



2Q25

Quarterly Bank Report

August 5, 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:

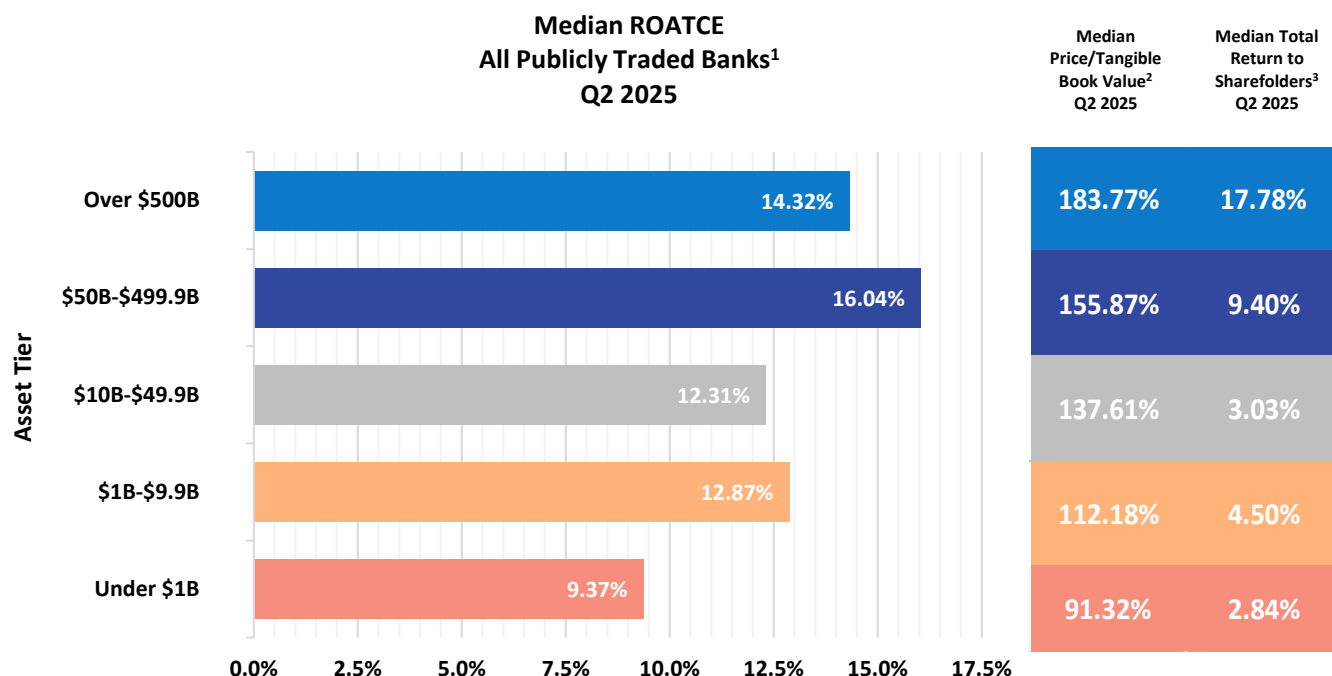
The banking industry posted solid financial results in 2Q25.

- ✓ Loan growth, deposit growth, and revenue growth led to improved profitability. The median ROATCE increased in all asset tiers less than \$500B. During 2Q25 earnings calls, executives at many banks expressed optimism about the outlook for loan demand for the remainder of 2025. However, the outlook is clouded by uncertainty regarding economic developments and global trade tensions.
- ✓ Margin expansion continued for banks with less than \$50.0 billion in assets, driven by a lower cost of funds and redeployment into higher-yielding earning assets.
- ✓ Deposit growth was moderate but stable. Many bankers prioritized lower funding costs over loan growth and attributed the increase to improved client engagement rather than high rates. Deposit growth is expected to remain stable as long as rates remain competitive with alternatives.
- ✓ Median efficiency ratios improved for all asset tiers in 2Q25 due to a sharp increase in both net interest income and noninterest income. Median revenue growth was well above median growth in noninterest expenses in all asset tiers.
- ✓ Credit conditions remain benign. CRE office is still under scrutiny, but not enough to materially impact portfolios. However, there is growing concern that the impact of tariffs will lead to higher delinquencies.
- ✓ Stock indices of both the banking industry and the broader market dropped sharply after President Trump's 'Liberation Day' tariff announcements in April, but they subsequently bounced back. Bank stocks significantly outperformed the broader market in 2Q25 as investors anticipated an easing of interest rates, deregulation, and improved profitability. Higher valuations will likely spur M&A activity.

Economic Outlook

- The outlook for economic growth improved slightly. In June, Morgan Stanley returned its forecasts to 1.5% and 1.0% for 2025 and 2026, after projecting lows of 0.8% and 0.5% in April.
- Hiring has slowed, and the labor market is weakening. The economy added 73,000 jobs in July, well below expectations. Also, previous estimates for jobs added in May and June were revised downward by 258,000. The number of people unemployed for at least 27 weeks topped 1.8 million, the highest level since 2017.

Median ROATCE



The median total return to shareholders improved in four asset tiers as concerns among investors about an economic recession and weakening credit quality receded. Median ROTCEs also remained in double digits in four asset tiers. The median price to tangible book value increased with each asset tier. Investors continued to favor the largest institutions.

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

1. 434 publicly traded U.S. banks and thrifts that had reported Q2 2025 results as of 07/30/25.

2. Share price as of 6/30/25.

3. Total Return to Shareholders Q1 as of 6/30/25.

Stock Performance



Stock indices of both the banking industry and the broader market dropped sharply after President Trump's 'Liberation Day' tariff announcements in April, but they subsequently bounced back. Bank stocks significantly outperformed the broader market as investors anticipated an easing of interest rates, deregulation, and improved profitability.

Source: S&P Global Market Intelligence, 2025. Price Change (%) collected from March 31, 2025 through June 30, 2025.

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

		Price/Tangible Book Value (X)	
Asset Tier (Institution)	Headquarters (City, State)	As of 6/30/25	Change [3/31/25 - 6/30/25]
Over \$500B Median		1.8	0.2
Morgan Stanley	New York, NY	3.0	0.4
JPMorgan Chase & Co.	New York, NY	2.8	0.4
Capital One Financial Corporation	McLean, VA	2.3	0.7
\$50B-\$499.9B Median		1.6	0.1
The Bank of New York Mellon Corporation	New York, NY	3.4	0.1
Northern Trust Corporation	Chicago, IL	2.2	0.5
State Street Corporation	Boston, MA	2.0	0.2
Fifth Third Bancorp	Cincinnati, OH	2.0	0.0
Pinnacle Financial Partners, Inc.	Nashville, TN	1.9	0.0
\$10B-\$49.9B Median		1.4	0.0
First Financial Bankshares, Inc.	Abilene, TX	3.6	-0.1
Community Financial System, Inc.	Dewitt, NY	3.1	-0.2
BancFirst Corporation	Oklahoma City, OK	2.7	0.2
Commerce Bancshares, Inc.	Kansas City, MO	2.5	0.0
ServisFirst Bancshares, Inc.	Birmingham, AL	2.5	-0.2
\$1B-\$9.9B Median		1.1	0.0
Wilson Bank Holding Company	Lebanon, TN	3.6	NA
Pathward Financial, Inc.	Sioux Falls, SD	3.6	0.2
GBank Financial Holdings Inc.	Las Vegas, NV	3.3	-0.3
Coastal Financial Corporation	Everett, WA	3.2	0.2
The Bancorp, Inc.	Wilmington, DE	3.1	0.1
Under \$1B Median		0.9	0.0
Delhi Bank Corp.	Delhi, NY	2.4	0.0
Prime Meridian Holding Company	Tallahassee, FL	1.8	0.7
Juniata Valley Financial Corp.	Mifflintown, PA	1.5	0.0
blueharbor bank	Mooresville, NC	1.3	NA
Peoples Ltd.	Wyalusing, PA	1.3	NA

Investors rewarded banks in the two largest asset tiers with higher valuations. In comparison, the median price to tangible book value of the three asset tiers below \$50.0B was unchanged in 2Q25.

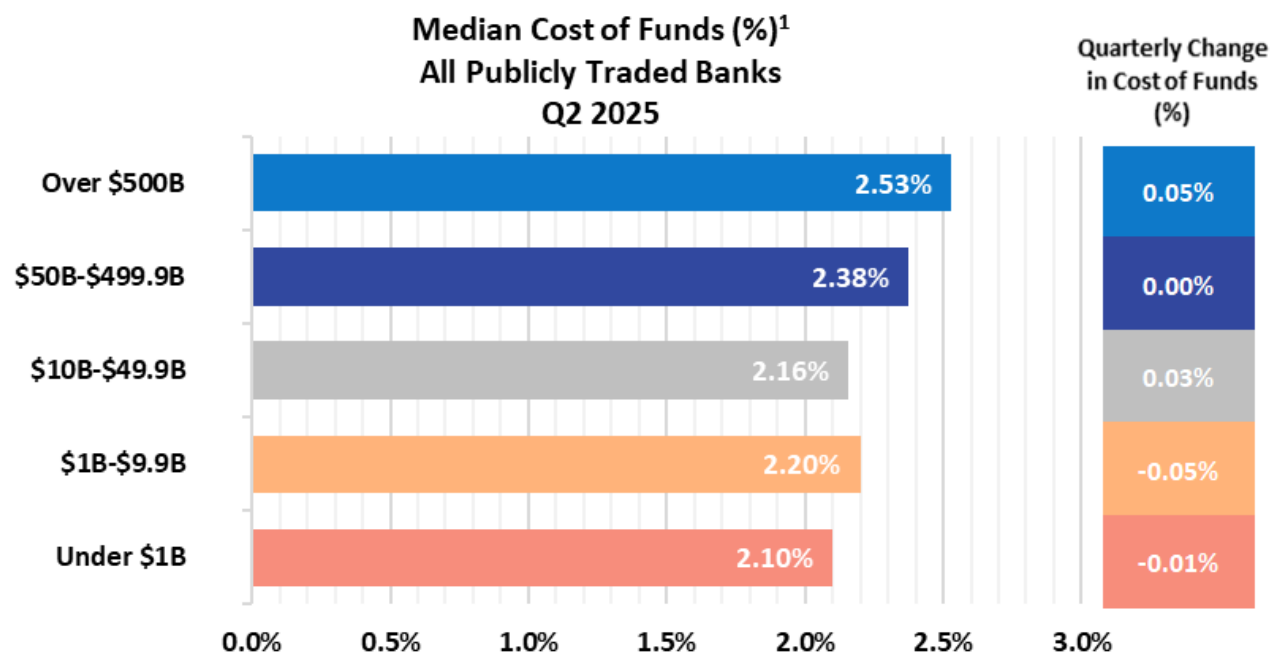
Among larger banks, the price to tangible book value multiples increased among investment managers, credit card companies, and companies with capital markets businesses.

Among smaller institutions, investors rewarded institutions with payments/card businesses such as Pathward Financial and The Bancorp Bank, or with significant BaaS revenue, such as Coastal Financial.

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

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Cost of Funds



Overall funding costs remained relatively stable with a shift of only a few basis points in the median cost of funds in each asset tier. The median cost of funds declined for the two smallest asset tiers, while the three largest tiers saw either a slight increase or no change.

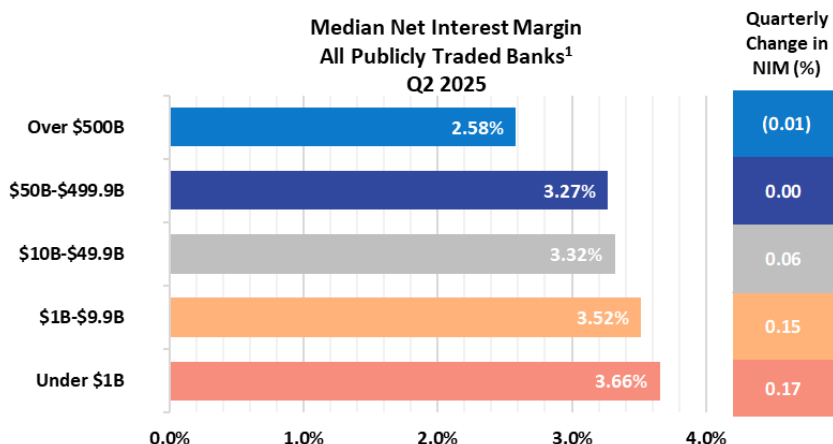
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2Q25 Quarterly Bank Report

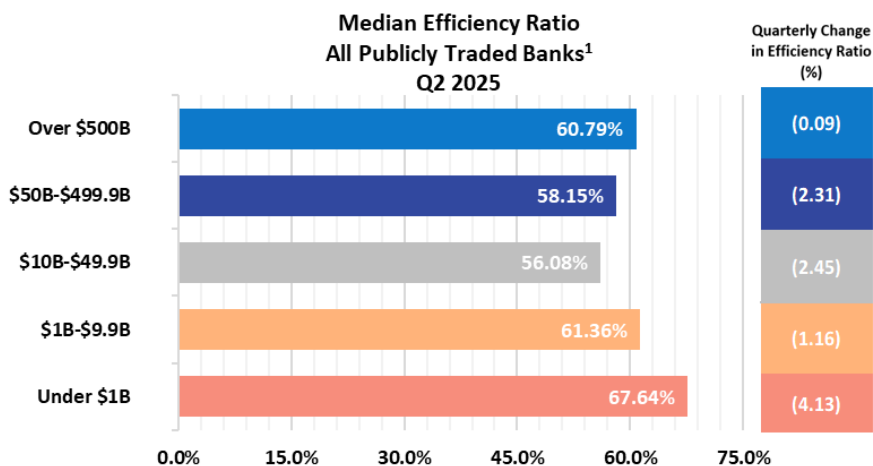
Net Interest Margin

The median net interest margin increased slightly for banks with less than \$50.0 billion in assets. The expansion was driven by a reduction in the cost of funds and reinvestment into higher-yielding earning assets.



Efficiency Ratio

Median efficiency ratios improved for all asset tiers in 2Q25 due to a sharp increase in both net interest income and noninterest income. Median revenue growth was well above median growth in noninterest expenses in all asset tiers.

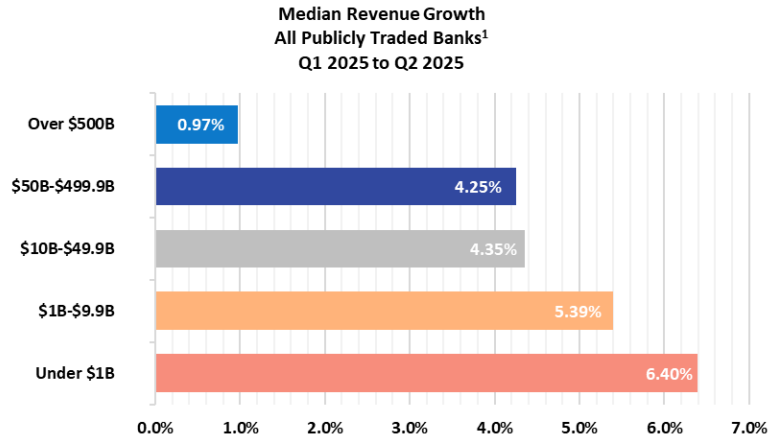


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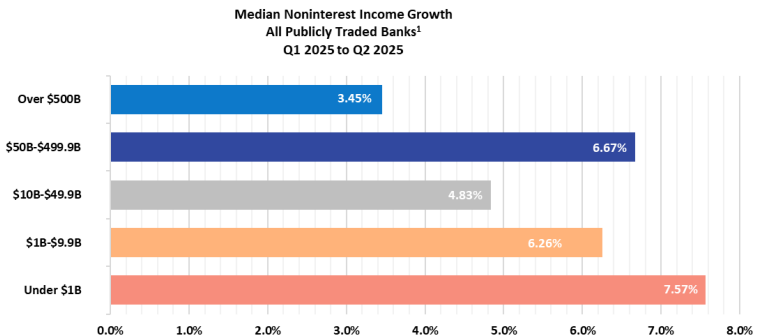
Revenue Growth

The median revenue growth was robust in four of the asset tiers. Banks with assets under \$1B saw the highest median revenue growth at 6.40%.



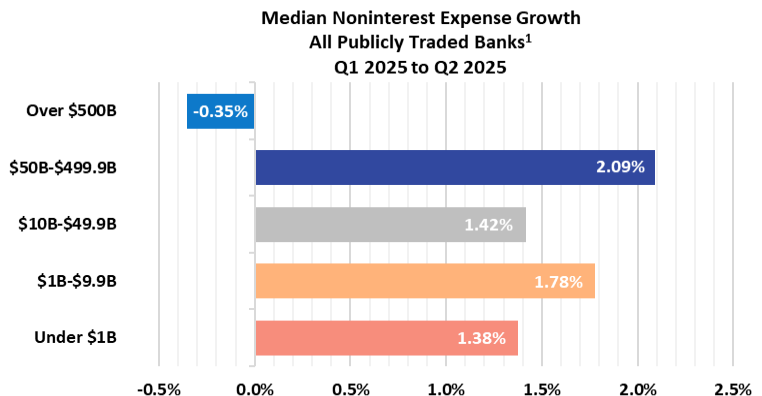
Noninterest Income

Noninterest income growth accelerated in 2Q25. This followed a contraction for the four bank tiers below \$500.0B in 1Q25.



Noninterest Expense

Noninterest expense grew for all tiers less than \$500B. The increase in noninterest expenses among the smaller asset tiers was marginal, primarily driven by higher technology costs and salary increases.



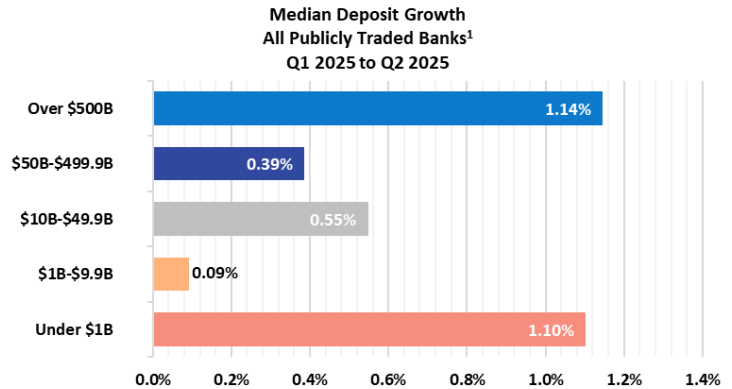
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2Q25 Quarterly Bank Report

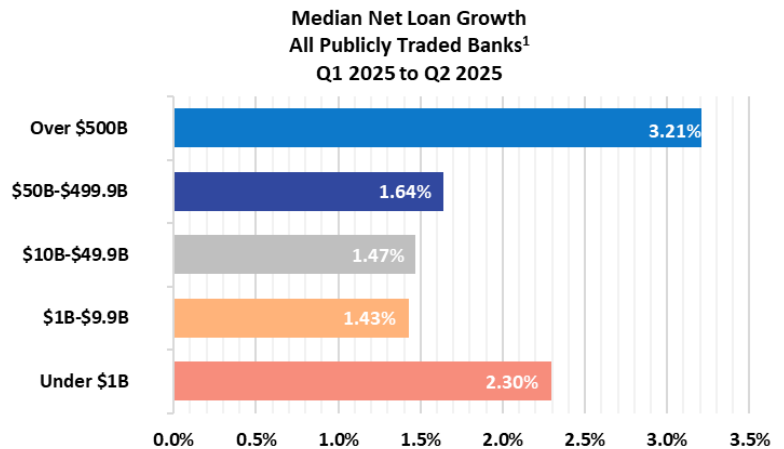
Deposit Growth

In 2Q25, all five asset tiers reported modest but positive median deposit growth. Deposit growth is expected to remain healthy as pricing remains competitive with alternatives.



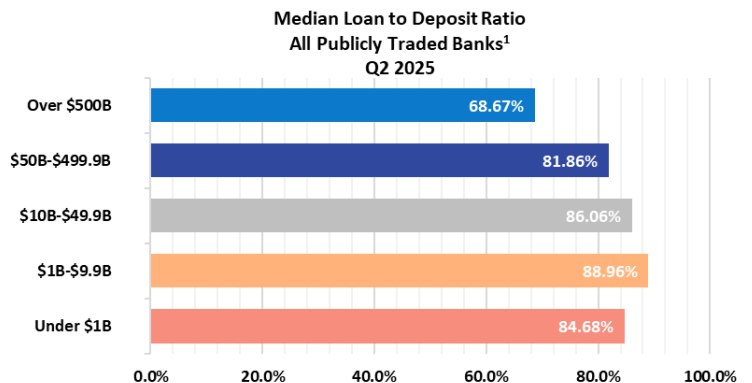
Net Loan Growth

Median net loan growth rose across all asset tiers, with the largest asset tier posting the most significant gains. During 2Q25 earnings calls, executives at many banks expressed optimism about the outlook for loan demand for the remainder of 2025.



Loan to Deposit Ratio

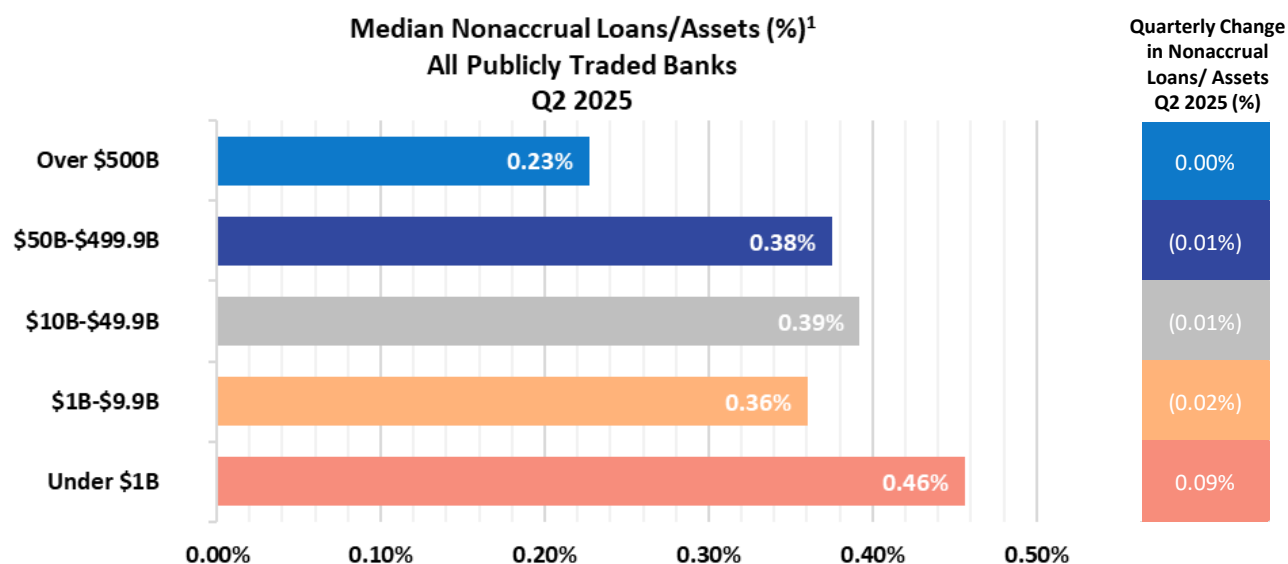
The median loan-to-deposit ratios increased in all asset tiers except the \$10B-\$49.9B tier as loan growth outpaced deposit growth in the quarter.



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

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Nonaccrual Loans/Assets

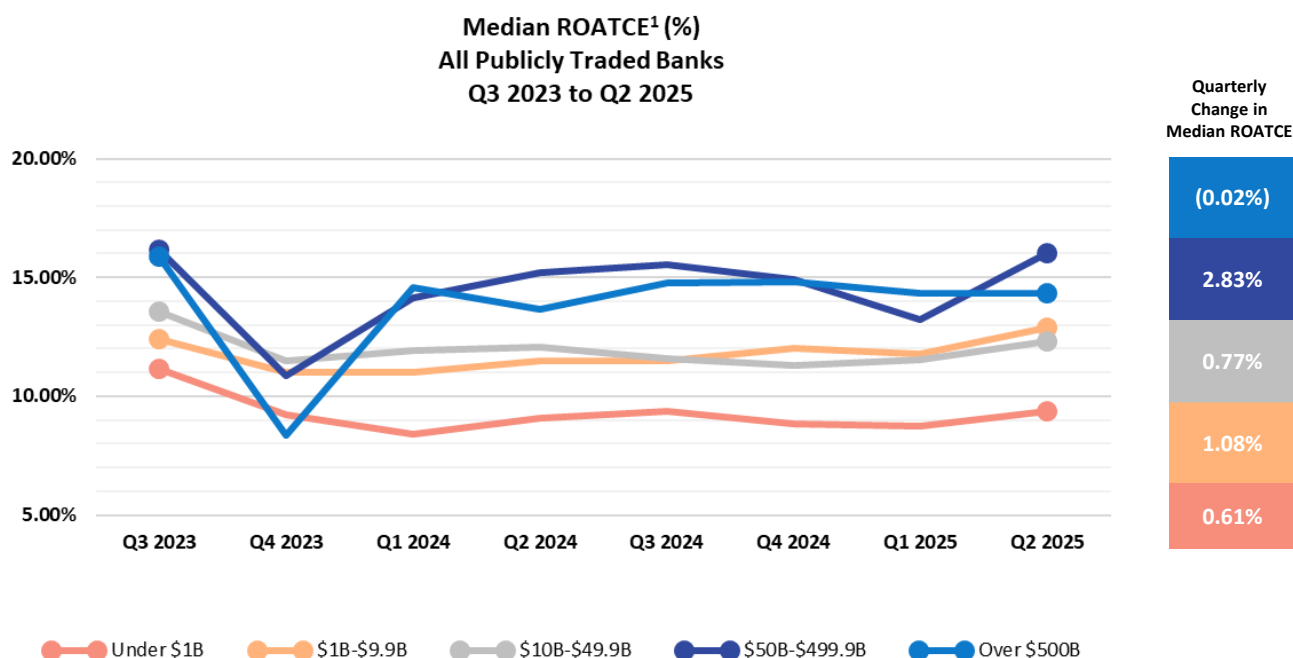


The median ratio of nonaccrual loans to total assets improved or had a negligible change for asset tiers greater than \$1B in assets. However, ABA's latest Credit Conditions Index fell 9.1 points in Q2 to 32.1, its second consecutive decline. A score below 50 signals that overall conditions will weaken over the six months.

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

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ROATCE Trends by Asset Tier



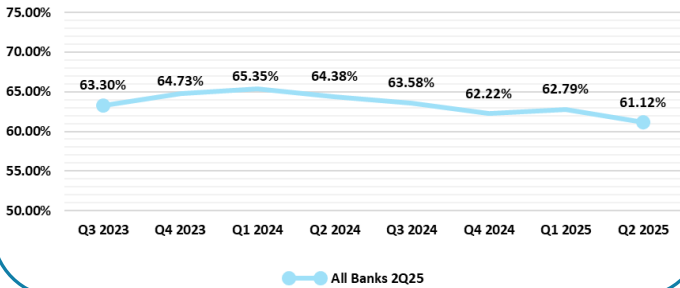
Loan growth, deposit growth, and revenue growth led to improved profitability. The median ROATCE increased in all asset tiers less than \$500B. The \$50B–\$499B asset tier saw the most significant increase in ROATCE, driven by strong noninterest income growth—primarily from substantial gains in investment banking and advisory fees.

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

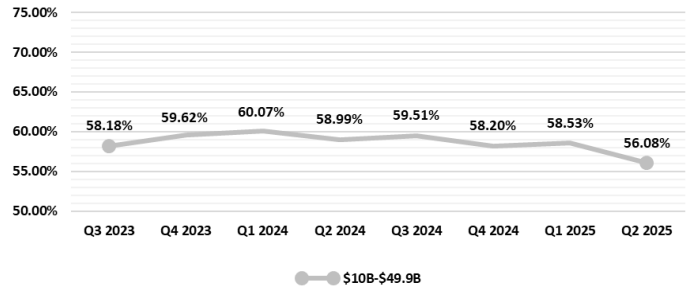
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Efficiency Trends by Asset Tier

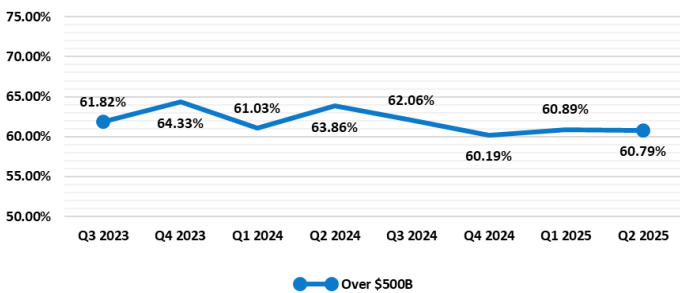
Median Efficiency Ratio¹ (%)
All Publicly Traded Banks
Q3 2023 to Q2 2025



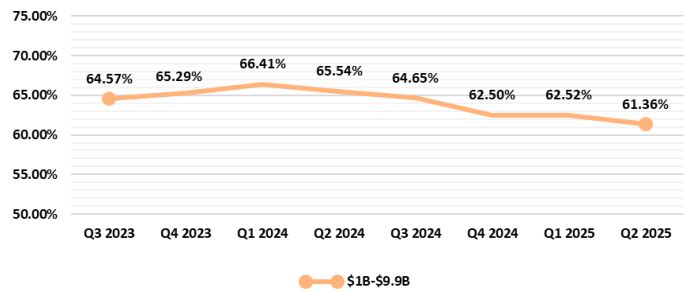
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Publicly Traded Banks \$10B - \$49.9B
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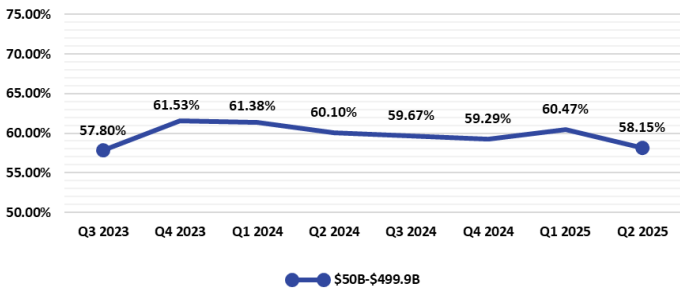
Median Efficiency Ratio¹ (%)
Publicly Traded Banks Over \$500B
Q3 2023 to Q2 2025



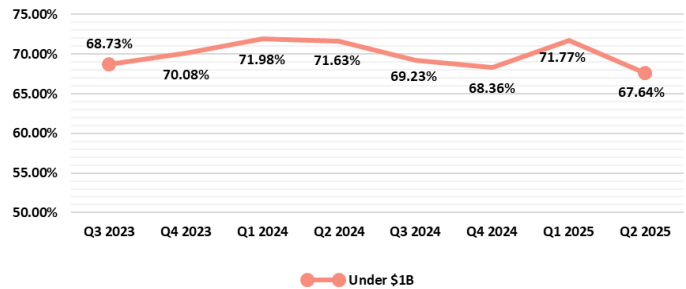
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Median Efficiency Ratio¹ (%)
Publicly Traded Banks \$50B- \$499.9B
Q3 2023 to Q2 2025



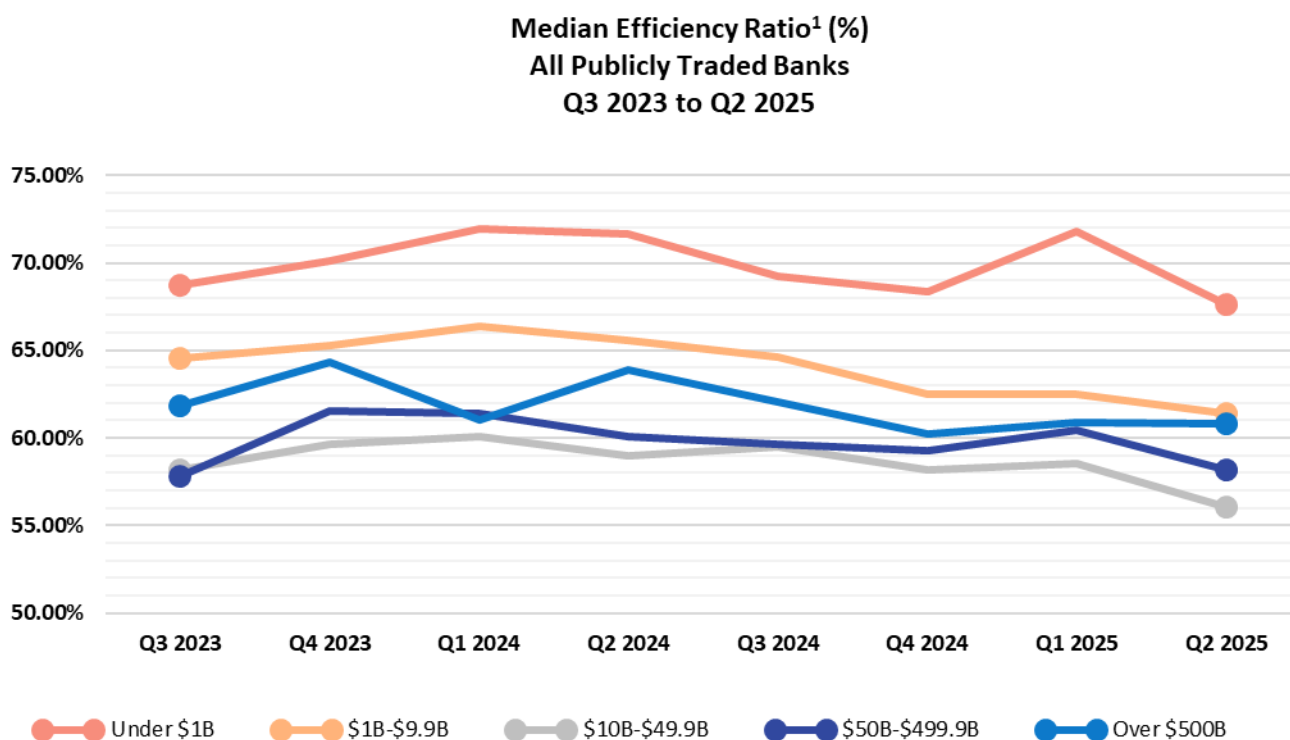
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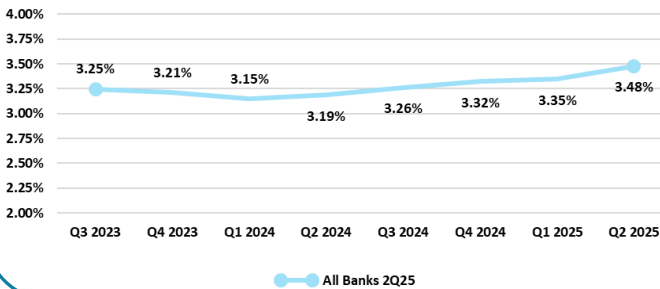
Efficiency ratios decreased for all asset tiers in the second quarter of 2025. The improvement is driven by a surge in revenue, which increased faster than noninterest expense. Many banks have announced plans to integrate AI and technology to improve scalability and efficiency; however, the effectiveness of these initiatives remains to be determined.

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

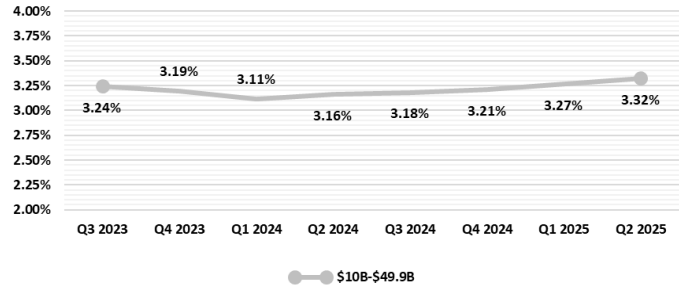
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Net Interest Margin Trends by Asset Tier

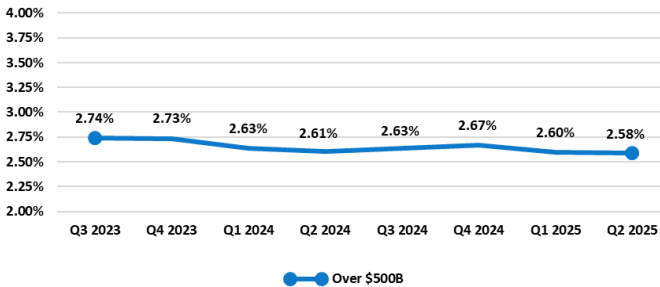
Median NIM¹ (%)
All Publicly Traded Banks
Q3 2023 to Q2 2025



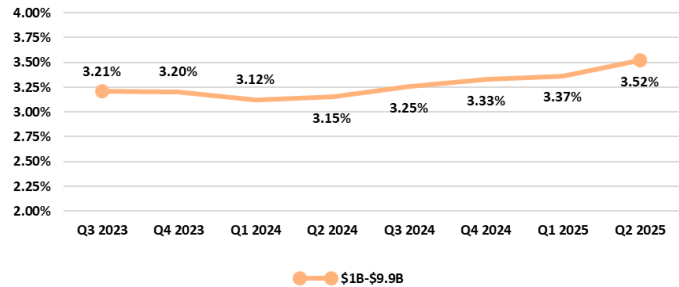
Median NIM¹ (%)
Publicly Traded Banks \$10B - \$49.9B
Q3 2023 to Q2 2025



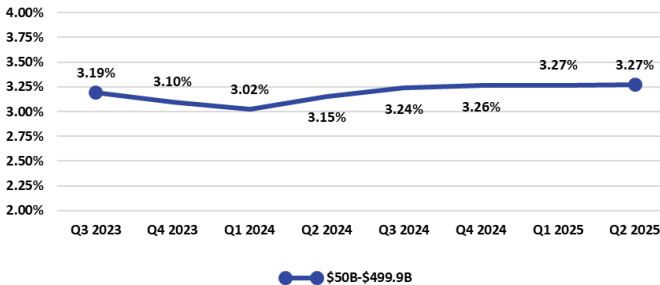
Median NIM¹ (%)
Publicly Traded Banks Over \$500B
Q3 2023 to Q2 2025



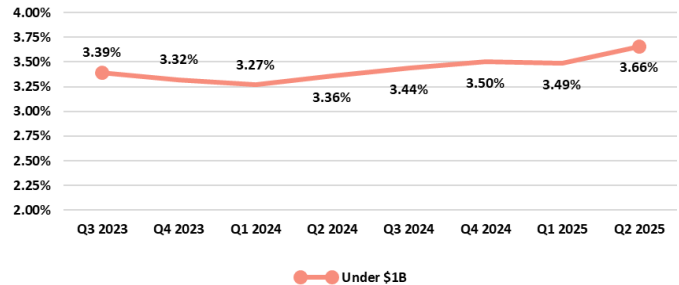
Median NIM¹ (%)
Publicly Traded Banks \$1B - \$9.9B
Q3 2023 to Q2 2025



Median NIM¹ (%)
Publicly Traded Banks \$50B - \$499.9B
Q3 2023 to Q2 2025



Median NIM¹ (%)
Publicly Traded Banks Under \$1B
Q3 2023 to Q2 2025

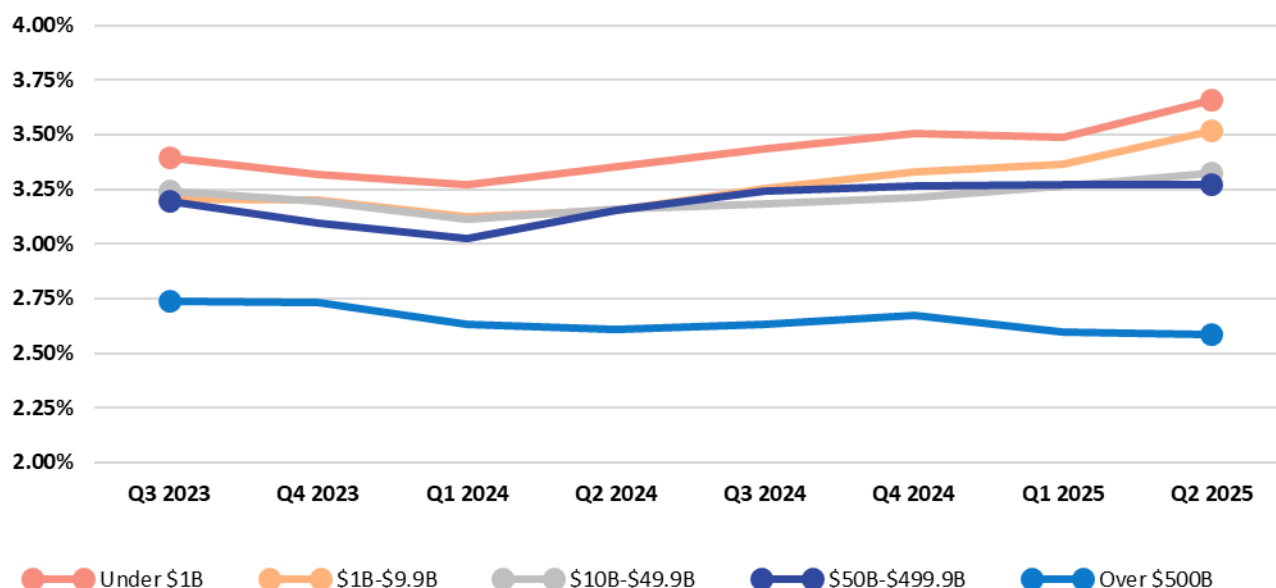


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Net Interest Margin Trends by Asset Tier

Median NIM¹ (%)
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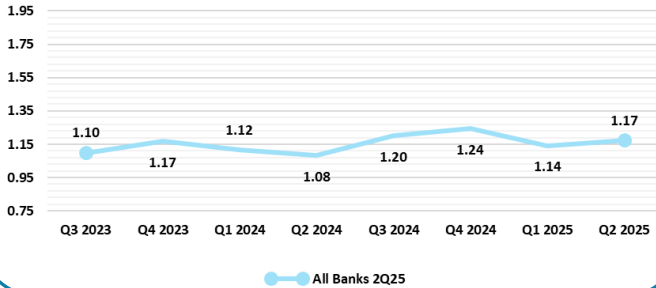
Median net interest margins expanded in the three asset tiers below \$50.0B. During 2Q25 earnings calls, many bank executives highlighted the increase in interest-earning balances and expanding interest spreads as key drivers of the margin expansion.

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

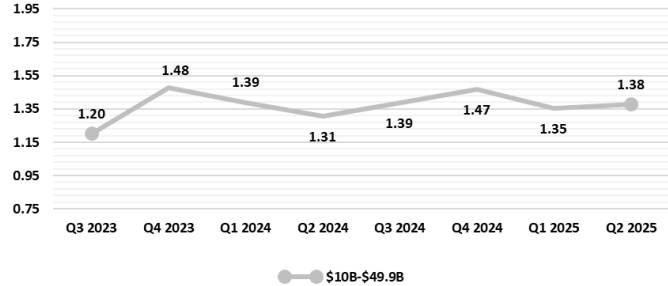
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Valuation Trends by Asset Tier

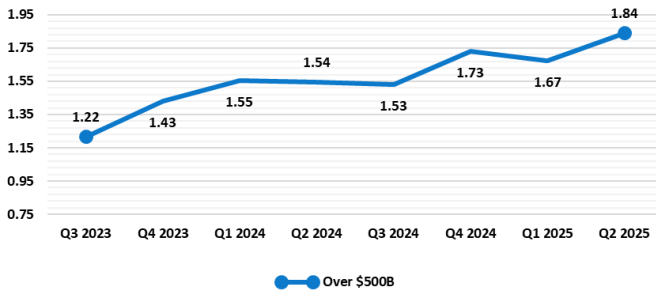
Median Price/Tangible Book Value¹ (x)
All Publicly Traded Banks
Q3 2023 to Q2 2025



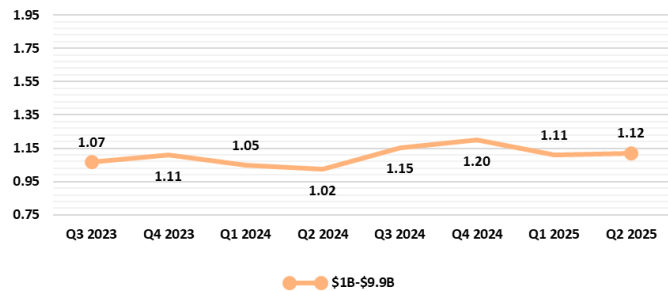
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Publicly Traded Banks \$10B - \$49.9B
Q3 2023 to Q2 2025



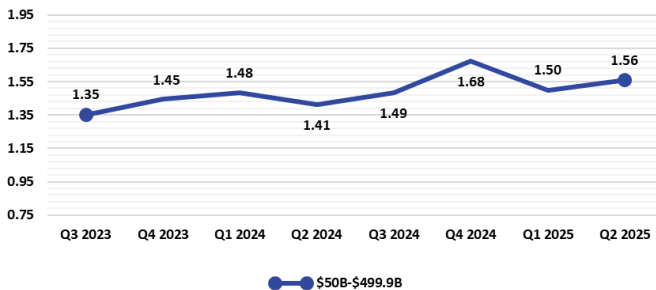
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Publicly Traded Banks Over \$500B
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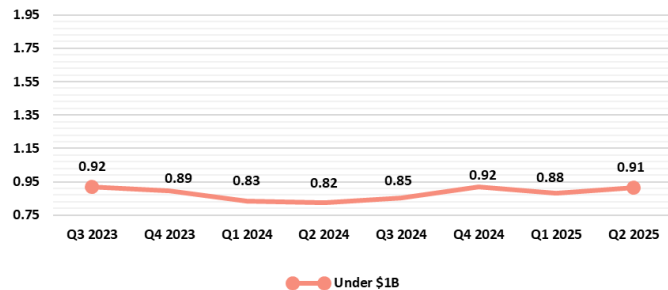
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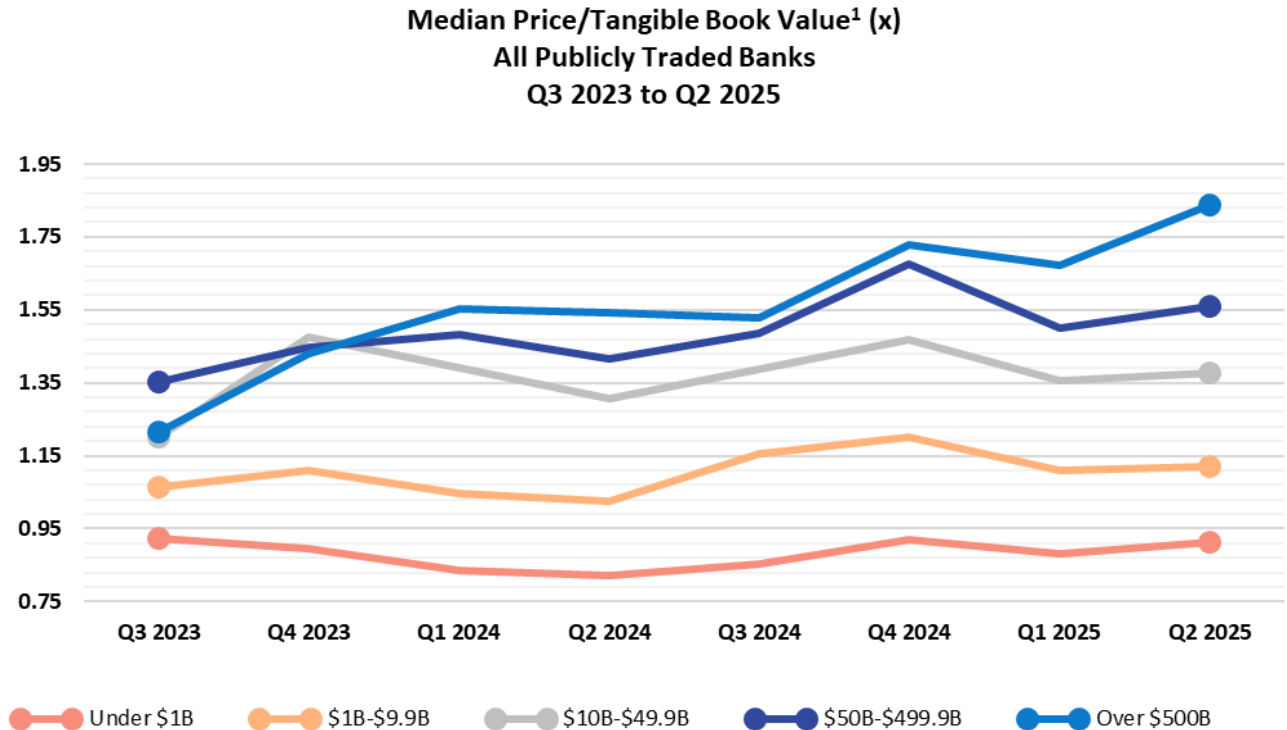
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Valuation Trends by Asset Tier



Bank stock valuations increased for all bank tiers from 1Q25 to 2Q25. The median price to tangible book value increased between 3-17 bps for the five asset tiers.

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

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Who We Are

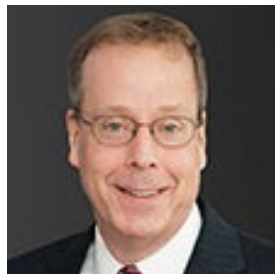
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For more than 20 years, Capital Performance Group has worked with the [ABA Banking Journal](#) and the [American Banker](#) to evaluate the nation's top performing banks.

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