DATA DISPATCH

US banks resume lowering CD rates as Fed restarts easing cycle

Wednesday, December 3, 2025 1:50 PM CT

By Zain Tariq
Market Intelligence

US banks began cutting certificate of deposit rates again in late 2025, ending a monthslong pause as the Federal Reserve moved into its second round of rate cuts.

Certificate of deposit (CD) costs remained high through most of the third quarter, with banks continuing to promote elevated yields. While the number of banks offering rates above 4% on a one-year, $10,000 CD has plunged since the third quarter of 2024, activity above the 3.5% level remained stubborn, as the number of banks advertising 3.5% CDs edged up to 1,041 on Aug. 29 from 1,026 on June 27.

The count fell to 978 by the end of September, however, following the first rate cut of the year, and slid further to 815 as of Nov. 21 after the Fed's second cut of 2025.

Even with easing underway, relief on deposit costs will lag as outstanding high-rate CDs take time to reprice. As of Sept. 30, 37.3% of industry CDs were set to reset within three months, and 87.0% had one-year maturities.

George Gleason, chairman and CEO at Bank OZK, said during the third-quarter earnings call that roughly 80% of the company's CDs carry seven-month terms, creating a roughly two-quarter delay in deposit cost relief.

"You see spread getting compressed for a little bit for a couple of quarters after a Fed cut until that deposit pricing catches up," he said.

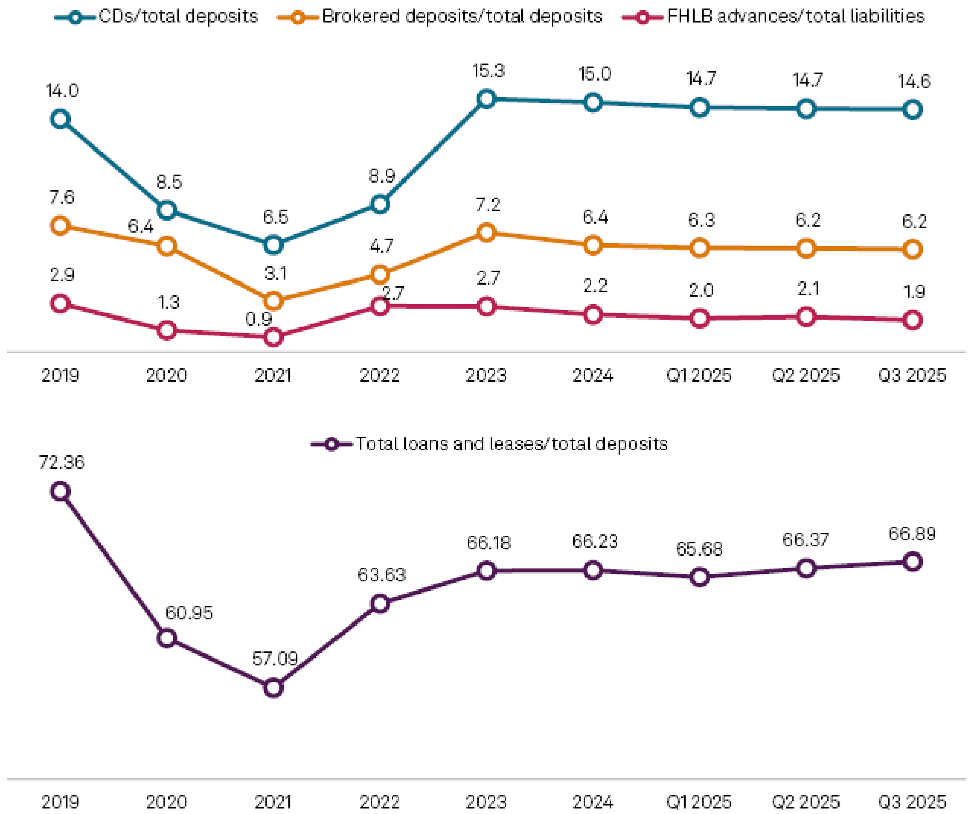
As of Sept. 30, CDs represented 55.9% of the company's total deposits.

CD concentration continues to decline

Aggregate CD balances at US banks grew 0.2% to $2.869 trillion at the end of the third quarter. As of Sept. 30, CDs represented 14.6% of total deposits, down for the fifth straight quarter and well below the 15.8% peak a year earlier.

Brokered deposits and Federal Home Loan Bank advances declined during the third quarter by 0.6% and 9.9%, respectively, after rising in the previous period.

Term funding concentration for the US banking industry (%)



Data compiled Nov. 25, 2025.
CD = certificate of deposit; FHLB = Federal Home Loan Bank.
Analysis includes US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.
Data based on regulatory filings.
Source: S&P Global Market Intelligence.

Among banks with at least $3 billion in total assets, $500 million in total CD balances and a loan-to-deposit ratio of greater than 25% as of June 30, 183, or 54.5%, reported declines in CD concentration during the quarter.

Simmons First National Corp. reported the biggest decline in CD concentration, of 5.5 percentage points to 22.8%, higher than the industry aggregate of 14.6% but lower than the 30.2% median.

Simmons First is reducing wholesale funding and brokered deposits, aiming to eliminate brokered balances entirely. CFO Charles Hobbs said during the company's third-quarter earnings call that the bank retains about 75% of maturing CDs, with some shifting into core deposits, providing ongoing pricing relief.

"That's been the trend for the last few quarters. And I think that will continue to provide additional deposit pricing benefit for us moving forward," he said.

US banks with highest QOQ change in CD concentration, Q3 2025

Company (top-level ticker)	CDs ($B)	CDs/total deposits (%)	CDs/total deposits QOQ change (pps)	Nov. 21, 2025, average 1-year $10,000 CD rate (%)
Highest increase				
EB Acquisition Co. II LLC	3.39	17.4	10.4	NA
Old Second Bancorp Inc. (OSBC)	1.26	21.8	7.4	0.10
Banesco USA	1.01	22.1	4.5	4.15
PeoplesBancorp MHC[1]	1.43	29.5	4.3	2.00
Independence Bancshares Inc.	0.81	24.6	4.3	3.46
Toyota Financial Savings Bank (7203)	6.71	56.3	3.6	3.80
Comenity Bank (BFH)	1.75	48.2	3.3	3.75
First Foundation Inc. (FFWM)[2]	2.29	24.6	3.1	1.00
LendingClub Corp. (LC)	2.23	23.8	3.0	3.75
Northern Bancorp Inc.	0.90	34.1	3.0	3.25
Highest decrease				
Simmons First National Corp. (SFNC)	4.53	22.8	-5.5	1.72
Northpointe Bancshares Inc. (NPB)	3.16	66.2	-5.3	3.25
CRB Group Inc.	2.46	37.4	-4.7	3.50
Five Star Bancorp (FSBC)	0.63	15.2	-4.6	0.50
First Carolina Bank	1.39	45.1	-4.5	2.53
First Bancorp Inc. (FNLC)	1.07	39.1	-4.4	0.15
Forbright Inc.	1.52	23.4	-4.3	3.65
Merchants Bancorp (MBIN)	2.06	14.8	-3.7	3.25
Bangor Bancorp MHC[1]	0.90	15.5	-3.7	0.60
Mizuho Americas LLC (8411)	1.82	44.3	-3.6	NA
Industry aggregate[3]	**2,885.34**	**14.6**	**0.0**	**2.32**

Data compiled Nov. 25, 2025.

CD = certificate of deposit; NA = not available.

Analysis limited to top-tier consolidated US banks and thrifts with total assets of at least $3 billion, CDs of at least $500 million and a loans-to-deposits ratio greater than 25% at Sept. 30, 2025. Nondepository trusts are excluded.

[1] Ownership structure of mutual/co-op or nonstock mutual holding company.

[2] Merger target or direct subsidiary of a merger target.

[3] Represents all US commercial banks, savings banks, and savings and loan associations that filed regulatory reports as of Sept. 30, 2025. Nondepository trusts and companies with a foreign banking organization charter are excluded. CD balance and composition represent industry aggregates. CD rates represent industry averages.

Total deposits and CDs are based on regulatory filings.

Tickers based on top-level entities' home-country stock exchanges.

Source: S&P Global Market Intelligence.

Northpointe Bancshares Inc. had a 5.5-percentage-point decline in its CD concentration to 66.2%, after an increase of 6.1 percentage points in the prior quarter. While the company's funding strategy and deposit franchise are different from a typical community bank, one of its top strategic priorities is to grow its non-brokered deposit base, executives said on a third-quarter earnings call. During the quarter, the company benefited from a large custodial deposit relationship, bolstering its core deposits.

EB Acquisition Co. II LLC, parent company of Mechanics Bancorp., reported the highest increase in CD concentration, of 10.4 percentage points to 17.4% as of Sept. 30. Mechanics Bancorp completed the acquisition of HomeStreet Inc. on Sept. 2, bringing in $5.87 billion in total deposits, of which nearly half were CDs as of June 30.

Old Second Bancorp Inc., completed its acquisition of Bancorp Financial Inc. on July 1, bringing its CD concentration to 21.8%, up 7.4 percentage points from the previous quarter. Evergreen Bank Group, a subsidiary of Bancorp Financial, had $1.23 billion in total deposits as of June 30, with CDs representing 60.5% of those deposits.

US bank CD balances by asset size, Q3 2025

	Aggregate CDs			
		QOQ	Proportion of total deposits (%)	
Total assets	Balance ($B)	change (%)	Q3 2025	Q2 2025
< $10B	824.84	-0.2	27.5	27.6
$10B-$100B	544.09	3.9	17.4	17.7
> $100B	1,516.46	-0.9	11.1	11.2
Industry	**2,885.34**	**0.2**	**14.6**	**14.7**

US bank FHLB advances by asset size, Q3 2025

	FHLB advances			
		QOQ	Proportion of total liabilities (%)	
Total assets	Balance ($B)	change (%)	Q3 2025	Q2 2025
< $10B	119.42	-7.7	3.7	4.0
$10B-$100B	127.01	-11.4	3.8	4.4
> $100B	184.24	-10.3	1.2	1.3
Industry	**430.68**	**-9.9**	**1.9**	**2.1**

Data compiled Nov. 25, 2025.

CD = certificate of deposit; FHLB = Federal Home Loan Bank.

Analysis includes US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.

Data based on regulatory filings.

Source: S&P Global Market Intelligence.

Deposit growth flat in Q4

Deposits at domestically chartered US commercial banks grew 0.1% halfway through the fourth quarter as of Nov. 12, according to seasonally adjusted data in the Federal Reserve's H.8 report on bank assets and liabilities.

Large time deposits rose 2.1% from Oct. 1 to Nov. 12, driven by 3.5% growth at the top 25 domestically chartered banks by assets.

Borrowings fell 3.2% during the same period, while loans grew by 0.6%.

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.