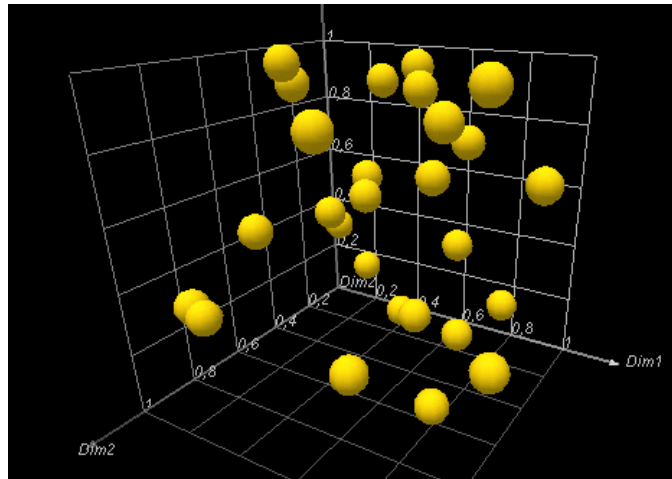


# Pricing Indicators



**National Pricing Indicators**  
For the week beginning 1/31/11

## Highlights

- Branch distribution is out of sync with population changes in some states (p.2)
- Decline in the national average APY for deposit product (p.2)
- No change in liquid-account APY (p.3)
- Decline in term-account APY (p.4)
- Highest premium on MM High Yield; lowest on CD 12 months (p.5)
- Very low repricing volume (p.6)
- Reduce/control interest expense(p.7)

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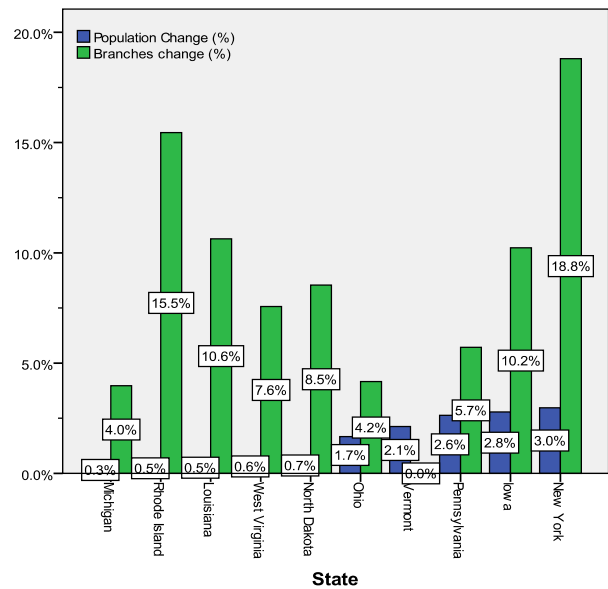
**Trend alert - Branch distribution is out of sync with population changes in some states**

While banks and credit unions kept up with population changes in the high-growth states, they have not done so in states with no or low-change in population.

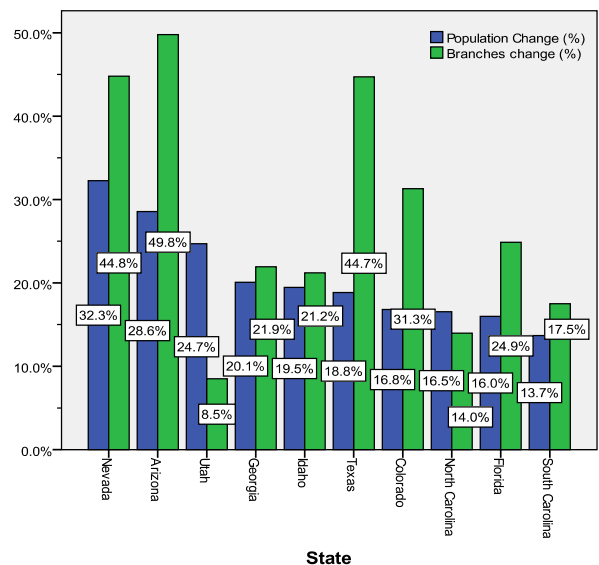
According to the latest estimates of the US Census Bureau (2010 Census), the ten states that had minimal or virtually no population growth in the last decade are: Michigan, Rhode Island, Louisiana, West Virginia, North Dakota – all with less than 1.0 percent population growth in the last decade. Ohio 1.7 percent, Vermont 2.1 percent, Pennsylvania 2.6 percent, Iowa 2.8 percent, and New York 3 percent. In Rhode Island, the population growth was less than 1.0 percent, yet the number of branches grew by 15 percent, and in New York State, despite a population growth of only 3 percent, the number of branches increased by 19 percent in the last decade (Figure 1).

The ten highest-population growth states are Nevada, Arizona, Utah, Georgia, Idaho, Texas, Colorado, North Carolina, Florida and South Carolina. In all these states, the number of branches has increased, since the last Census in 2000, at the same or higher rate than the increase in population. For example, Nevada’s population has increased by 32 percent in the last decade, and the number of branches has increased by 45 percent (Figure 2).

**Figure 1 - Lowest change (%) in population 2000-2010e**



**Figure 2 – Highest change (%) in population 2000-2010e**



**Summary of deposit indicators for this week**

- Decline, (-0.01), in the national-average APY for **regular and special** deposits **now at 0.77%**
- No change, (0.00), in national average for **regular and special** liquid accounts **now at 0.45%**
- Decline, (-0.01), in the national average for **regular and special** term accounts **now at 0.99%**
- Highest Special premium offered on a Regular account in MM High Yield **95 bps**
- Lowest Special premium offered on a Regular account in CD 12 months **21 bps**
- Very Low repricing. Less than one fifth (**17%**) of all products were repriced during the week.

### National APY Index

The National APY index of liquid accounts features national averages for Regular Checking, Saving and MM products at a tier level of \$0 up to \$10,000, and High Yield Checking, Saving and MM products at a tier level of \$10,000 up to \$25,000.

### Liquid Accounts

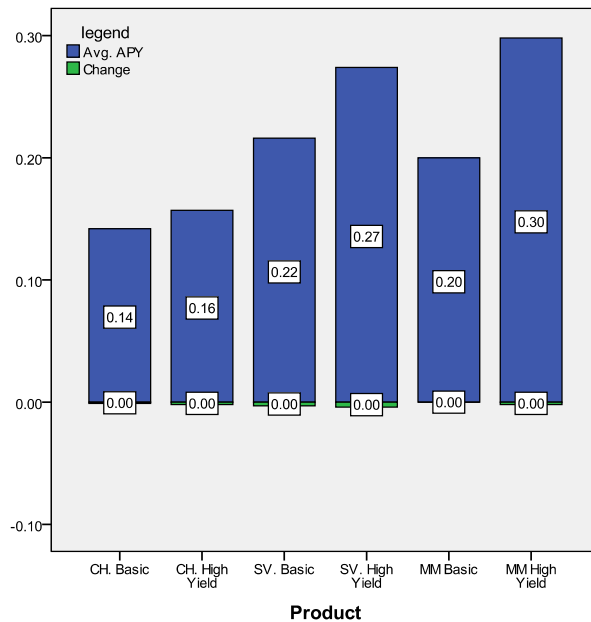
#### Change from last week

- Highest increase, **0.00**
- Highest decrease, **0.00**
- Average increase/decrease, **0.00**

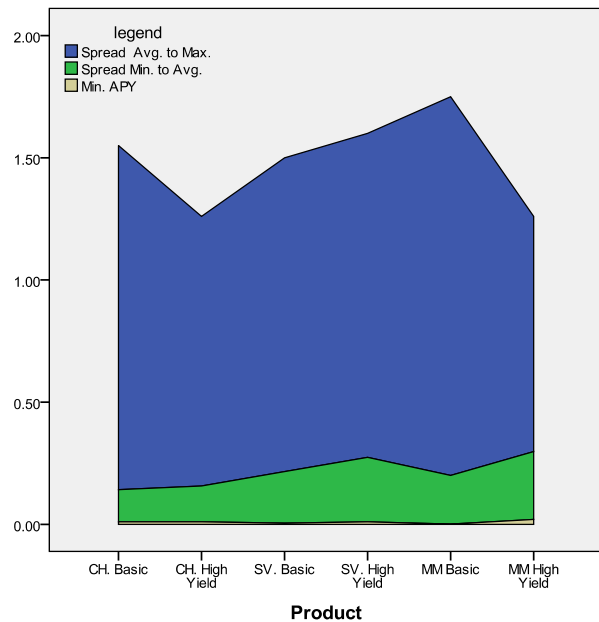
#### Spread this week

- Highest spread Min. to Avg., **MM HY 0.28**
- Highest spread Avg. to Max., **MM Base 1.55**
- Average spread Avg. to Max., **1.27**

**Figure 3**  
Avg. APY this week liquid accounts



**Figure 4**  
Spread between Min. Avg. & Max. APY



**Table 1**  
Current APY and weekly variance

Product	Min. APY	Avg. APY	Max. APY	Last week Avg.	Change
CH. Basic	0.01	0.14	1.55	0.14	0.00
CH. High Yield	0.01	0.16	1.26	0.16	0.00
SV. Basic	0.01	0.22	1.50	0.22	0.00
SV. High Yield	0.01	0.27	1.60	0.28	0.00
MM Basic	0.00	0.20	1.75	0.20	0.00
MM High Yield	0.02	0.30	1.26	0.30	0.00

**Table 2**  
Spread between Min. Avg. & Max. APY

Product	Min. APY	Spread Min. to Avg.	Spread Avg. to Max.
CH. Basic	0.01	0.13	1.41
CH. High Yield	0.01	0.15	1.10
SV. Basic	0.01	0.21	1.28
SV. High Yield	0.01	0.26	1.33
MM Basic	0.00	0.20	1.55
MM High Yield	0.02	0.28	0.96

**Methodology:** The statistical analysis in this report is based on a convenience sample of 1,300 institutions as was determined by a-priori, two-tailed test. The t-Test was based on the following parameters: Alpha=0.05; Power=0.95; Effect size=0.20.

### National APY Index

The National APY index for term accounts features national averages for CDs of 3, 6, 9, 12, 24, 30, 36, 48 and 60 months, and for the tier of \$10,000 up to \$25,000. The APY consists of the average of Regular rates offered nationally.

### Term Accounts

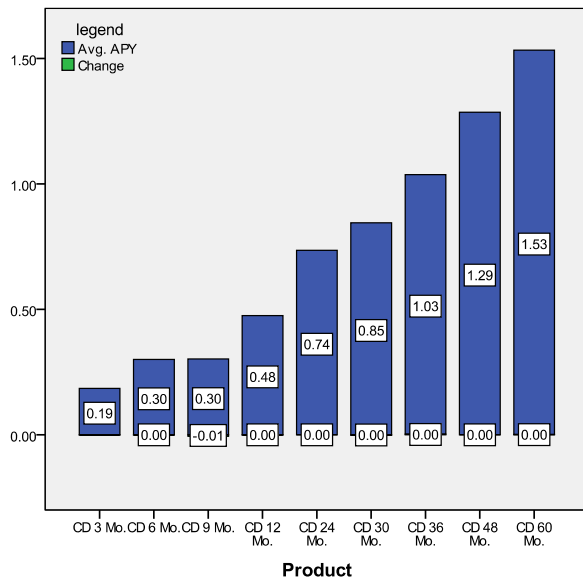
#### Change from last week

- Highest increase, no increase **0.00**
- Highest decrease, CD 9 mo. **-0.01**
- Average increase/decrease, **0.00**

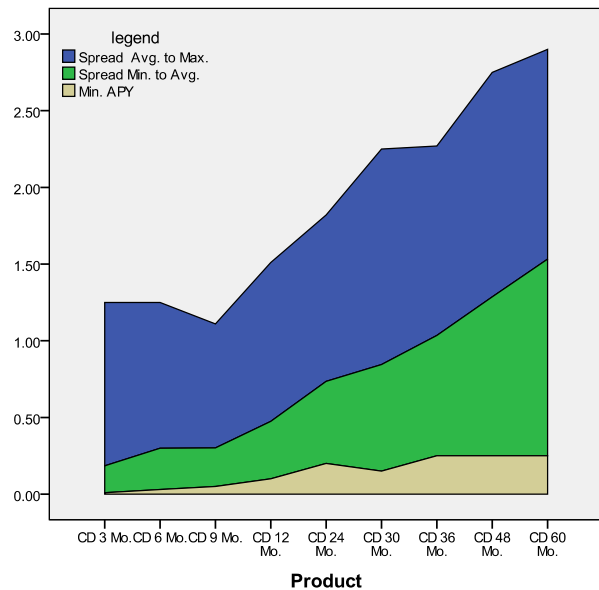
#### Spread this week

- Highest spread Min. to Avg., CD 60 mo. **1.28**
- Highest spread Avg. to Max. CD 48 mo. **1.46**
- Average spread Avg. to Max., **1.16**

**Figure 5**  
Avg. APY this week term accounts



**Figure 6**  
Spread between Min. Avg. & Max. APY



**Table 3**  
Current APY and weekly variance

Product	Min. APY	Avg. APY	Max. APY	Last week Avg.	Change
CD 3 Mo.	0.01	0.19	1.25	0.19	0.00
CD 6 Mo.	0.03	0.30	1.25	0.30	0.00
CD 9 Mo.	0.05	0.30	1.11	0.31	-0.01
CD 12 Mo.	0.10	0.48	1.51	0.48	0.00
CD 24 Mo.	0.20	0.74	1.82	0.74	0.00
CD 30 Mo.	0.15	0.85	2.25	0.85	0.00
CD 36 Mo.	0.25	1.04	2.27	1.03	0.00
CD 48 Mo.	0.25	1.29	2.75	1.29	0.00
CD 60 Mo.	0.25	1.53	2.90	1.53	0.00

**Table 4**  
Spread between Min. Avg. & Max. APY

Product	Min. APY	Spread Min. to Avg.	Spread Avg. to Max.
CD 3 Mo.	0.01	0.18	1.07
CD 6 Mo.	0.03	0.27	0.95
CD 9 Mo.	0.05	0.25	0.81
CD 12 Mo.	0.10	0.38	1.04
CD 24 Mo.	0.20	0.54	1.09
CD 30 Mo.	0.15	0.70	1.41
CD 36 Mo.	0.25	0.79	1.24
CD 48 Mo.	0.25	1.04	1.46
CD 60 Mo.	0.25	1.28	1.37

**Methodology:** The statistical analysis in this report is based on a convenience sample of 1,300 institutions as was determined by a-priori, two-tailed test. The t-Test was based on the following parameters: Alpha=0.05; Power=0.95; Effect size=0.20.

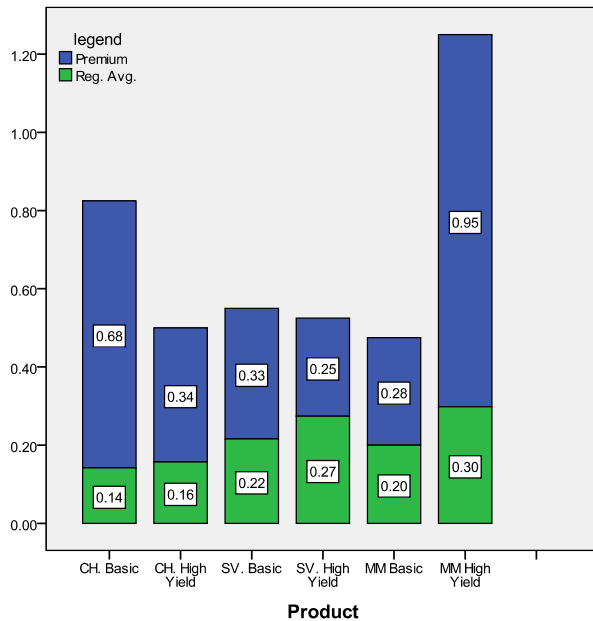
### Premium APY Index

The Premium APY index measures the spread between Regular APY and Special APY. The Premium Index is presented separately for liquid and term accounts. Liquid accounts are for a tier of \$0 up to \$10,000. Term accounts are for the tier of \$10,000 up to \$25,000.

#### Liquid Accounts

- Highest APY premium, MM HY **95 bps**
- Lowest APY premium, SV HY **25 bps**
- Average APY premium, **47 bps**

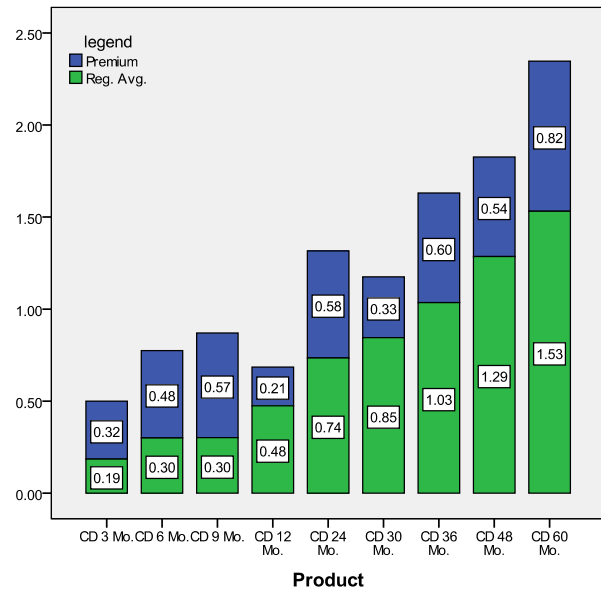
**Figure 7**  
Premium APY on Specials



#### Term Accounts

- Highest APY premium,, CD 60 mo **82 bps**
- Lowest APY premium, CD 12 mo. **21 bps**
- Average APY premium, **49 bps**

**Figure 8**  
Premium APY on Specials



**Table 5**  
Premium APY on Specials

Product	Premium	Reg. Avg.	Spl. Avg.
CH. Basic	0.68	0.14	0.83
CH. High Yield	0.34	0.16	0.50
SV. Basic	0.33	0.22	0.55
SV. High Yield	0.25	0.27	0.53
MM Basic	0.28	0.20	0.475
MM High Yield	0.95	0.30	1.25

**Table 6**  
Premium APY on Specials

Product	Premium	Reg. Avg.	Spl. Avg.
CD 3 Mo.	0.32	0.19	0.50
CD 6 Mo.	0.48	0.30	0.78
CD 9 Mo.	0.57	0.30	0.87
CD 12 Mo.	0.21	0.48	0.69
CD 24 Mo.	0.58	0.74	1.32
CD 30 Mo.	0.33	0.85	1.18
CD 36 Mo.	0.60	1.04	1.63
CD 48 Mo.	0.54	1.29	1.83
CD 60 Mo.	0.82	1.53	2.35

**Methodology:** The statistical analysis in this report is based on a convenience sample of 1,300 institutions as was determined by a-priori, two-tailed test. The t-Test was based on the following parameters: Alpha=0.05; Power=0.95; Effect size=0.20.

### Repricing Volume Index

The Repricing Volume Index features the volume of rate changes during the week. An index of 50% means that, on average, half of all rates, of the indicated products, have been repriced during the week.

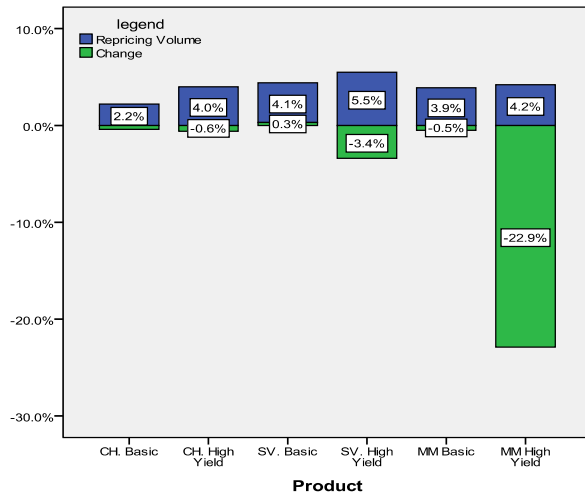
#### Liquid Accounts

- Highest repricing volume, SV HiYld. **6%**
- Lowest repricing volume, CH, Base **2%**
- Average repricing volume, **4%**

#### Term Accounts

- Highest repricing volume, CD 48 mo. **65%**
- Lowest repricing volume, CD 3 mo. **6%**
- Average repricing volume, **24%**

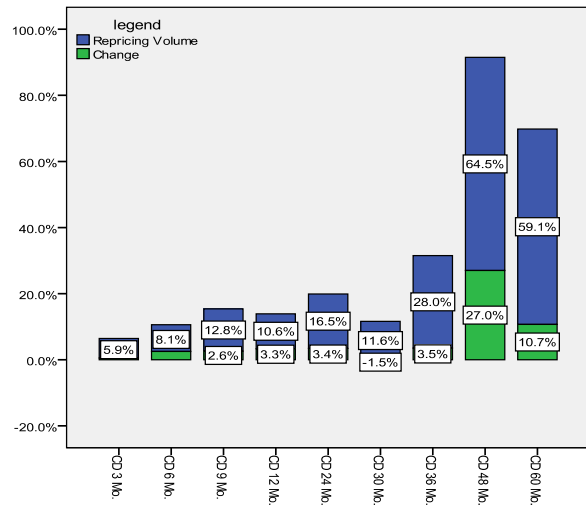
**Figure 9**  
Repricing volume by product



**Table 7**  
Repricing volume by product

Product	Repricing Volume	Last week	Change
CH, Basic	2%	3%	0%
CH, High Yield	4%	5%	-1%
SV, Basic	4%	4%	0%
SV, High Yield	6%	9%	-3%
MM Basic	4%	4%	-1%
MM High Yield	4%	27%	-23%

**Figure 10**  
Repricing volume by product



**Table 8**  
Repricing volume by product

Product	Repricing Volume	Last week	Change
CD 3 Mo.	6%	5%	1%
CD 6 Mo.	8%	6%	3%
CD 9 Mo.	13%	10%	3%
CD 12 Mo.	11%	7%	3%
CD 24 Mo.	17%	13%	3%
CD 30 Mo.	12%	13%	-2%
CD 36 Mo.	28%	25%	4%
CD 48 Mo.	65%	38%	27%
CD 60 Mo.	59%	48%	11%

**Methodology:** The statistical analysis in this report is based on a convenience sample of 1,300 institutions as was determined by a-priori, two-tailed test. The t-Test was based on the following parameters: Alpha=0.05; Power=0.95; Effect size=0.20.

# Leveraging deposit trends to lower interest expense and to retain existing balances and customers in 2011

When you know what to expect from balances and rates in each of your markets, and how elastic the balances are to changes in the rates, you can manage your rate more effectively, and retain your existing balances and customers at a lower cost.

The market Elasticity Analysis projects changes in balances and rates and the elasticity level of balances for each of your major deposit-product types (Checking, Saving, MM and CDs). The market Elasticity Analysis is produced quarterly. Below is an example of the overall MSA projection on balances and rates.

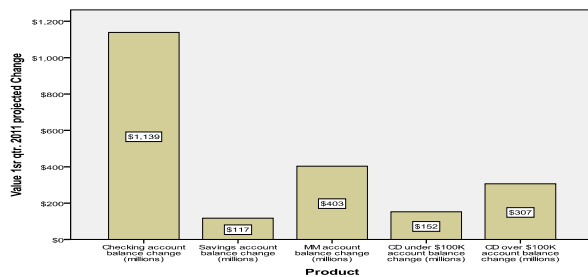
## BALANCES

Deposit balances in this MSA are projected to **increase** by a total of \$2,118 million during the 1st quarter of 2011 (Figure 1).

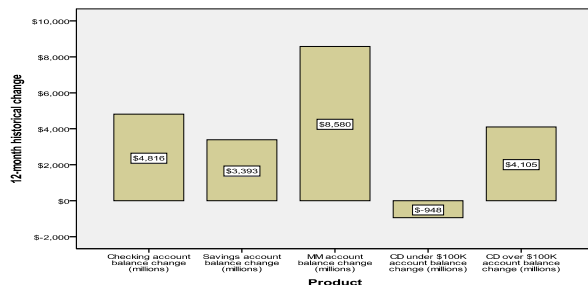
- Checking accounts **up \$1,139 million**
- Savings accounts **up \$117 million**
- MM accounts **up \$403 million**
- CD under \$100K **up \$152 million.**
- CD over \$100K **up \$307 million.**

In the past 12 months, deposit balances increased by a combined total of \$19,946 million for the examined deposit products (Figure 2).

**Figure 1 - Projected change in balance Q1 2011**



**Figure 2 - last 12 months actual balance change**



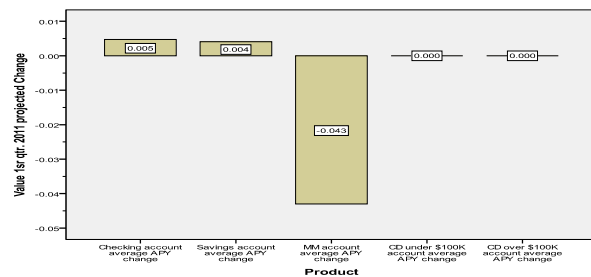
## RATES

Deposit rates in this MSA are projected to **decrease** by an average of 1 bps during the 1st quarter of 2011 (Figure 3).

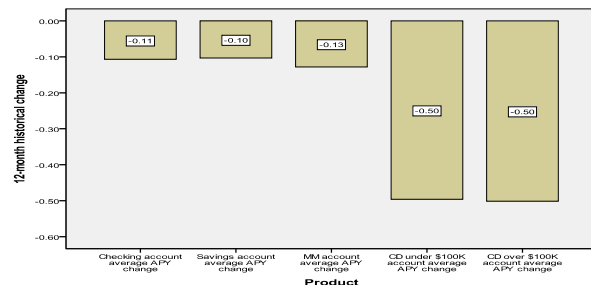
- Checking accounts **no change**
- Saving accounts **no change**
- MM accounts **down 4 bps**
- CD under \$100K **no change**
- CD over \$100K **no change**

In the past 12 months, deposit APY decreased by an average of 27 bps for the examined depositing products (Figure 4).

**Figure 3 - Projected change in APY Q1 2011**



**Figure 4 - last 12 months actual APY change**



About Market Rates Insight

Market Rates Insight (MRI) is the trusted source for financial information and analysis to financial institutions. MRI's financial data is complete, detailed and timely, which allows for the highest level of pricing decisions and analysis. The use of MRI's financial data ensures more informed decisions, higher level of pricing precision, and above all, an absolute confidence in the validity of the data and analysis.

In addition to providing financial data and analysis to the financial industry, MRI is also a major and trusted source of financial trends and commentary to the media. MRI' reports, analysis and findings are featured and referenced, on a regular basis, in major national, regional and local media channels such as print, TV, and radio. MRI Trend Alerts have been featured on the front-pages of many national publications.

