

Pricing Indicators



National Pricing Indicators
For the week ending 7/17/09

National Trends Highlight

- Increase in loan provisions push average-deposit APY down (page 2).
- Slight decrease in the national-average APY for CD & MM (-0.01)
- High volume of repricing. Nearly three quarters (72%) of deposit products were repriced this week.

(Additional indexes and products inside)

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Introduction

National Pricing Indicators (NPI) is a useful companion to your weekly pricing survey. Its purpose is to provide you with the “big picture” on the APY direction as well as repricing volume.

In addition to the weekly pricing indicators, the NPI features a historical prospective of the indicators, which can be used to detect emerging trends in pricing.

The NPI contains four useful indexes - Weekly APY index, Premium APY index, Repricing Index, and historical APY. Each of these indexes is designed to provide you with a different prospective on pricing practices and trends.

NPI measures selected term and no term deposit products in its indexes. These deposit products are all at the \$10K tier level:

CD - Regular,, 3, 6, 9, 12, 24, 30, 36, 48 and 60 months.

CD - Special, 3, 6, 9, 12, 24, 30, 36, 48 and 60 months.

MM - Regular.

MM - Special.

NPI contains national indexes. However, you might want to consider having the same indexes for your specific pricing regions.

Summary of Findings for this week

National APY

- Slight decrease in the national-average APY for CDs and MM nationally -0.01.
- Highest increase, CD 60 mo. Spl. +0.16
- Highest decrease, MM Spl. -0.18
- Aggregated change in average APY since the beginning of the year -72 bps (-30%)
- Highest spread between average Regular and Special in 30-month CD 1.11
- Lowest spread between average Regular and Special in 36 months CD 0.61

Repricing Volume

- Relatively high repricing volume. Nearly three quarters (72%) of the products were repriced during the week.
- Highest repricing volume product - CD Special 3 months (179%).
- Lowest repricing volume product - MM Regular (12%).

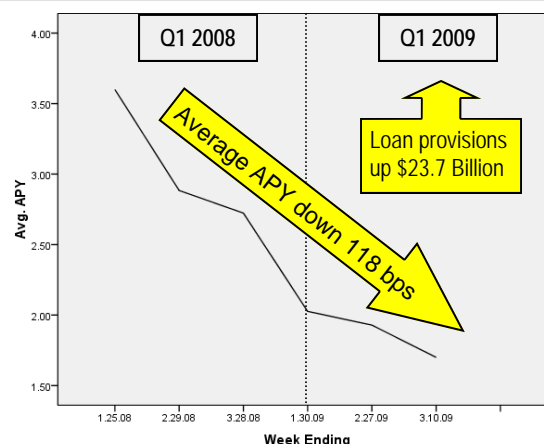
Pricing Advisory

For every \$2 Billion increase in quarterly loan provisions, we experienced a 10 bps drop in the national average APY for CDs and MM.

Loan provisions, in the first quarter of 2008, were \$37.2 Billion, and the quarterly national average for CDs and MM was 3.07. In the first quarter of 2009, loan provisions increased to \$60.9 Billion, and the quarterly national average for CDs and MM dropped to 1.89.

While the loan provisions grow by \$23.7 Billion from the first quarter 2008 to the first quarter 2009, the national average APY for CDs and MM dropped 118 bps - a ratio of \$2 Billion for every 10 bps.

Relationship of loan provisions to APY



National APY Index

The APY index features national averages for the highest APY, lowest APY and average APY for regular (Reg) and special (Spl.) selected CD and MM.

In addition, it provides the average change from the previous week across all selected deposit products. Raw data is also provided.

CD & MM Regular

- Highest increase, CD 30 months **+0.01**
- Highest decrease, CD 9 months **-0.04**
- Average increase/decrease, **-0.01**

CD & MM Special

- Highest increase, CD 60 months **+0.16**
- Highest decrease, MM **-0.18**
- Average increase/decrease, **-0.02**

Figure 1
Average APY across all products

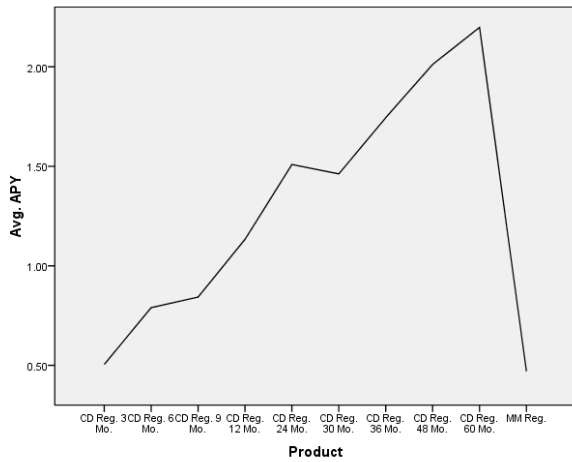


Figure 2
Average APY across all products

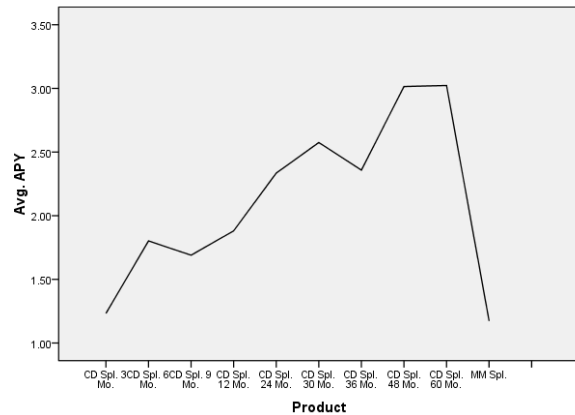


Figure 1
APY spectrum and variance

Product	Min. APY	Max. APY	Avg. APY	Last Wk.	Change
CD Reg. 3 Mo.	0.05	2.25	0.51	0.52	-0.02
CD Reg. 6 Mo.	0.10	2.25	0.79	0.82	-0.03
CD Reg. 9 Mo.	0.20	2.10	0.84	0.88	-0.04
CD Reg. 12 Mo.	0.25	2.30	1.13	1.15	-0.02
CD Reg. 24 Mo.	0.40	2.75	1.51	1.51	0.00
CD Reg. 30 Mo.	0.75	3.00	1.46	1.46	0.01
CD Reg. 36 Mo.	0.70	3.75	1.74	1.75	0.00
CD Reg. 48 Mo.	0.80	4.00	2.01	2.03	-0.01
CD Reg. 60 Mo.	0.85	4.25	2.20	2.20	0.00
MM Reg.	0.01	2.00	0.47	0.47	0.00

Figure 2
APY spectrum and variance

Product	Min. APY	Max. APY	Avg. APY	Last Wk.	Change
CD Spl. 3 Mo.	0.80	2.50	1.23	1.23	0.00
CD Spl. 6 Mo.	1.50	2.00	1.80	1.81	-0.01
CD Spl. 9 Mo.	0.75	2.15	1.69	1.71	-0.02
CD Spl. 12 Mo.	1.50	2.50	1.88	1.90	-0.02
CD Spl. 24 Mo.	2.07	2.85	2.34	2.39	-0.05
CD Spl. 30 Mo.	2.10	2.65	2.58	2.58	0.00
CD Spl. 36 Mo.	2.00	2.75	2.36	2.38	-0.03
CD Spl. 48 Mo.	3.00	3.03	3.02	3.02	0.00
CD Spl. 60 Mo.	2.11	3.55	3.02	2.87	0.16
MM Spl.	0.75	2.10	1.17	1.35	-0.18

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

Premium APY index measures the spread between regular CDs and MM APY and Special CDs and MM APY

This spread is the premium that institutions are offering on Special products in order to attract balances.

- Highest APY premium, CD 30 months **1.11**
- Lowest APY premium, CD 36 months **0.61**
- Average APY premium, **0.84**

Figure 3

APY premium variance this week

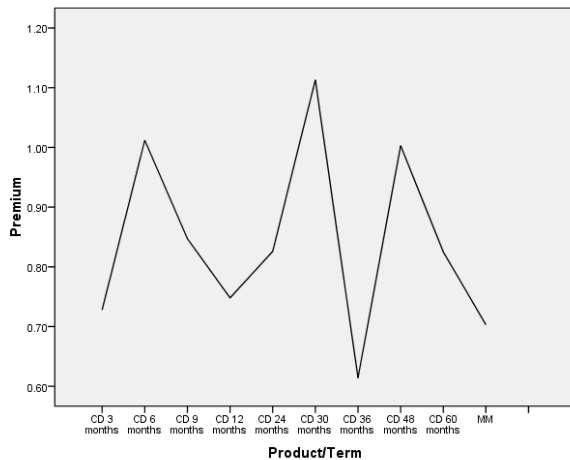


Table 3

APY premium variance this week

Product/Term	Reg. Avg.	Spl. Avg.	Premium
CD 3 months	0.51	1.23	0.73
CD 6 months	0.79	1.80	1.01
CD 9 months	0.84	1.69	0.85
CD 12 months	1.13	1.88	0.75
CD 24 months	1.51	2.34	0.83
CD 30 months	1.46	2.58	1.11
CD 36 months	1.74	2.36	0.61
CD 48 months	2.01	3.02	1.00
CD 60 months	2.20	3.02	0.83
MM	0.47	1.17	0.70

Historical APY Index

- Average APY beginning of the year **2.41**
- Average APY this week **1.69**
- Cumulative increase (decrease) **-0.72**

Figure 4

Time series Historical APY

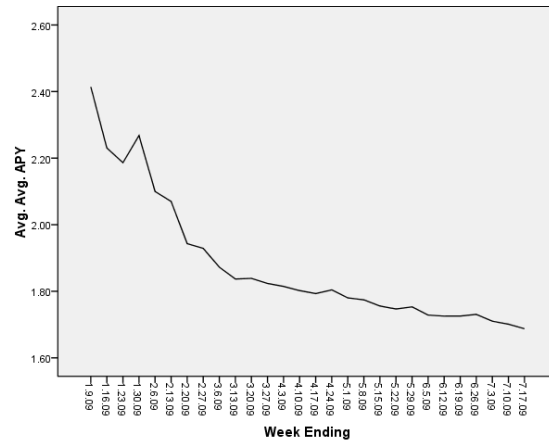


Table 4

Historical average-APY

Week Ending	Avg. RePrice Volume	Avg. Min. APY	Avg. Max. APY	Avg. Avg. APY	Avg. Last Wk.	Avg. Change
2.6.09	85%	1.23	3.35	2.10	2.27	-0.17
2.13.09	87%	1.23	3.27	2.07	2.10	-0.03
2.20.09	63%	1.16	3.16	1.94	2.07	-0.13
2.27.09	58%	1.14	3.13	1.93	1.94	-0.01
3.6.09	68%	1.12	3.07	1.87	1.93	-0.06
3.13.09	72%	1.05	3.00	1.84	1.87	-0.03
3.20.09	74%	1.05	2.94	1.84	1.84	0.00
3.27.09	69%	1.05	2.94	1.82	1.84	-0.02
4.3.09	66%	1.12	2.90	1.81	1.82	-0.01
4.10.09	68%	1.09	2.90	1.80	1.81	-0.01
4.17.09	61%	1.06	2.89	1.79	1.80	-0.01
4.24.09	70%	1.07	2.89	1.80	1.79	0.01
5.1.09	70%	1.05	2.87	1.78	1.80	-0.02
5.8.09	48%	1.05	2.79	1.77	1.78	-0.01
5.15.09	65%	1.05	2.83	1.76	1.77	-0.02
5.22.09	57%	1.05	2.84	1.75	1.76	-0.01
5.29.09	59%	1.04	2.86	1.75	1.75	0.01
6.5.09	55%	1.03	2.81	1.73	1.75	-0.02
6.12.09	67%	1.01	2.80	1.73	1.73	0.00
6.19.09	63%	1.00	2.79	1.73	1.73	0.00
6.26.09	55%	1.02	2.78	1.73	1.73	0.01
7.3.09	63%	1.06	2.91	1.71	1.73	-0.02
7.10.09	60%	1.05	2.76	1.70	1.71	-0.01
7.17.09	72%	1.03	2.74	1.69	1.70	-0.01

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

Repricing Volume Index features the level of rate changes during the week. An index of 100% means that, on average, all available rates of the sample products have been repriced.

The Repricing volume Index is helpful in observing the repricing activities for the featured week, and identifying products that are being repriced more frequently than others.

CD & MM Regular

- Highest repricing volume, **CD 48, 60 mo. 109%**
- Lowest repricing volume, **MM 12%**
- Average repricing volume, **83%**

CD & MM Special

- Highest repricing volume, **CD 3 months 179%**
- Lowest repricing volume, **CD 9 months 13%**
- Average repricing volume, **81%**

Figure 5

Repricing volume level this week

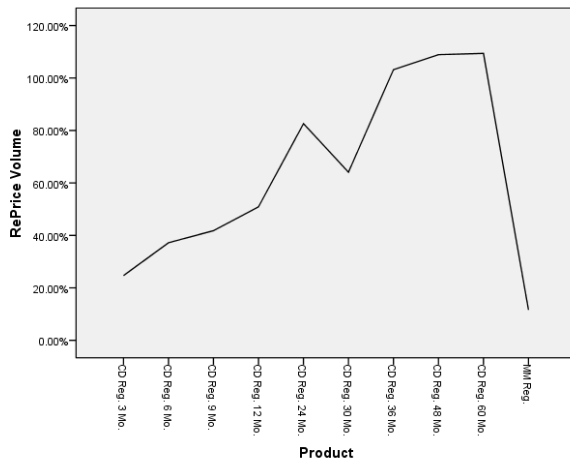


Figure 6

Repricing volume level this week

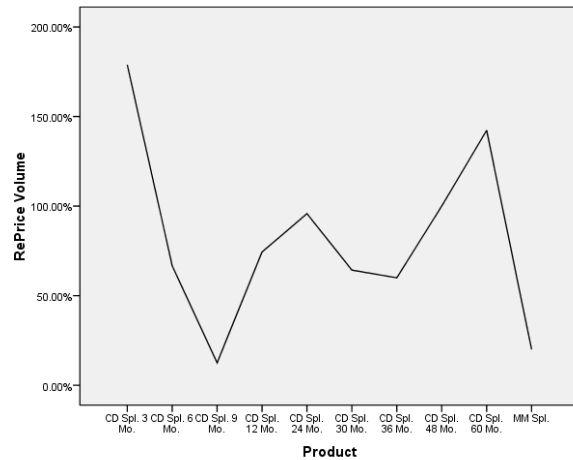


Table 5

Repricing volume level this week

Product	RePrice Volume
CD Reg. 3 Mo.	25%
CD Reg. 6 Mo.	37%
CD Reg. 9 Mo.	42%
CD Reg. 12 Mo.	51%
CD Reg. 24 Mo.	83%
CD Reg. 30 Mo.	64%
CD Reg. 36 Mo.	103%
CD Reg. 48 Mo.	109%
CD Reg. 60 Mo.	109%
MM Reg.	12%

Table 6

Repricing volume level this week

Product	RePrice Volume
CD Spl. 3 Mo.	179%
CD Spl. 6 Mo.	67%
CD Spl. 9 Mo.	13%
CD Spl. 12 Mo.	74%
CD Spl. 24 Mo.	96%
CD Spl. 30 Mo.	64%
CD Spl. 36 Mo.	60%
CD Spl. 48 Mo.	100%
CD Spl. 60 Mo.	142%
MM Spl.	20%

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.

About Market Rates Insight

Market Rates Insight (MRI) is the premier provider of competitive-pricing information and analysis to the banking industry. MRI focuses on serving the pricing needs of financial institutions—not consumers. Therefore, only MRI offers the higher level of pricing comprehensiveness and sophistication of systems demanded by the industry.

Founded in 1985, Market Rates Insight was the first research service offering competitive financial market rate data online, in a searchable format. Over the past two decades, our research services have evolved with the needs of financial institutions.

Market Rates Insight also assists banks price their products in compliance to the FDIC Rules and Regulations. Specifically, MRI helps banks comply with FDIC Rule 337.6 on rate issues as well as establishing the proper Market Area in accordance to the Rules and Regulations.

As the leader in pricing intelligence for the financial industry, MRI provides industry data to thought leaders worldwide. Among them are The Wall Street Journal, American Banker, Western Independent Bankers, Novantas and others. These industry icons use MRI's data to report trends and analysis to the industry.

THE WALL STREET JOURNAL

Banks Wage Rate War for Deposits

Unlike previous periods of turbulence, the Fed's rate-chopping campaign isn't relieving the pressure this time. In the past, reductions in the federal funds rate have helped level off interest rates on CDs and savings accounts, according to **Market Rates Insight Inc., which tracks pricing trends for financial institutions. "This time around, it's much more fierce,"** says Dan Geller, executive vice president of the San Anselmo, Calif., firm.

Retail CDs: Special-Term Competition

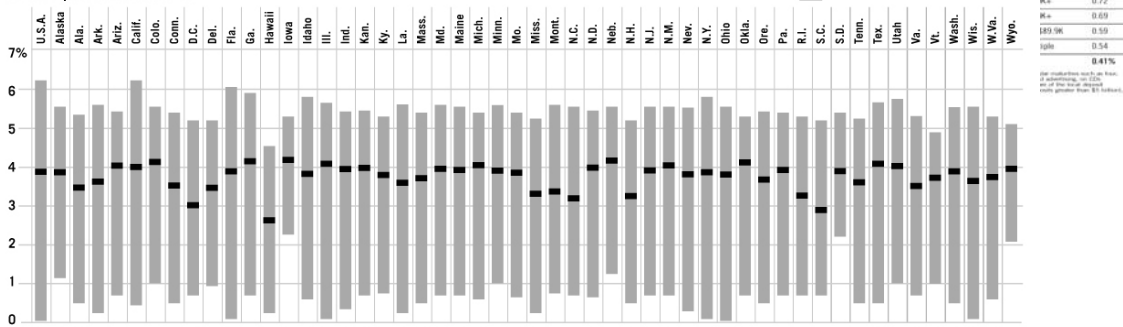
Top rate premiums offered on special-term CDs in 15 largest deposit markets, from Novantas and Market Rates Insight. Week ended Feb. 9

(Seasonalized to irregular maturities, "special-term" CDs can help achieve select funding objectives and sometimes pay significant premiums. Off-term bidding against nine-month CDs continued to slide last week, with only five out of 15 markets participating. Nine-month premiums closed at an average of 0.74% across the top 15 markets, compared with 0.91% the previous week and 1.30% the week before. In six-month bidding, Houston and Dallas eroded premiums by 30 and 14 basis points respectively, and Boston dropped off the leader list, replaced by Miami.)

4-5 months vs. 3 months			7-8 months vs. 6 months		
MSA deposit market	Balance tier	Special-term premium	MSA deposit market	Balance tier	Special-term premium
Orange County, Calif.	\$0-\$9.9K	2.62%	Nassau-Suffolk, N.Y.	\$0-\$9.9K	2.43%
Oakland, Calif.	\$0-\$9.9K	2.46	Nassau-Suffolk, N.Y.	Multiple	2.36
San Francisco	\$0-\$9.9K	2.08	Washington-MD-Va-WVa.	\$0-\$9.9K	2.12
Houston	\$0-\$9.9K	2.05	Washington-MD-Va-WVa.	Multiple	2.01
Orange County, Calif.	\$10K-\$24.9K	1.95	Nassau-Suffolk, N.Y.	\$90K+	1.95
New York	Multiple	1.94	Dallas	\$0-\$9.9K	1.84
Orange County, Calif.	\$25K-\$49.9K	1.91	New York	\$0-\$9.9K	1.75
Los Angeles-Long Beach, Calif.	\$0-\$9.9K	1.87	New York	Multiple	1.70
Oakland, Calif.	\$10K-\$24.9K	1.83	Houston	\$0-\$9.9K	1.68
Oakland, Calif.	\$25K-\$49.9K	1.76	Miami	\$10K-\$24.9K	1.67
Top 15 markets weighted average		1.89%	Top 15 markets weighted average		1.45%
10-11 months vs. 9 months			13-17 months vs. 12 months		
MSA deposit market	Balance tier	Special-term premium	MSA deposit market	Balance tier	Special-term premium
Chicago	\$50K+	1.78%	Miami	\$0-\$9.9K	0.92%
Philadelphia-N.J.	\$0-\$9.9K	1.74	Boston N.H.	Multiple	0.81
Detroit	\$0-\$9.9K	1.62	Miami	\$10K-\$24.9K	0.77
					0.9K
					0.76
					0.76
					0.73
					0.72
					0.69
					0.59
					0.58
					0.54
					0.41%

CD Watch

Retail deposit rates on Feb. 13*



*For \$10,000 FDIC-insured CDs, averaged for all terms. Data from 3,500 deposit-taking institutions including banks, brokerages, Internet banks, thrifts, and credit unions. Source: MarketRatesInsight.com