DATA DISPATCH

US banks hoard cash amid slow loan growth in Q1

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Market Intelligence

Bigger US bank balance sheets did not translate to strong loan growth in the first quarter as the industry took a cautious approach to deploying fresh assets.

Total assets on an aggregate basis for US commercial banks, savings banks, and savings and loan associations, excluding nondepository trusts and companies with a foreign banking organization charter, were $24.538 trillion, as of March 31, up $436.88 billion from year-end 2024 and representing the highest level in the last decade. The 1.8% sequential growth was the top rate since the fourth quarter of 2021, according to S&P Global Market Intelligence data.

Asset growth was widespread throughout the industry, with a 1.3% median increase quarter over quarter. But a substantial portion of the overall growth came from JPMorgan Chase Bank NA, the largest bank in the US, with 14.8% of the industry's assets. Its balance sheet grew 5.3% to $183.84 billion.

Asset evolution

Only 14.2% of the industry's asset growth was funneled into lending during the first quarter. Total loans and leases increased 0.5% on an aggregate basis and 0.6% on a median basis. The aggregate metric represented a four-quarter trough, while the median growth was at its lowest level in the last 14 quarters.

The industry reported aggregate growth in loans to nondepository financial institutions (NDFIs), commercial and industrial (C&I) and multifamily, in addition to owner-occupied and nonowner-occupied commercial real estate. On the other hand, sectors with lower balances relative to Dec. 31, 2024, included credit card, which was impacted by seasonality, nonresidential construction, agricultural production and auto.

Among the eight banks with a loan portfolio greater than $250 billion, only Citibank NA and Bank of America NA had quarterly loan growth of at least 1.0%. They more than offset lower credit card balances with increases in C&I and loans to NDFIs. Brian Moynihan, chairman, president and CEO of Bank of America Corp., said on an April 15 conference call that "AI and machine learning" contributed to the bank's commercial loan growth.

Analysts have been cutting net loan growth estimates for most of the largest US public banks and are not projecting a significant rise for the remainder of the year. In April, estimates increased for Bank of America and were lowered for Citigroup Inc. Both banks were in the upper part of the estimated 2025 growth spectrum, as of April 29.

Aggregate financial highlights for US banks, Q1 2025

Balance sheet	Industry aggregate ($ trillion)	QOQ Change (%)	YOY Change (%)
Total assets	24.538	1.8	2.4
Total loans and leases	12.787	0.5	3.0
Total securities	5.599	0.2	2.3
Cash and equivalents	3.408	2.7	-3.5
Total deposits	19.469	1.3	2.5
Brokered US deposits	1.221	-1.2	-8.9
Total borrowings	1.961	4.5	-1.2
Tangible common equity	2.088	2.9	8.2
Balance sheet ratios	**(%)**	**Change (bps)**	
Loans/deposits	65.68	-55	32
Tangible common equity/tangible assets	8.64	9	46
Income statement	**($ billion)**	**Change (%)**	
Net income	70.58	5.8	9.2
Pre-provision net revenue	113.52	5.0	10.8
Net interest income	179.05	-0.2	4.1
Noninterest income	83.55	7.0	7.8
Noninterest expense	149.08	-0.2	1.4
Provision for credit losses	22.06	-1.8	4.5
Profitability ratios	**(%)**	**Change (bps)**	
ROAA	1.16	6	7
ROAE	11.57	55	34
Net interest margin (FTE)	3.18	0	6
Yield on earning assets	5.40	-20	-23
Cost of funds	2.28	-20	-27
Credit quality ratios	**(%)**	**Change (bps)**	
Modified loans/total loans and leases	0.43	3	11
NPAs+loans 90 or more days past due/total assets*	0.53	-1	5
NCOs/average loans	0.67	-4	1
Reserves/gross loans and leases	1.75	0	-1

Data compiled May 14, 2025.
ROAA = return on average assets; ROAE = return on average equity; FTE = fully taxable equivalent; NPA = nonperforming asset; NCO = net charge-off.
Analysis includes US commercial banks, savings banks, and savings and loan associations. Nondepository trusts and companies with a foreign banking organization charter are excluded.
* Excludes modified loans and leases.
Data based on regulatory filings as of March 31, 2025.
Source: S&P Global Market Intelligence.

In the first quarter, banks parked more money in cash and equivalents while customers took a wait-and-see approach on the impact of tariffs. The median change in cash and equivalents soared to 11.0%, up from 0.3% in the fourth quarter of 2024. The aggregate change was 2.7%, up 6.2 percentage points sequentially. Citibank and JPMorgan accounted for the bulk of the overall $88.66 billion change. Additionally, several of the largest depository institutions reported a double-digit percentage jump in the category, highlighted by increases of at least one-third at Synchrony Bank, Discover Bank and USAA Federal Savings Bank.

The industry did not make major changes to total securities, with balances up 0.2% on aggregate and down 0.3% on a median basis. But banks in the aggregate continued shifting toward available-for-sale securities and away from held-to-maturity securities. From fair value and cost basis perspectives, available-for-sale securities reached an 11-quarter high. Held-to-maturity securities were at a 13-quarter low for cost basis and a 15-quarter low for fair value.

About this analysis

This analysis, which covers US commercial banks, savings banks, and savings and loan associations, examines first-quarter 2025 financial performance based on aggregate and median change because the sector remains dominated by larger institutions that can skew the results. For instance, the four largest banks held 39.7% of the industry's assets as of March 31.

Other financial metrics

US banks were successful in the first quarter at gathering deposits while also lowering the cost of those deposits. Despite the industry cutting back on brokered US deposits, total deposit growth was 1.3% on aggregate and 1.6% by median, easily outpacing the loan growth levels. Standouts in the superregional space included First-Citizens Bank & Trust Co. and Truist Bank, each with total deposit growth of 2.9%. Among the Big Four US banks, JPMorgan and Citibank reported robust growth, with non-US deposits fueling the increase.

JPMorgan also bolstered its total borrowings in the first quarter, skewing the industry analysis. Its quarterly change was $84.10 billion, or 18.0%, comprising virtually the entire industry increase. On a median basis, borrowings decreased 3.5%.

Noninterest income showed mixed trends, with an aggregate increase of 7.0% and a median decrease of 4.8%. Bulge bracket firms topped first-quarter estimates for investment banking revenue, but analysts slashed full-year 2025 estimates in mid-April because of economic uncertainty. Additionally, noninterest income benefited from a spike in net gain on sale of loans and leases to $2.50 billion from $385.1 million; Bank of America led the way with a $476.0 million gain in the first quarter.

There was little movement in aggregate credit quality metrics during the quarter. The modified loan ratio crept up 3 basis points. The nonperforming asset ratio, excluding modified loans but including accrual loans 90 or more days past due, was down 1 basis point. The net charge-off ratio improved 4 basis points to 0.67%.

Banks continued to experience stress in commercial real estate office lending. But for many of the top office lenders, exposure to the sector is decreasing and nonperforming loan ratios are improving.

– Download a template to compare a bank's financials to industry aggregate totals.
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Median financial highlights for US banks, Q1 2025

Balance sheet	Industry median ($M)	QOQ[1] Change (%)	YOY[1] Change (%)
Total assets	364.5	1.3	3.8
Total loans and leases	233.5	0.6	4.9
Total securities	63.4	-0.3	-3.8
Cash and equivalents	28.2	11.0	15.7
Total deposits	310.1	1.6	4.6
Brokered US deposits	0.0	0.0	-0.2
Total borrowings	4.3	-3.5	-22.7
Tangible common equity	35.1	3.4	9.8
Balance sheet ratios	**(%)**	**Change (bps)**	
Loans/deposits	79.37	-67	1
Tangible common equity/tangible assets	9.50	20	48
Income statement	**($000)**	**Change (%)**	
Net income	875	-0.7	14.6
Pre-provision net revenue	1,084	0.3	16.2
Net interest income	2,998	1.3	10.2
Noninterest income	372	-4.8	1.7
Noninterest expense	2,308	-0.6	5.1
Provision for credit losses	30	-40.5	-10.3
Profitability ratios	**(%)**	**Change (bps)**	
ROAA	1.00	3	11
ROAE	10.30	28	71
Net interest margin (FTE)	3.49	2	20
Yield on earning assets	5.31	-9	19
Cost of funds	1.98	-12	0
Credit quality ratios	**(%)**	**Change (bps)**	
Modified loans/total loans and leases	0.00	0	0
NPAs+loans 90 or more days past due/total assets[2]	0.27	0	0
NCOs/average loans	0.00	0	0
Reserves/gross loans and leases	1.20	0	-1

Data compiled May 14, 2025.

ROAA = return on average assets; ROAE = return on average equity; FTE = fully taxable equivalent; NPA = nonperforming asset; NCO = net charge-off.

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

[1] Represents the median change, not the change in the median, for each respective period.

[2] Excludes modified loans and leases.

Data based on regulatory filings as of March 31, 2025.

Source: S&P Global Market Intelligence.

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