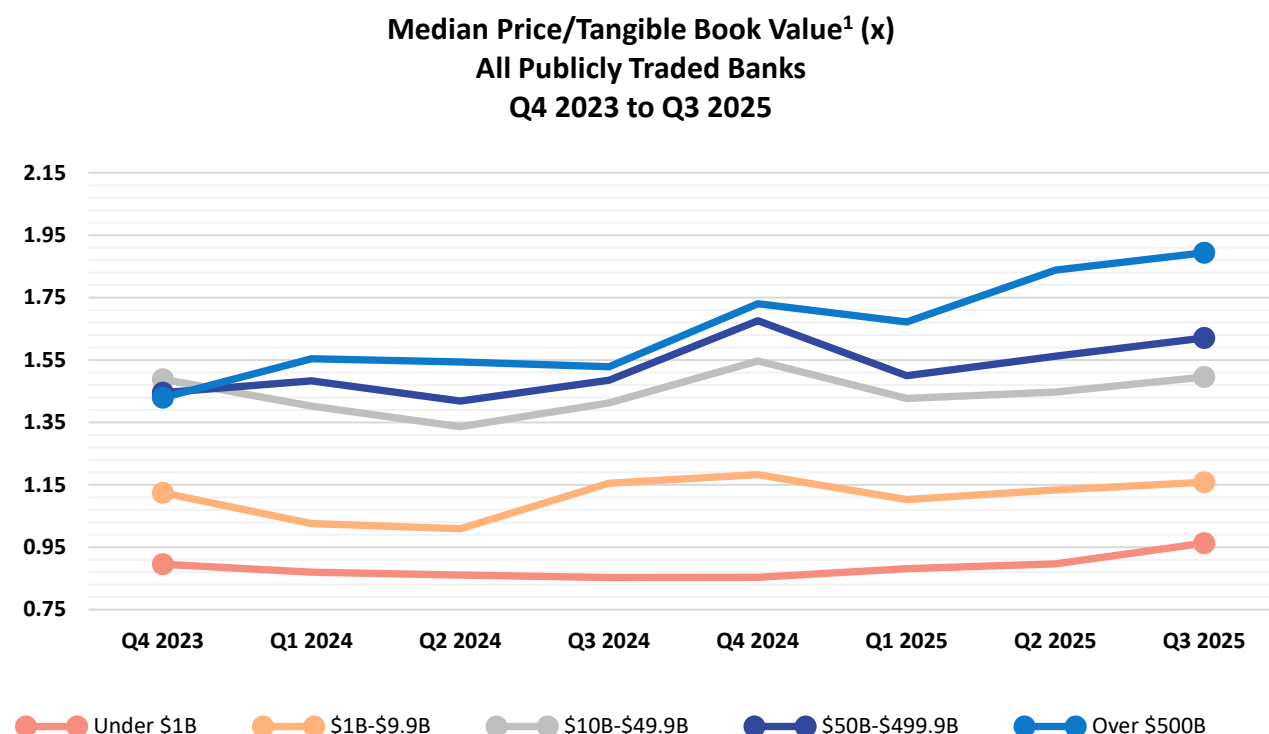
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Valuation Trends by Asset Tier



Bank stock valuations increased for a second consecutive quarter for all asset tiers.

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Who We Are

CPG is a management consulting firm founded in 2001. We focus exclusively on the financial services industry. We provide value to our clients by delivering proven solutions to critical business issues, empowering decision-makers with relevant, concise, well-organized information, and engineering work practices to drive efficiencies and productivity.

For more than 20 years, Capital Performance Group has worked with the [ABA Banking Journal](#) and the [American Banker](#) to evaluate the nation's top performing banks.

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